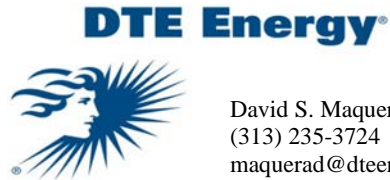


DTE Gas Company  
One Energy Plaza, 688 WCB  
Detroit, MI 48226-1279



David S. Maquera  
(313) 235-3724  
maquerad@dteenergy.com

April 24, 2014

Ms. Mary Jo Kunkle  
Executive Secretary  
Michigan Public Service Commission  
6545 Mercantile Way, Suite 15  
Lansing, Michigan 48909-7721

Re: In the matter of the Application of **DTE Gas Company** for approval of a Gas Cost Recovery Plan, 5-year Forecast and Monthly GCR Factor for the 12 months ending March 31, 2015, and for approval to implement a Reservation Charge applicable to Gas Customer Choice Suppliers  
MPSC Case No. U-17332

Dear Ms. Kunkle:

Attached for electronic filing on behalf of DTE Gas Company is its Second Amended Application for Approval of Gas Cost Recovery Plan, 5-Year Forecast and Monthly GCR Factor, along with Revised Supplemental Direct Testimony of J.A. Brunell and R.G. Lawshe and Exhibits A-20 2<sup>nd</sup> Revised, A-29 2<sup>nd</sup> Revised and A-32. Also attached is a Proof of Service.

Very truly yours,

David S. Maquera

DSM/lah  
Attachments  
cc: Service List

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the Application of	)	
DTE Gas Company	)	
for approval of a Gas Cost Recovery Plan,	)	
5-year Forecast and Monthly GCR Factor for	)	Case No. U-17332
the 12 months ending March 31, 2015, and	)	
for approval to implement a Reservation	)	
Charge applicable to Gas Customer Choice	)	
<u>Suppliers</u>	)	

**SECOND AMENDED APPLICATION FOR  
APPROVAL OF GAS COST RECOVERY PLAN,  
5-YEAR FORECAST AND MONTHLY GCR FACTOR**

DTE Gas Company (“DTE Gas” or “Company”) pursuant to 1939 PA 3, as amended, MCLA 460.6h *et seq.*, requests approval of this amended Gas Cost Recovery (“GCR”) Plan, 5-Year Forecast and monthly GCR factor for a 12-month period from April 1, 2014 through March 31, 2015 (“GCR Plan Year”) as set forth in this Application. In support of these requests, DTE Gas states the following:

1. DTE Gas is a subsidiary of DTE Energy Company, a Michigan corporation with its principal offices located at One Energy Plaza, Detroit, MI 48226. DTE Gas is a public utility subject to the jurisdiction of the Michigan Public Service Commission (“Commission”) and is engaged in the acquisition, storage, transportation, distribution, and sale of natural gas and other related services to approximately 1.2 million residential, commercial and industrial customers within the State of Michigan.

2. On December 20, 2013, DTE Gas filed a GCR Plan and GCR factors for the 2014-2015 GCR year and an Application requesting approval of the Company’s GCR Plan and GCR factors for the 2014-2015 GCR year. In support of its Application, DTE Gas filed

testimony and exhibits supporting its requested relief. On February 10, 2014, DTE Gas filed its First Amended Application and supplemental testimony and exhibits A-20 Revised, A-27 Revised, A-28 Revised, and A-29 Revised of J. A. Brunell<sup>1</sup> and supplemental testimony of R. G. Lawshe to support billing the proposed Supplier of Last Resort (“SOLR”) Reservation Charge to GCR and GCC customers instead of alternative gas suppliers and also to account for the Michigan Court of Appeals decision that vacated the Commission’s orders to disallow certain costs in Case Nos. U-15701-R and U-16146-R. Subsequently, it became apparent that there were significant, unanticipated increases in the market price for natural gas as a result of extended periods of colder-than-normal weather occurring in Michigan and elsewhere in the United States and associated significant increases in demand for natural gas and natural gas send-out. For this reason, DTE Gas is filing this Second Amended Application as supported by the enclosed supplemental testimony and exhibits to update the 2014-2015 GCR Plan case for the actual under-recovery that occurred during the 2013-2014 GCR plan year. As discussed in the following paragraphs, this Second Amended Application is limited to updating the 2014-2015 GCR Plan year filing for the actual 2013-2014 under-recovery and the associated increase in the proposed maximum GCR factor to be charged during the 2014-2015 GCR year. All of the other aspects of DTE Gas’s 2014-2015 GCR plan case remain as previously filed on December 20, 2013, and amended on February 10, 2014.

3. In response to the unprecedented colder-than-normal weather that occurred from January 2014 through March 2014, DTE Gas is, with this Second Amended Application, updating its 2014-2015 GCR Plan case and maximum proposed GCR factor to incorporate the actual total under-recovery experienced by the Company during the entire 2013-2014 GCR Plan

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<sup>1</sup> Exhibit A-26 previously sponsored by J.A. Brunell was effectively withdrawn February 10, 2014 and remains withdrawn.

year. Specifically, the unprecedented colder-than-normal weather substantially increased the 2013-2014 GCR previous under-recovery anticipated in the Company's December 20, 2013 filing for GCR Plan year 2014-2015. The actual 2013-2014 under-recovery of the booked cost of gas sold incorporating the entire 2013-2014 GCR year including the January 2014 through March 2014 period is approximately \$85 million. This under-recovery of the booked cost of gas sold is all incremental expense because the Company included no under-recovery in its December 20 2013, 2014-2015 GCR Plan filing. Incorporating the actual under-recovery in the calculation requires an increase in the maximum GCR factor from \$4.12 per Mcf to \$4.97 per MCF.

4. The Commission has previously opined that:

“Underrecoveries are a clear sign that the utility's actual gas supply costs are not reflected in the amounts the utility is charging customers, and those amounts are likewise not sending accurate price signals. Underrecoveries also interfere with the utility's cash flow, and impose interest costs on customers at a date long after consumption of the gas.” (*In re Consumers Energy Co*, MPSC Case No. U-14403, Order dated April 28, 2005, p. 8.)

In this case, failing to increase the maximum allowable GCR factor for the 2014-2015 GCR Plan year to reflect the actual under-recovery from 2013-2014 caused by the unprecedented colder-than-normal weather will result in additional costs for DTE Gas's GCR customers at a subsequent time, send inaccurate price signals, and interfere with DTE Gas's cash flow. In addition, the statutory requirement that GCR customers pay interest on any GCR under-recovery will only exacerbate the long term gas supply cost and continue inaccurate price signals for a longer period of time. Due to the timing, nature, and magnitude of the increases in the cost of gas due to the unanticipated under-recovery, the GCR Ceiling Price Adjustment (Contingency) Mechanism is not expected to adequately reflect the increases in the booked cost of gas cost, which will be experienced during the 2014-2015 GCR year.

5. MCL 460.6h(10) allows a gas utility to “reopen” a GCR Plan proceeding to allow Commission review of a revised GCR Plan. However, the Michigan Court of Appeals has determined that Section 10 of Act 304;MCL 460.6h(10) applies only when the record in the GCR Plan case is closed and subsequent to such closure circumstances require the utility to seek revisions to its GCR Plan. Specifically, the Court of Appeals held that until cross examination has occurred and is completed that the record remains open and Section 10 is not applicable. *Mich Comm’y Action Agency Ass’n v Mich Pub Serv Comm*, Docket No. 263262, p. 8, June 19, 2007, Unpublished. In this case, the record is not closed and the other provisions of Act 304 thus apply.

6. Section 9 of Act 304 addresses the gas utility’s ability to self-implement its proposed GCR factors. MCL 460.6h(9) provides in pertinent part:

“If the commission has made a final or temporary order in a gas supply and cost review, the utility may incorporate in its rates for the period covered by the order any amounts up to the cost of gas recovery factors permitted in that order. If the commission has not made a final or temporary order within 3 months of the submission of a complete gas cost recovery plan, or by the beginning of the period covered in the plan whichever comes later, or if a temporary order has expired without being extended or replaced, then pending an order which determines the gas cost recovery factors, a gas utility may each month adjust its rates to incorporate all or part of the gas cost recovery factors requested in its plan.

The Michigan Court of Appeals has determined that “. . . this provision is plainly designed to allow the utility to self-implement its GCR factor either after the PSC issues an order allowing it to do so, or before it receives permission from the PSC if that permission is not forthcoming within a reasonable time after filing the gas cost recovery plan.” [and] “. . . contains no limitation on self-implementation, other than it cannot occur before the start of the plan year, or after a three month waiting period, whichever occurs last.” *Supra* p. 10. Consistent with MCL 460.6h(9), DTE Gas intends, absent a Commission order to the contrary, to self-implement the

new GCR maximum allowable factor updated to reflect the actual 2013-2014 under-recovery beginning with August 2014 bills, which is the first month available that occurs 90 days after the filing of this complete amended 2014-2015 GCR Plan.

6. The Commission has long-recognized that under 1982 PA 304, natural gas utilities shall roll-in GCR under-recoveries occurring in one GCR year into the next GCR year. The lawfulness and reasonableness of using the roll-in methodology in GCR cases has been upheld by the Court of Appeals on multiple occasions. *See, e.g., Attorney General v Mich Pub Serv Comm*, 215 Mich App 356, 362-363, 368-370; 546 NW2d 266 (1996), *Attorney General v Mich Pub Serv Comm*, 235 Mich App 308, 313-316; 597 NW2d 264 (1999). Consistent with this long-standing policy, and consistent with the Company's December 2013 filing in this case, DTE Gas has rolled-in the actual 2013-2014 under-recovery into the 2014-2015 GCR year when calculating the updated GCR factors for the 2014-2015 GCR year.

7. As supported by the revised supplemental testimony of J.A. Brunell and R.G. Lawshe and exhibits, A-20 2<sup>nd</sup> Revised, A-29 2<sup>nd</sup> Revised, and A-32, which are attached to this Second Amended Application, the updated maximum allowable GCR factor of \$4.97 per Mcf requested by the Company's for the 2014-2015 GCR year assumes the increase in the GCR factor described in this updated filing as self-implemented effective with the August 2014 billing month. If the Commission were to issue an order approving implementation of the updated factor prior to August 2014, then downward adjustments to the maximum allowable factor would be made to reflect earlier implementation.

8. DTE Gas believes that it is in the GCR customers' best interests for increases in actual gas supply costs to be reflected in the amounts that the Company is authorized to charge its GCR customers as soon as practicably possible during the 2014-2015 GCR year. Reflecting

as soon as practicably possible the actual gas supply costs in the amounts that DTE Gas is authorized to charge will help mitigate the impact of cost increases on GCR customers by: (i) spreading the added actual gas supply costs over a longer period of time during the 2014-2015 GCR year; (ii) reducing the impact on GCR customers during the 2014-2015 winter heating months when usage is higher; and, (iii) reducing interest that Act 304 requires GCR customers to pay if there are under-recoveries. In addition, it will better match GCR customers who are paying such costs with GCR customers using the gas.

9. As in its December 2013 filing for this case, as amended February 10, 2014, DTE Gas requests that the Commission approve GCR factors for the 12-month GCR period that consist of the maximum allowable GCR factor subject to updates utilizing the contingency matrix and contingent GCR factors for the contingency mechanism that was proposed as part of the December 2013 filing, as amended. The contingent GCR ceiling factors that result from use of the GCR Ceiling Price Adjustment (Contingency) Mechanism are part of the GCR factors that the Company is requesting. DTE Gas is not proposing any modifications to the contingency mechanism, but reserves the right to propose modifications to the contingency mechanism if changes in circumstances warrant doing so or in response to proposals made by other parties.

10. DTE Gas will continue to set its monthly GCR factors with the goal of eliminating as much as practical, over or under recoveries during the GCR Plan year and charging customers the appropriate GCR factor deemed necessary to recover the reasonable and prudent booked cost of gas sold. Thus, the actual GCR factor charged in a month may be less than the maximum GCR factor approved by the Commission for the 2014-2015 GCR year.

11. In support of its Second Amended Application for approval of an amended 2014-2015 GCR Plan, DTE Gas has attached the revised supplemental testimony of R.G. Lawshe and

J.A. Brunell and exhibits A-20 2<sup>nd</sup> Revised, A-29 2<sup>nd</sup> Revised, and A-32. The revised supplemental testimony and associated exhibits provide additional details in support of the relief sought in this Second Amended Application. This revised supplemental testimony and exhibits, in combination with the Company's December 20, 2103 GCR plan filing in this case, as amended on February 10, 2014, form the complete GCR Plan case for 2014-2015.

WHEREFORE, DTE Gas Company respectfully requests that the Commission:

(A) Review the GCR Plan described in the Company's testimony and exhibits pre-filed on December 20, 2013, as amended February 10, 2014, and as supplemented by this second amended filing, and approve such GCR Plan as reasonable and prudent;

(B) Authorize the monthly GCR factors for the period April 2014 through March 2015 consisting of the maximum allowable GCR factor, as updated for additional amounts contingent upon future events, determined using the GCR Ceiling Price Adjustment (Contingency) Mechanism;

(C) Authorize a base GCR factor of not less than \$4.97 per Mcf effective with the August 2014 billing month;

(D) Review DTE Gas's 5-year forecast through March 2019 and indicate that on the basis of present evidence that there are no cost items which the Commission would be unlikely to permit DTE Gas to recover from its customers in the future; and

(E) Grant DTE Gas such other and further relief as is lawful and appropriate, including approving of higher GCR factors than requested in DTE Gas's updated filing if circumstances warrant.

Respectfully submitted,

DTE GAS COMPANY

By: \_\_\_\_\_

Its Attorneys  
Richard P. Middleton (P41278)  
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One Energy Plaza, 688 WCB  
Detroit, Michigan 48226  
(313) 235-3647

Dated: April 24, 2014

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

In the matter of the Application of )  
**DTE Gas Company** for approval of a )  
Gas Cost Recovery Plan, 5-year Forecast and )  
Monthly GCR Factor for the 12 months ending )  
March 31, 2015, and for approval to implement )  
a Reservation Charge applicable to )  
Gas Customer Choice Suppliers )

Case No. U-17332

QUALIFICATIONS  
AND  
REVISED SUPPLEMENTAL DIRECT TESTIMONY  
OF  
JAMES A. BRUNELL  
April 24, 2014

**DTE GAS COMPANY**  
**REVISED SUPPLEMENTAL DIRECT TESTIMONY OF JAMES A. BRUNELL**

Line  
No.

1 **Q. What is your name and business address?**

2 A. My name is James A. Brunell. My business address is One Energy Plaza, Detroit,  
3 Michigan 48226.

4

5 **Q. By whom are you employed and in what capacity?**

6 A. I am employed by DTE Energy Corporate Services, LLC as a Consultant in  
7 Regulatory Affairs.

8

9 **Q. What is your educational background?**

10 A. I received a Bachelor of Arts degree with a major in economics from the University  
11 of Massachusetts in 1992, and a Masters in Business Administration from Michigan  
12 State University in 1999.

13

14 **Q. Have you completed other courses of study or attended any professional  
15 seminars?**

16 A. Yes, I completed the American Gas Association's Gas Rates Course in May of  
17 2008.

18

19 **Q. Can you detail your employment history with DTE Energy?**

20 A. I began my career at DTE Energy in 2000 as a Senior Regulatory Strategist in the  
21 Regulatory Policy and Operations Department. In 2001, I began working as a  
22 Consultant in the Federal Regulatory group, which is a subset of the Regulatory  
23 Policy and Operations department, where my focus was transmission rates and  
24 transmission rate design. I also managed the Company's Market Based Rates  
25 (MBR) filings before the Federal Energy Regulatory Commission (FERC).

Line  
No.

1 In 2008, I began the transition from working on predominantly Federal electric  
2 issues to working on cases for DTE Gas Company (DTE Gas) before the Michigan  
3 Public Service Commission (MPSC).

4

5 **Q. What are your duties and responsibilities in your current position?**

6 A. I am responsible for managing all aspects of DTE Gas's Gas Cost Recovery (GCR)  
7 cases, as well as other project work largely focused on DTE Gas's regulatory  
8 issues.

9

10 **Q. Have you previously testified before the Commission?**

11 A. Yes. I sponsored testimony in MPSC Case Nos. U-15417; U-15677, U-16921; U-  
12 16482-R; U-17145; U-17131; and U-16921-R. Additionally, I provided an affidavit  
13 in the June 2009 MBR filing of the DTE Entities, which supported their retention of  
14 Market Based Rates.

15

16 **Q. What is the purpose of your testimony in this proceeding?**

17 A. My testimony addresses: 1) the calculation of DTE Gas's proposed April 2014  
18 through March 2015 monthly base GCR factor; 2) the contingent mechanism and its  
19 implementation; 3) the five-year forecasted cost of gas; and 4) the administration of  
20 DTE Gas's proposed Supplier of Last Resort (SOLR) Reservation Charge.

21

22 **Q. Are you sponsoring any exhibits in this proceeding?**

23 A. Yes. I am supporting the following exhibits:

<u>Exhibit</u>	<u>Description</u>
A-20 Revised	Derivation of April 2014 through March 2015 GCR Factor

Line  
No.

- 1 A-20 2<sup>nd</sup> Revised Derivation of April 2014 through March 2015 GCR Factor
- 2 A-21 Forecasted Cost of Gas April 2015 – March 2019
- 3 A-22 Calculation of LIFO Rate and Storage Costs
- 4 A-23 Proposed Contingent Factor Matrix Tariff Sheet
- 5 A-24 Contingent Factor Calculations
- 6 A-27 Revised Proposed Reservation Charge Reconciliation
- 7 A-28 Revised Reservation Charge Tariff Sheets
- 8 A-29 Revised Adjusted GCR Factor and Calculation of Reservation Charge
- 9 Applied to GCC and GCR Customers
- 10 A-29 2<sup>nd</sup> Revised Adjusted GCR Factor and Calculation of Reservation Charge
- 11 Applied to GCC and GCR Customers
- 12 A-30 Example GCR and Reservation Charge Reconciliation,
- 13 Reservation Charge billed to GCR and GCC Customers
- 14 A-32 April 2013 – March 2014 Under-Recovery

15

16 **Q. Were these exhibits prepared by you or under your direction?**

17 A. Yes, they were.

18

19 **APRIL 2014 THROUGH MARCH 2015 MAXIMUM BASE GCR FACTOR**

20 **Q. What is DTE Gas’s proposed maximum base GCR factor (GCR factor) for**  
21 **April 2014 through March 2015?**

22 A. DTE Gas proposes a maximum GCR factor of \$4.42 per Mcf for the April 2014  
23 through March 2015 operational year, (“GCR Year” or “Year”). This maximum  
24 factor can be adjusted monthly based upon a contingent factor matrix, which is  
25 detailed later in my testimony, to reflect changes in DTE Gas’s cost of gas

Line  
No.

1 resulting from higher market prices.

2

3 **Q. How is the GCR factor of \$4.42 per Mcf calculated?**

4 A. The GCR factor is calculated by dividing the Adjusted Cost of Gas incurred for the  
5 Year plus any estimated over or (under) recovery from the prior GCR Period by the  
6 Year's Adjusted Sales Volumes. The detailed calculations used to determine the  
7 GCR factor are included in Exhibit A-20 Revised. This methodology has been used  
8 to calculate the GCR factor and all of its components in all of DTE Gas's previous  
9 GCR cases.

10

11 **Q. What are the components of the Adjusted Cost of Gas?**

12 A. The Adjusted Cost of Gas includes: 1) the Total Booked Cost of Gas Sold and 2)  
13 the March 2015 Unbilled Revenue Adjustment.

14

15 **Q. What are the components of the Total Booked Cost of Gas Sold?**

16 A. The Total Booked Cost of Gas Sold, calculated in Exhibit A-20 Revised, includes  
17 the cost of: 1) Purchased Gas; 2) Gas (To)/From Storage; 3) Company Use Gas; 4)  
18 Lost and Unaccounted for Gas; and 5) Gas in Kind.

19

20 **Q. How is the cost of gas injected into or withdrawn from storage calculated?**

21 A. DTE Gas uses annual last in, first out (LIFO) accounting to calculate its cost of gas.  
22 Each calendar year's LIFO rate is calculated by dividing the annual cost of purchased  
23 gas by the total annual volume of purchased gas for that year. If, on a net basis, gas is  
24 injected into storage in a calendar year, then an increment is created. The increment is  
25 priced using that year's LIFO rate and a LIFO layer is created. If, on a net basis, gas is

Line  
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1 withdrawn from storage in the calendar year, then there is a decrement. The cost of  
2 storage gas withdrawn for a decrement is calculated using the most recent LIFO layer  
3 or layers injected into storage. The calculation of LIFO rates and cost of storage for  
4 January 2014 through March 2019 is included in detail in Exhibit A-22.

5

6 **Q. What is the cost of 2014 storage in this GCR period?**

7 A. A net increment is forecasted for calendar year 2014. This increment is priced at  
8 the 2014 LIFO rates and is calculated on page 2 of Exhibit A-22. The cost of  
9 storage gas for the calendar year is calculated on page 1, in lines 15 through 28.  
10 The impact of storage gas for the period April through December 2014, a \$146  
11 million decrease in the cost of gas, is calculated by summing the cost of storage gas  
12 for those months.

13

14 **Q. What is the cost of storage gas for the January through March 2015 period?**

15 A. The cost of storage gas used during the January through March 2015 period is based  
16 on the projected \$4.37 per Mcf LIFO rate for 2015. In these three months, 32 Bcf is  
17 withdrawn and included in the Year's cost of gas at a total cost of \$141 million.  
18 The net impact of storage gas for the GCR Year is a \$5 million decrease to the cost  
19 of gas.

20

21 **Q. Have you included any provision for an over- or (under)recovery from the**  
22 **2013 – 2014 GCR period?**

23 A. Yes, DTE Gas is projecting an under-recovery for the GCR year ending March 31,  
24 2014 in excess of \$30 million. The under-recovery is attributable to two factors, an  
25 increase in the prices for natural gas and a decision by the Michigan Court of Appeals.

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1 The Company is including a portion of this projected under-recovery in the calculation  
2 of the GCR factor for the 2014-2015 GCR year.

3

4 **Q. What portion of the projected under-recovery for the 2013-2014 GCR year is**  
5 **the Company including in the calculation of the GCR factor for the 2014-2015**  
6 **year?**

7 A. The Company is including in the calculation of the 2014-2015 GCR factor costs  
8 that had been disallowed by the MPSC in two previous reconciliation cases. On  
9 February 6, 2014 the Court of Appeals for the State of Michigan vacated the  
10 Commission's decisions to disallow costs in Case Nos. U-15701-R and U-16146-R.

11

12 **Q. Have you calculated the effects of the Court's decision on the Company's most**  
13 **recent GCR reconciliation, Case No. U-16921-R?**

14 A. Yes, I have. As originally filed the Company's beginning balance on March 31,  
15 2012 was an under-recovery of approximately \$1.2 million, which was Staff's  
16 ending balance from the prior reconciliation case, U-16482-R. The Company's  
17 ending balance on March 31, 2013 was an under-recovery of 554,221. When  
18 updated to reflect the decision by the court of appeals the under-recovery at March  
19 31, 2013 increases to \$6,248,222. The Company is including the difference in the  
20 ending under recovery, [ $\$6,248,222 - \$554,221 = \$5,694,001$ ] in the revised  
21 calculation of the GCR factor in this case.

22

23 **Q. Have you calculated a revised GCR factor to include the partial under-**  
24 **recovery discussed earlier?**

25 A. Yes, I have. Lines 21-25 of the Revised Exhibit A-20 Revised calculate the

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1 Revised Adjusted Cost of Gas to include the partial under-recovery. That amount,  
2 \$489 million, is divided by the April 2014 - March 2015 Adjusted Sales Volumes to  
3 produce a Revised GCR factor of \$4.47.

4

5 **Q. Will the revision of the GCR factor change the Contingent Factor?**

6 A. No, the Contingent Factor is calculated based on the average change in the GCR  
7 factor based on \$1 ad \$2 price changes. The amounts by which the factor changes  
8 based on those price movements will not be effected by the revision of the GCR  
9 Factor so the Contingent Factor will not be effected.

10

11 **Q. What rate is used to calculate the cost of gas used by the Company, lost and**  
12 **unaccounted for, and received in kind?**

13 A. The jurisdictional rate is used to calculate these costs. This rate, \$4.45 per Mcf,  
14 calculated in Exhibit A-20 Revised, reflects the average cost of gas purchased for  
15 the Year.

16

17 **Q. Why is it necessary to adjust the Total Booked Cost of Gas Sold by the**  
18 **Unbilled Revenue Adjustment?**

19 A. The Unbilled Revenue Adjustment recognizes the revenue effect of volumes that  
20 are delivered to GCR customers in March 2015 but are not billed until April 2015 at  
21 the April 2015 GCR factor. This adjustment is calculated in lines 11 through 15 in  
22 Exhibit A-20 Revised.

23

24 **Q. How are the Adjusted Sales Volumes calculated on Exhibit A-20 2<sup>nd</sup> Revised?**

25 A. The Adjusted Sales Volumes are calculated by subtracting the March 2014 Unbilled

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1 Volume Balance from the Year's Billed Sales Volumes. This adjustment for March  
2 2014 unbilled volumes recognizes that the revenues related to volumes delivered to  
3 GCR customers in March 2014 but billed for in April 2014 are included in the 2013  
4 - 2014 GCR reconciliation.

5 **FORECASTED COST OF GAS**

6 **Q. How did you calculate the forecasted cost of gas for the operational years April**  
7 **2015 – March 2019 included in Exhibit A-21?**

8 A. This exhibit shows DTE Gas's forecasted cost of gas for the four remaining  
9 operational years of this GCR plan case. The same methodology and sources  
10 are used to calculate this exhibit as those used for Exhibit A-20 Revised.

11

12 **CONTINGENT MECHANISM**

13 **Q. What is the purpose of DTE Gas's contingent factor matrix?**

14 A. DTE Gas's proposed contingent factor matrix allows DTE Gas to mitigate an  
15 under-recovery that would result from an increase in market prices above those  
16 used in the GCR Plan. Without a contingent mechanism, the incremental costs  
17 resulting from such a price increase cannot be recovered during the GCR year using  
18 the base GCR factor. Any under-recovery resulting from increases in market prices  
19 would be rolled forward into the next year's GCR calculation, shifting costs from  
20 one year to another. DTE Gas's contingent factor matrix mitigates this cost shifting  
21 by allowing the GCR factor to reflect specific amounts contingent on future market  
22 information. The tariff sheet containing the contingent factor matrix is provided in  
23 Exhibit A-23.

24

25 **Q. What methodology did DTE Gas use to develop its contingent factor matrix?**

Line  
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1 A. DTE Gas used a single-input methodology first approved by the Commission in  
2 DTE Gas's 2010 - 2011 plan, Case No. U-16146, to develop its contingent factor  
3 matrix. This methodology has been approved in each GCR plan since that case.  
4 This method determines the factor needed, based on current market prices, to  
5 recover increased costs from that point in time forward. This method evaluates a  
6 single NYMEX strip to estimate the impact of changes in market prices not only on  
7 the current Year's purchases but also on the storage activity that is priced at LIFO.  
8 A multiplier is used to establish the contingent factor necessary based on the change  
9 in prices.

10

11 **Q. How was the multiplier determined?**

12 A. The multiplier is calculated using the average GCR factor change resulting from  
13 two consecutive \$1 per Dth increases in the NYMEX beginning in April of the Plan  
14 year. Company Witness Mr. Lawshe provided the cost estimates reflecting \$1.00  
15 per Dth and \$2.00 per Dth NYMEX increases above Plan levels. Using the same  
16 methodology shown in Exhibit A-20 Revised, two GCR factors are calculated based  
17 on these cost estimates. This calculation is performed in Exhibit A-24. The factor  
18 resulting from the \$1 per Dth increase is \$4.72 per Mcf. The factor resulting from  
19 the \$2 per Dth increase is \$5.02 per Mcf.

20 The original Maximum GCR factor, \$4.42 per Mcf, is subtracted from the GCR  
21 factor resulting from the \$1.00 per Dth NYMEX increase, \$4.72 per Mcf. Next, the  
22 \$1.00 per Dth NYMEX increase GCR factor, \$4.72 per Mcf, is subtracted from the  
23 GCR factor resulting from the \$2.00 per Dth NYMEX increase, \$5.02 per Mcf.  
24 The results of these subtractions, \$0.30 and \$0.30, respectively, are then added  
25 together and divided by 2. The result of this calculation, 30.0%, is the multiplier

Line  
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1 used to calculate the contingent factors. This multiplier is multiplied by \$0.10 to  
2 arrive at the contingent factor for a \$0.10 per Dth NYMEX increase, \$0.03 per Mcf.  
3 This calculation is performed for each \$0.10 per Dth NYMEX increase up to \$3.00  
4 per Dth. The results of the calculations are the contingent factors included in DTE  
5 Gas's tariff sheet, included on Exhibit A-23.

6

7 **Q. Is DTE Gas proposing a maximum contingent factor of \$3.00 per Mcf above**  
8 **the Plan base maximum GCR factor?**

9 A. No, DTE Gas is proposing only to reflect those costs that will be incurred if market  
10 prices increase. Even if prices increased by \$3.00 per Dth, or above, DTE Gas's  
11 resultant maximum contingent factor would be well below the base maximum GCR  
12 factor plus \$3.00 per Mcf. If prices increased \$3.00 per Dth above plan levels, then  
13 the maximum amount DTE Gas's maximum contingent GCR factor could be is \$0.90  
14 per Mcf shown on Exhibit A-23, page 2.

15

16 **Q. How is the contingent factor for any given month calculated?**

17 A. All of the NYMEX averages referred to in this calculation are for the January  
18 2014 through December 2015 period. First,  $X_N$ , the current NYMEX average, is  
19 calculated. Next, the NYMEX change is calculated. The NYMEX change is the  
20 difference between the NYMEX average used to determine the most recent  
21 maximum GCR factor,  $X_{N-1}$ , and  $X_N$ , which is the current NYMEX average. Once  
22 the NYMEX change is calculated, the contingent factor matrix, shown on Exhibit  
23 A-23 page 2 of 2, is used to identify the contingent factor associated with that level  
24 of change.

25 If the NYMEX change is positive, then this factor is added to the current maximum  
26 GCR factor. If the NYMEX change is negative, then this factor is subtracted from

Line  
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1 the current maximum GCR factor. In no case will the application of the  
2 contingent factor result in a maximum GCR factor below the Revised GCRFactor  
3 of \$4.47 per Mcf, even if the current maximum GCR factor is \$4.47 per Mcf and  
4 the NYMEX change is negative.

5 For the April factor, the contingent factor would be added to the original base  
6 GCR factor.

7

8 **Q. Why are prices from months outside of the Plan period included in the**  
9 **NYMEX averages calculated?**

10 A. January through March 2014 and April through December 2015 are included  
11 because they are used to derive LIFO rates. Changes in NYMEX for these months  
12 will influence the cost of storage during the plan year and impact the GCR factor.

13

14 **Q. Why are no adjustments to the market price purchases made for prices that**  
15 **will be fixed during the year?**

16 A. It is impossible to know the price of any volumes fixed during the GCR year.  
17 Valuing these volumes fixed during the year at current market prices is the best  
18 estimate available of their cost during the GCR year.

19

20 **Q. How does DTE Gas plan to implement this factor?**

21 A. Prior to each month (March for April, June for July and so on), DTE Gas will make  
22 an informational filing with the MPSC, in this docket, comparing the current  
23 NYMEX prices to the NYMEX prices used to calculate the then current GCR  
24 factor. The resulting difference for each strip will then be identified on the matrix  
25 and used to indicate the contingent factor amount. This amount plus (or minus, if

Line  
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1 prices have fallen) the current GCR factor will result in the maximum GCR factor  
2 for the remainder of the year, or until a new GCR factor is identified using the  
3 matrix.

4

5 **Q. Is this factor applicable symmetrically?**

6 A. Yes. However, as noted above, the maximum GCR factor will never be less than  
7 \$4.42 per Mcf, which is the originally filed maximum base GCR factor in this case.

8

9 **SUPPLIER OF LAST RESORT (SOLR)**

10 **Q. What is the Supplier of Last Resort?**

11 A. The Supplier of Last Resort supplies Gas Customer Choice (GCC) customers' gas  
12 requirements should an alternative supplier fail to do so or if customers return to  
13 GCR supply from Gas Customer Choice. DTE Gas agreed to fulfill this role for  
14 GCC customers as a part of its voluntary GCC program. DTE Gas's responsibility  
15 for this role is contained in Section F of its tariff, paragraph, F1.19. This function is  
16 more fully described by Witness Lawshe.

17

18 **Q. Is there a financial impact on the GCR as a result of DTE Gas's agreement to  
19 act as SOLR for the GCC program?**

20 A. Witness Lawshe has determined that firm pipeline capacity allows DTE Gas to  
21 fulfill its SOLR role for the GCC program. The costs associated with this firm  
22 pipeline capacity are incurred to provide GCR service but also to provide SOLR  
23 service to GCC customers in the event that GCC suppliers fail to supply their  
24 customers' gas requirements. Currently, these reservation costs are included in the  
25 GCR Cost of Gas Sold and only paid for by GCR customers. Because DTE Gas

Line  
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1 has determined that these pipeline reservation costs are incurred to provide SOLR  
2 benefits to GCC customers, the Company believes that it is providing a back-up  
3 supply service to the GCC suppliers without charging those suppliers for that  
4 service.

5 **Q. Has the Company proposed to change the method of cost recovery for**  
6 **reservation costs?**

7 A. Yes, in its 2013-2014 GCR Plan, Case No. U-17131 DTE Gas initially proposed  
8 that the portion of the pipeline reservation costs attributable to the GCC program be  
9 collected through a new charge, called the Reservation Charge, which would be  
10 billed to GCC suppliers. However, in this case, DTE Gas is now proposing that the  
11 Reservation Charge be directly billed to both GCC and GCR customers instead of  
12 GCC suppliers.

13

14 **Q. Does this proposed rate remove the pipeline costs from the GCR process?**

15 A. No, it does not. The revenue received through the Reservation Charge will be  
16 treated as an offset to the GCR Cost of Gas Sold, and the pipeline reservation costs  
17 will remain a part of the GCR costs for GCR reconciliation purposes. The  
18 reconciliation of the Reservation Charge is discussed later in my testimony.

19

20 **Q. Have you calculated the over (under) recovery attributable just to the GCR?**

21 A. Yes, I have. Page 4 of Exhibit A-27 Revised is a modified version of the GCR  
22 interest calculation. The exhibit calculates the Total Over (Under) Recovery Plus  
23 Interest on line 15, which in this example is an over-collection of \$2.1 million. This  
24 over-collection is attributable to both the GCR and the Reservation Charge. On line  
25 16, the over (under) collection attributable to just the Reservation Charge,

Line  
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1 calculated on Exhibit A-30 and discussed below, is provided. That amount, an  
2 over-recovery of \$211,000, is then subtracted from the total over-recovery, which  
3 yields the Net GCR Over (Under) Recovery on line 17, which in this example is  
4 \$1.8 million. This method will attribute all of the interest expense to the GCR over  
5 (under) recovery; however the GCR is by far the larger set of expenses and  
6 revenues, so I believe that this treatment is a reasonable and simplifying method for  
7 allocating those dollars.

8

9 **Q. Are you proposing tariff revisions in order to bill the Reservation Charge?**

10 A. Yes, Exhibit A-28 Revised is comprised of the tariff sheets that have been modified  
11 in order to bill the Reservation Charge. Most notably, page 1 of Exhibit A-28  
12 Revised is a revised version of Sheet No. D-3.00 of the Company's tariff. The  
13 sheet has been modified so that it has columns that will list the Maximum  
14 Allowable Reservation Charge as well as the Actual Reservation Charge Billed.  
15 Listing the maximum allowable factor and the actual factor billed is the most  
16 transparent and easily understandable method for presenting the Reservation  
17 Charge in the tariff, and it is consistent with the presentation of the GCR Factor  
18 within the tariff. The Gas Customer Choice section of the Company's tariff also  
19 required changes, largely to section F1.19.

20

21 **Q. Does the Company anticipate that it may change the Reservation Charge**  
22 **within the GCR year?**

23 A. Yes, there are two main reasons DTE Gas might lower the Reservation Charge  
24 during the GCR year. While pipeline costs do not normally vary from year to year,  
25 billed GCR and GCC volumes do. Although DTE Gas could not increase the

Line  
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1 charge if volumes were below projected levels, if volumes were higher than  
2 anticipated and a large over-recovery were anticipated, DTE Gas might lower the  
3 charge. Likewise, if DTE Gas forecasts an over-recovery from the Reservation  
4 Charge then it may lower the actual charge billed from the maximum allowable  
5 charge.

6

7 **Q. Has the Company previously presented the calculation of the Reservation**  
8 **Charge if it were billed to GCR and GCC customers?**

9 A. Yes, the calculation was presented in my rebuttal testimony in Case No. U-17131.

10

11 **Q. On what basis is the Reservation Charge calculated if it is billed only to**  
12 **customers?**

13 A. If the Reservation Charge is billed directly to customers, then the Company believes  
14 that this charge would have to be explicitly billed to both GCC and GCR customers.  
15 The Reservation Charge would have to be billed to both GCC and GCR customers  
16 to allow for “apples-to-apples” comparisons between GCR and GCC offerings. As  
17 noted on Page JAB - 14 above, calculating the Reservation Charge applicable to  
18 GCC suppliers is best done based on billed sales because the GCC program is  
19 reconciled on that basis. Billing customers directly requires that the charge be  
20 calculated on an unbilled basis in order to be consistent with how the GCR factor is  
21 calculated and with how the GCR is reconciled.

22

23 **Q. You stated that in order to bill the Reservation Charge to customers, that**  
24 **charge must be calculated on an unbilled basis. Have you calculated the**  
25 **Reservation Charge on an unbilled basis?**

Line  
No.

1 A. Yes, Exhibit A-29 Revised, lines 11 to 24, calculates the Reservation Charge on an  
2 unbilled basis. Lines 11-17 adjust the Pipeline Reservation Cost to remove the  
3 March 2015 unbilled revenue that will be collected at the 2015 -2016 rate. The  
4 GCR unbilled balance was taken from Exhibit A-4 and the GCC unbilled volume  
5 balance was provided to me by Company Witness Mr. Chapel. Line 22 presents the  
6 total GCR and GCC March 2014 unbilled volume balance and because any  
7 revenues associated with those volumes will be accrued into the 2013-2014 GCR  
8 year, those volumes are excluded from the calculation of the Reservation Charge.  
9 The adjusted Pipeline Reservation Cost, line 18, is divided by the April 2014 -  
10 March 2015 Adjusted Sales Volume, line 23, to produce the April 2014 – March  
11 2015 Reservation Charge, line 24, of \$0.26 per Mcf.

12

13 **Q. Have you calculated the Adjusted GCR Factor to reflect that only GCR**  
14 **customers and GCC customers are paying the Reservation Charge?**

15 A. Yes, Exhibit A-29 Revised, lines 6 – 10, calculates the Adjusted GCR Factor to  
16 account for the fact that the Reservation Charge is being applied to only GCR  
17 customers and GCC customers. The Reservation Charge of \$0.26 per Mcf is  
18 multiplied by the GCR plus GCC Adjusted sales volume of 147 Bcf to produce an  
19 April 2014 - March 2015 Reservation Revenue of \$38 million, shown on line 8.  
20 This amount is slightly different from the Adjusted Pipeline Reservation Cost due  
21 to rounding. The Reservation Charge revenue is subtracted from the Adjusted Cost  
22 of Gas, shown on line 1, to produce the Adjusted Cost of Gas Less Reservation  
23 Charge Revenue, which is \$460 million, shown on line 9. That cost is divided by  
24 the GCR Adjusted Sales Volumes, shown on line 4, to produce an Adjusted GCR  
25 Factor of \$4.12 per Mcf, found on line 10.

Line  
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1

2 **Q. Will billing the Reservation Charge to only GCR and GCC customers instead**  
3 **of the GCC suppliers change the reconciliation process?**

4 A. Yes, the reconciliation process for the Reservation Charge is presented in Exhibit  
5 A-27 Revised. Exhibit A-30 compares total Pipeline Reservation Cost, net of  
6 capacity release credits, shown on line 3, to Actual Reservation Revenue, shown on  
7 line 4. The difference is the Over (Under) Recovery.

8

9 **REVISED SUPPLEMENTAL DIRECT TESTIMONY**

10 **Q. What is the purpose of the revised supplemental direct testimony that**  
11 **constitutes the second revision to your direct testimony in this proceeding?**

12 A. The purpose of the second revision to my direct testimony is to recalculate the GCR  
13 factor, both with and without the Reservation Charge in effect, to include the actual  
14 booked under-recovery from the 2013 – 2014 GCR year.

15

16 **Q. Have you revised the calculation of the 2014 -2015 GCR factor to include the**  
17 **total under-recovery from the 2013 – 2014 GCR period?**

18 A. Yes, due to the unanticipated severely cold weather and high prices experienced in  
19 the winter of 2013-2014, DTE Gas is including its actual booked under-recovery  
20 from that period in the 2014 -2015 GCR year.

21

22 **Q. What is the under-recovery from the 2013 – 2014 GCR year?**

23 A. Exhibit A-32 presents the costs and revenues from the 2013 – 2014 GCR year,  
24 which produce an under-recovery of approximately \$85 million, as shown on page  
25 2, line 24.

Line  
No.

1

2 **Q. Are you updating the projected cost of gas sold to reflect current market**  
3 **prices?**

4 A. No, the Company is only revising the GCR factor calculation to reflect the actual  
5 under-recovery from the 2013 -2014 GCR year.

6

7 **Q. Have you calculated a revised 2014 – 2015 GCR factor that includes the under-**  
8 **recovery from the 2013 - 2014 GCR year?**

9 A. Yes, I have. Exhibit A-20 2<sup>nd</sup> Revised presents the original 2014 – 2015 GCR  
10 Factor calculations at lines 1 – 20. Line 21 presents the August 2014 through  
11 March 2015 billed sales.

12

13 **Q. Why are you calculating the August 2014 through March 2015 billed sales?**

14 A. Because these GCR plan revisions were filed in April 2014, the Company is  
15 planning to implement a revised GCR factor that includes the 2013 – 2014 under-  
16 recovery beginning in August of 2014. Therefore, the new GCR factor reflecting  
17 the actual 2013-2014 under-recovery will only be in place for the August 2014  
18 through March 2015 portion of the GCR plan year.

19

20 **Q. What are the August 2014 – March 2015 billed sales?**

21 A. The August 2014 – March 2015 billed sales volumes are 95 Bcf, as shown on  
22 Exhibit A-20 2<sup>nd</sup> Revised, line 21. The \$85 million under-collection from Exhibit  
23 A-32 is divided by that amount to produce an Under-Collection GCR Adder of  
24 \$0.90 per Mcf. That amount is added to the original April 2014 – March 2015 GCR  
25 factor of \$4.42 per Mcf to produce an August 2014 – March 2015 GCR factor of

Line  
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1 \$5.32.

2

3 **Q. Have you calculated the August 2014 – March 2015 GCR factor with the**  
4 **Reservation Charge in effect that includes the under-recovery from the 2013 –**  
5 **2014 GCR year?**

6 A. Yes, Exhibit A-29 2<sup>nd</sup> Revised calculates the original GCR factor adjusted to reflect  
7 the fact that the Reservation Charge is being billed to all customers. This Adjusted  
8 GCR factor, \$4.07 per Mcf is shown on line 10. The Under-Collection GCR Adder  
9 of \$0.90 per Mcf from Exhibit A-20 2<sup>nd</sup> Revised is shown on line 11. When these  
10 two amounts are added together it produces the August 2014 – March 2015 GCR  
11 factor with the Reservation Charge implemented of \$4.97 per Mcf, shown on line  
12 12.

13

14 **Q. Has the Commission taken any action subsequent to your previously filed**  
15 **testimony that addresses matters presented in this case?**

16 A. Yes. On April 15, 2014 the Commission issued its order in Case No. U-17131(U-  
17 17131 Order).

18

19 **Q. What aspects of the U-17131 Order address matters presented in this case?**

20 A. In U-17131 Order, among other things, the Commission approved the assessment of  
21 a reservation charge on both GCR and GCC customers. According to the  
22 Commission's order DTE Gas has a non-transferable legal obligation to act as the  
23 supplier of last resort for all customers regardless of customer classification. The  
24 Commission's determination that DTE Gas has a non-transferable legal obligation  
25 to act as supplier of last resort for all customers and the associated approval of a

Line  
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1 reservation charge assessed on all customers are consistent with and should apply to

2 DTE Gas's proposals on these matters in this case.

3

4 **Q. Does this conclude your revised supplemental direct testimony?**

5 A. Yes, it does.

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

In the matter of the Application of )  
**DTE Gas Company** for approval of a )  
Gas Cost Recovery Plan, 5-year Forecast and )  
Monthly GCR Factor for the 12 months ending )  
March 31, 2015, and for approval to implement )  
a Reservation Charge applicable to )  
Gas Customer Choice Suppliers )

Case No. U-17332

REVISED EXHIBITS

OF

JAMES A. BRUNELL

**Michigan Public Service Commission  
DTE Gas Company  
Derivation of April 2014 through March 2015 GCR Factor**

Case No.: U-17332  
Exhibit: A-20 2nd Revised  
Witness: J. A. Brunell  
Page: 1 of 1

Line	Description	(a)	(b)
<b>Calculation of Jurisdictional Rate</b>			
1	Cost of Purchased Gas	\$ 551,382	
2	Volume of Purchased Gas	123,834	
3	Jurisdictional Rate	Line 1 / Line 2 \$ 4.45	
<b>Calculation of Total Booked Cost of Gas Sold</b>			
4	Cost of Purchased Gas		\$ 551,382
5	Cost of Gas (To)/From Storage		\$ (4,830)
6	Company Use, Lost and Unaccounted For and Gas in Kind		
7	Gas in Kind	3,833	
8	Lost and Unaccounted For / Co Use	(8,953)	
9	Total	(Line 7 + Line 8) * Line 3 <u>(5,120)</u>	<u>\$ (22,784)</u>
10	<b>Total Booked Cost of Gas Sold</b>		<b>\$ 523,768</b>
<b>Calculation of March 2015 Unbilled Revenue Adjustment</b>			
11	2015 - 2016 Net Cost of Gas Sold	\$ 521,393	
12	2015 - 2016 Annual Billed Sales	119,710	
13	2015 - 2016 Average GCR Cost of Gas	Line 11 / Line 12 \$ 4.36	
14	March 2015 Unbilled Volume Balance	(7,152)	
15	<b>March 2015 Unbilled Revenue Adjustment</b>	Line 13 * Line 14 \$	<b>(31,183)</b>
16	<b>Adjusted Cost of Gas</b>	Line 10 + Line 15 \$	<b><u>492,585</u></b>
<b>Calculation of Adjusted Sales Volumes</b>			
17	April 2014 - March 2015 Billed Sales Volumes	118,708	
18	March 2014 Unbilled Volume Balance	<u>(7,140)</u>	
19	<b>April 2014 - March 2015 Adjusted Sales Volumes</b>	Line 17 + Line 18	<b>111,568</b>
20	<b>April 2014 - March 2015 Gas Cost Recovery Factor</b>	Line 16 / Line 19	<b><u>\$ 4.42</u></b>
<b>New Factor Implemented in August</b>			
21	August 2014 through March 2015 Billed Sales Volumes	A-4 95,253	
22	April 2013 - March 2014 Under-Collection	A-31, pg 2, Line 24 \$ 85,272	
23	<b>Under-Collection GCR Adder</b>	Line 29/ Line 28 \$	<b>0.90</b>
24	<b>August 2014 - March 2015 GCR Factor</b>	Line 20 + Line 30 \$	<b>5.32</b>

Sources:

Billed/Unbilled Sales	A-4
LAUF / Co. Use / GIK	A-13
Purchased Gas Volumes	A-10
Purchased Gas Costs	A-12
Storage Costs	A-22
2014 - 2015 Cost of Gas	A-21

**Michigan Public Service Commission**  
**DTE Gas Company**  
**Adjusted GCR Factor and Calculation of Reservation Charge**  
**Applied to GCC and GCR Customers**

Case No.: U-17332  
 Exhibit: A-29 2nd Revised  
 Witness: J. A. Brunell  
 Page: 1 of 1

Line No.	(a) Description	(b)	(c)	(d) Source
1	Adjusted Cost of Gas		\$ 492,585	A-20, Line 16
2	GCR April 2014 - March 2015 Billed Sales Volumes	118,708		A-20, Line 17
3	March 2014 Unbilled Volume Balance	(7,140)		A-20, Line 18
4	April 2014 - March 2015 Adjusted Sales Volumes	111,568		A-20, Line 19
5	April 2014 - March 2015 Gas Cost Recovery Factor	\$ 4.42		A-20, Line 20
6	Pipeline Reservation Charge	\$ 0.26		Line 24
7	GCR + GCC April 2014 to March 2015 Billed Sales	147,160		Line 23
8	April 2014 - March 2015 Gas Reservation Charge Revenue		\$ 38,262	Line 7 * Line 6
9	Adjusted Cost of Gas Less Reservation Charge Revenue		\$ 454,323	Line 1 - Line 8
10	Adjusted GCR Factor		\$ 4.07	Line 9 / Line 4
11	April 2013 - March 2014 Under-Collection GCR Adder		\$ 0.90	2nd Revised A-20, Line 23
12	<b>August 2014 - March 2015 GCR Factor with Reservation Charge Implemented</b>		\$ 4.97	
<b>Calculation of Reservation Charge</b>				
13	2014-2015 Pipeline Reservation Cost (PRC)		\$ 41,153	A-11, Line 22, pg 1
14	Calculation of March 2015 Unbilled Revenue Adjustment			
15	2015-2016 Pipeline Reservation Cost	\$ 41,153		A-11, Line 22, pg 2
16	2015-2016 GCR + GCC Sales	157,441		A-1, Line 27
17	2015-2016 Average Reservation Charge	\$ 0.26		Line 13 / Line 14
18	March 2015 GCR + GCC Unbilled Volume Balance	(9,455)		
19	<b>March 2014 GCR + GCC Revenue Adjustment</b>		\$ (2,471)	Line 15 * Line 16
20	Adjusted Pipeline Reservation Cost		\$ 38,681	Line 11 - Line 17
April 2014 - March 2015 Billed Sales Volumes				
21	GCR	118,708		A-20 Line 17
22	GCC	37,914		A-4, pg 1, Line 14
23	Total Billed Sales (GCR + GCC)	156,622		Line 12 + Line 13
24	March 2014 GCR +GCC Unbilled Volume Balance	(9,462)		
25	April 2014 - March 2015 Adjusted Sales Volumes		147,160	Line 21 - Line 22
26	April 2014 - March 2015 Reservation Charge		\$ 0.26	Line 11 / Line 14

**Michigan Public Service Commission  
DTE GAS COMPANY  
April 2013 through March 2014 GCR Reconciliation**

Case No.: U-17332  
Exhibit: A-32  
Witness: J. A. Brunell  
Page: 1 of 6

Line	Description	April (Col. 1)	May (Col. 2)	June (Col. 3)	July (Col. 4)	August (Col. 5)	September (Col. 6)	October (Col. 7)	November (Col. 8)	December (Col. 9)	January (Col. 10)	February (Col. 11)	March (Col. 12)	Year to Date (Col. 16)
<b>Source of Gas</b>														
1	Purchased	11,200,752	11,797,564	11,483,166	12,241,287	12,034,954	12,216,824	9,159,332	9,148,896	10,820,559	13,548,794	15,755,618	14,718,783	144,126,529
2	Other Purchased Gas	-	-	-	-	-	-	-	-	-	-	-	-	-
3	Net (To) From Storage	<u>74,111</u>	<u>(7,956,030)</u>	<u>(8,703,306)</u>	<u>(7,222,983)</u>	<u>(9,641,266)</u>	<u>(10,399,362)</u>	<u>(2,650,125)</u>	<u>5,516,661</u>	<u>11,203,944</u>	<u>13,885,656</u>	<u>7,285,858</u>	<u>6,478,689</u>	(2,128,153)
4	Total Supply	<u>11,274,863</u>	<u>3,841,534</u>	<u>2,779,860</u>	<u>5,018,304</u>	<u>2,393,688</u>	<u>1,817,462</u>	<u>6,509,207</u>	<u>14,665,557</u>	<u>22,024,503</u>	<u>27,434,450</u>	<u>23,041,476</u>	<u>21,197,472</u>	<u>141,998,376</u>
<b>Less Volumes For:</b>														
<b>Sales With No GCR Factor:</b>														
5	Company Use	149,560	223,229	285,781	266,832	262,298	291,660	182,937	80,692	175,468	302,031	392,395	275,873	2,888,756
6	Lost and Unaccounted For Gas	615,368	(312,733)	563,410	178,725	354,386	(1,189,255)	126,208	1,050,575	1,247,813	701,515	395,767	1,936,092	5,667,871
7	Gas-in-Kind Provision	<u>(336,743)</u>	<u>(282,866)</u>	<u>(309,382)</u>	<u>(395,279)</u>	<u>(346,166)</u>	<u>(275,260)</u>	<u>(315,860)</u>	<u>(283,169)</u>	<u>(421,695)</u>	<u>(610,756)</u>	<u>(479,141)</u>	<u>(395,371)</u>	(4,451,688)
8	Total GCR Supplies	<u>10,846,678</u>	<u>4,213,904</u>	<u>2,240,051</u>	<u>4,968,026</u>	<u>2,123,170</u>	<u>2,990,317</u>	<u>6,515,922</u>	<u>13,817,459</u>	<u>21,022,917</u>	<u>27,041,660</u>	<u>22,732,455</u>	<u>19,380,878</u>	<u>137,893,437</u>
<b>GCR Sales</b>														
9	Rate Schedule Sales (Billed)	14,805,805	6,964,914	3,296,604	2,412,086	2,258,929	2,188,224	3,651,210	8,802,258	16,769,305	23,891,998	24,795,112	24,472,992	134,309,436
10	GCC Rec: '12 - '13 Year	-	-	-	2,564,265	-	-	-	-	-	-	-	-	2,564,265
11	Unbilled - Current Month	4,992,603	2,241,593	1,185,040	1,176,715	1,040,956	1,843,049	4,707,761	9,722,962	13,976,574	17,126,236	15,063,579	9,971,465	83,048,533
12	- Prior Month	<u>(8,951,730)</u>	<u>(4,992,603)</u>	<u>(2,241,593)</u>	<u>(1,185,040)</u>	<u>(1,176,715)</u>	<u>(1,040,956)</u>	<u>(1,843,049)</u>	<u>(4,707,761)</u>	<u>(9,722,962)</u>	<u>(13,976,574)</u>	<u>(17,126,236)</u>	<u>(15,063,579)</u>	<u>(82,028,798)</u>
13	Total GCR Sales (Unbilled)	<u>10,846,678</u>	<u>4,213,904</u>	<u>2,240,051</u>	<u>4,968,026</u>	<u>2,123,170</u>	<u>2,990,317</u>	<u>6,515,922</u>	<u>13,817,459</u>	<u>21,022,917</u>	<u>27,041,660</u>	<u>22,732,455</u>	<u>19,380,878</u>	<u>137,893,436</u>

**Michigan Public Service Commission  
DTE GAS COMPANY  
April 2013 through March 2014 GCR Reconciliation**

Case No.: U-17332  
Exhibit: A-32  
Witness: J. A. Brunell  
Page: 2 of 6

Line	Description	April (Col. 1)	May (Col. 2)	June (Col. 3)	July (Col. 4)	August (Col. 5)	September (Col. 6)	October (Col. 7)	November (Col. 8)	December (Col. 9)	January (Col. 10)	February (Col. 11)	March (Col. 12)	Year to Date (Col. 16)
<b>GCR Cost of Gas Sold</b>														
1	Purchased	\$ 51,756,654	\$ 55,853,800	\$ 54,079,788	\$ 55,008,178	\$ 53,783,440	\$ 52,519,467	\$ 41,936,139	\$ 44,441,937	\$ 51,696,312	\$ 73,472,137	\$ 98,854,388	\$ 117,261,972	\$ 750,664,214
2	GCC Rec: '12 - '13 Year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3	Net (To) From Storage	<u>2,115,622</u>	<u>(38,984,547)</u>	<u>(44,492,633)</u>	<u>(34,670,318)</u>	<u>(46,278,077)</u>	<u>(49,476,974)</u>	<u>(12,588,094)</u>	<u>26,204,140</u>	<u>60,930,710</u>	<u>63,874,018</u>	<u>40,924,977</u>	<u>40,364,571</u>	7,923,395
4	Total Cost of Gas Sold	<u>\$ 53,872,276</u>	<u>\$ 16,869,253</u>	<u>\$ 9,587,155</u>	<u>\$ 20,337,860</u>	<u>\$ 7,505,363</u>	<u>\$ 3,042,494</u>	<u>\$ 29,348,045</u>	<u>\$ 70,646,077</u>	<u>\$ 112,627,022</u>	<u>\$ 137,346,154</u>	<u>\$ 139,779,365</u>	<u>\$ 157,626,544</u>	<u>\$ 758,587,609</u>
<b>Less: Sales with No GCR Factor</b>														
5	Company Use	725,366	\$ 1,082,661	\$ 1,386,038	\$ 1,294,135	\$ 1,272,145	\$ 1,192,647	\$ 859,804	\$ 379,252	\$ 824,700	\$ 1,419,546	\$ 2,628,121	\$ 1,981,382	\$ 15,045,797
6	Lost and Unaccounted For Gas	2,984,535	(1,516,755)	2,732,539	866,816	\$ 1,718,772	(5,799,372)	593,178	4,937,703	5,864,721	3,297,121	2,979,639	10,861,644	29,520,539
7	Gas-in-Kind Provision	(1,633,204)	(1,371,900)	(1,500,503)	(1,917,103)	\$ (1,678,905)	(1,043,157)	(1,484,542)	(1,330,894)	(1,981,967)	(2,870,553)	(3,468,858)	(2,904,587)	(23,186,172)
8	Penalties & SEC Charges	56,774	118,214	74,471	-	\$ 36	25	98,168	9	6,686	269	129,304	74,656	558,612
9	Non-GCR Sales	-	-	-	-	-	-	-	-	-	-	-	-	-
10	GCR Cost of Gas Sold	<u>\$ 51,738,804</u>	<u>\$ 18,557,034</u>	<u>\$ 6,894,611</u>	<u>\$ 20,094,011</u>	<u>\$ 6,193,315</u>	<u>\$ 8,692,350</u>	<u>\$ 29,281,438</u>	<u>\$ 66,660,007</u>	<u>\$ 107,912,881</u>	<u>\$ 135,499,772</u>	<u>\$ 137,511,159</u>	<u>\$ 147,613,448</u>	<u>\$ 736,648,832</u>
11	Average GCR Cost of Gas Sold	<u>\$4.77</u>	<u>\$4.40</u>	<u>\$3.08</u>	<u>\$4.04</u>	<u>\$2.92</u>	<u>\$2.91</u>	<u>\$4.49</u>	<u>\$4.82</u>	<u>\$5.13</u>	<u>\$5.01</u>	<u>\$6.05</u>	<u>\$7.62</u>	<u>\$5.34</u>
<b>Less:</b>														
12	Prior Year GCR Over/(Under) Recovery	(501,938)	-	-	-	-	-	-	-	-	-	(5,778,204)	-	(6,280,142)
13	Pipeline Refunds Interest	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Unauthorized Sales Penalty	161,910	1,026	44,042	15,778	30,798	-	-	2,451	21,652	19,839	102,625	387,694	787,815
15	Excess Storage Fees	19,724	7,408	6,972	8,562	28,360	47,344	48,622	77,951	35,775	20,364	(8,620)	12,255	304,720
16	Net Recoverable Costs	<u>\$ 52,059,109</u>	<u>\$ 18,548,600</u>	<u>\$ 6,843,596</u>	<u>\$ 20,069,671</u>	<u>\$ 6,134,156</u>	<u>\$ 8,645,006</u>	<u>\$ 29,232,816</u>	<u>\$ 66,579,605</u>	<u>\$ 107,855,454</u>	<u>\$ 135,459,570</u>	<u>\$ 143,195,358</u>	<u>\$ 147,213,499</u>	<u>\$ 741,836,440</u>
<b>GCR Revenues</b>														
17	Maximum GCR Factor Permitted (\$/Mcf)	\$4.74	\$4.74	\$4.74	\$4.74	\$4.74	\$4.74	\$4.74	\$4.74	\$4.74	\$4.74	\$4.74	\$4.74	\$4.74
18	GCR Factor Billed (\$/Mcf)	\$4.74	\$4.77	\$4.77	\$4.77	\$4.74	\$4.74	\$4.74	\$4.74	\$4.74	\$4.71	\$4.80	\$4.56	\$4.56
19	Billed GCR Revenue	70,197,383	33,241,050	15,764,622	11,551,828	10,755,651	10,431,268	17,383,316	41,736,890	79,492,011	112,578,140	117,859,745	119,604,948	640,596,853
20	GCC Rec: '12 - '13 Year	-	-	-	12,929,105	-	-	-	-	-	-	-	-	12,929,105
21	Unbilled - Current Month	23,814,716	10,692,399	5,652,641	5,577,629	4,934,131	8,736,052	22,314,787	46,086,840	65,829,664	81,178,359	72,305,179	45,469,880	392,592,277
22	- Prior Month	(42,431,200)	(23,814,716)	(10,692,399)	(5,652,641)	(5,577,629)	(4,934,131)	(8,736,052)	(22,314,787)	(46,086,840)	(65,829,664)	(81,178,359)	(72,305,179)	(389,553,597)
23	Total GCR Revenue	<u>\$ 51,580,899</u>	<u>\$ 20,118,732</u>	<u>\$ 10,724,864</u>	<u>\$ 24,405,922</u>	<u>\$ 10,112,153</u>	<u>\$ 14,233,189</u>	<u>\$ 30,962,051</u>	<u>\$ 65,508,943</u>	<u>\$ 99,234,834</u>	<u>\$ 127,926,835</u>	<u>\$ 108,986,566</u>	<u>\$ 92,769,649</u>	<u>\$ 656,564,638</u>
24	Over (Under) Recovery	\$ (478,210)	\$ 1,570,132	\$ 3,881,268	\$ 4,336,251	\$ 3,977,997	\$ 5,588,183	\$ 1,729,235	\$ (1,070,662)	\$ (8,620,619)	\$ (7,532,734)	\$ (34,208,792)	\$ (54,443,849)	\$ (85,271,801.29)

**Michigan Public Service Commission  
DTE GAS COMPANY  
April 2013 through March 2014GCR Reconciliation**

Case No.: U-17332  
Exhibit: A-32  
Witness: J. A. Brunell  
Page: 3 of 6

Line	Description	April (Col. 1)	May (Col. 2)	June (Col. 3)	July (Col. 4)	August (Col. 5)	September (Col. 6)	October (Col. 7)	November (Col. 8)	December (Col. 9)	January (Col. 10)	February (Col. 11)	March (Col. 12)	Year to Date (Col. 16)
<b>Source of Gas</b>														
1	Cashouts	34,762	17,751	24,124	(7,739)	1,381	37,626	30,514	63,751	44,296	(3,470)	4,133	(34,279)	212,850
2	Canadian Purchases - Great Lakes	2,362,016	2,429,102	2,344,545	2,410,875	2,432,805	2,399,115	2,457,988	2,384,026	917,203	918,116	820,680	923,380	22,799,851
3	Spot/Term Purchases	8,589,610	9,315,658	9,158,594	9,602,662	9,338,154	11,047,873	6,607,753	6,622,236	10,147,146	12,053,785	16,078,014	14,045,026	122,606,511
4	Intrastate	-	-	-	-	-	-	-	-	-	-	-	-	0
5	Exchange Gas	214,364	35,053	(44,097)	235,489	262,614	(1,267,790)	63,077	78,883	(288,086)	580,363	(1,147,209)	(215,344)	(1,492,683)
6	Reverse BTU Gain/(Loss)	(91)	35	59	(117)	(243)	273	83	(235)	-	26	(255)	52	(413)
7	Exchange Gas - Adjusted	214,455	35,018	(44,156)	235,606	262,857	(1,268,063)	62,994	79,118	(288,086)	580,337	(1,146,954)	(215,396)	(1,492,270)
8	Other Purchased Gas	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Less: (Gain) Loss from BTU estimates	(91)	35	59	(117)	(243)	273	83	(235)	-	26	(255)	52	(413)
10	Total Purchased	11,200,752	11,797,564	11,483,166	12,241,287	12,034,954	12,216,824	9,159,332	9,148,896	10,820,559	13,548,794	15,755,618	14,718,783	144,126,529
<b>Cost of Gas</b>														
11	Transportation & Cashouts	3,267,622	3,326,406	3,376,681	3,228,163	3,000,557	3,189,186	3,022,318	3,809,754	3,691,185	\$3,936,500	\$3,809,399	\$3,282,282	\$40,940,053
12	ANR Refunds	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Canadian Purchases - Great Lakes	9,367,101	9,734,648	9,417,734	9,562,782	9,387,012	9,167,592	9,457,663	10,454,569	4,122,790	4,122,670	3,723,702	4,287,297	92,805,560
14	Panhandle Eastern	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Panhandle Refunds	-	-	-	-	-	-	-	-	-	-	-	-	-
16	Spot/Term Purchases	38,173,783	42,622,909	41,499,530	41,074,544	40,121,014	46,318,221	29,160,086	29,805,760	45,236,341	62,685,384	96,917,454	110,954,772	624,569,796
17	Cover Standard Purchase Obligation	-	-	-	-	-	-	-	-	-	-	-	-	-
18	Other Purchased Gas Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-
19	Exchange Gas	947,707	170,007	(213,870)	1,142,122	1,273,678	(6,154,223)	296,462	370,750	(1,354,004)	2,727,706	(5,594,891)	(1,262,621)	(7,651,178)
20	Reverse BTU Gain/(Loss)	(441)	170	286	(567)	(1,179)	1,309	390	(1,105)	-	122	1,275	(243)	18
21	Exchange Gas - Adjusted	948,148	169,837	(214,157)	1,142,689	1,274,856	(6,155,532)	296,072	371,855	(1,354,004)	2,727,584	(5,596,166)	(1,262,379)	(7,651,196)
22	Gain/(Loss) from BTU Estimates	-	-	-	-	-	-	-	-	-	-	-	-	-
23	Total Purchased	51,756,654	55,853,800	54,079,788	55,008,178	53,783,440	52,519,467	41,936,139	44,441,937	51,696,312	73,472,137	98,854,388	117,261,972	750,664,214
<b>Sales by Revenue Class</b>														
24	Residential	88,161	44,459	30,413	30,952	27,722	35,440	60,453	107,400	156,688	198,330	166,588	144,698	1,091,304
25	Residential Heating	8,752,271	3,458,314	1,818,100	1,930,920	1,652,738	2,428,940	5,347,037	11,245,539	16,838,914	21,556,215	18,056,176	15,307,299	108,392,462
26	Commercial	113,910	43,814	35,380	37,184	35,208	38,887	56,551	123,243	193,216	231,719	209,580	158,225	1,276,916
27	Commercial Heating	1,837,676	653,798	339,300	371,735	340,688	473,885	1,024,071	2,290,801	3,753,011	4,948,123	4,168,133	3,534,799	23,736,018
28	Industrial	54,660	13,518	16,859	32,971	66,814	13,165	27,809	50,476	81,089	107,273	131,979	235,857	832,470
29	Subtotal	10,846,678	4,213,904	2,240,051	2,403,761	2,123,170	2,990,317	6,515,922	13,817,459	21,022,917	27,041,660	22,732,455	19,380,878	135,329,171
30	Other	-	-	-	-	-	-	-	-	-	-	-	-	-
31	Total Sales (Unbilled)	10,846,678	4,213,904	2,240,051	2,403,761	2,123,170	2,990,317	6,515,922	13,817,459	21,022,917	27,041,660	22,732,455	19,380,878	135,329,171

**Michigan Public Service Commission  
DTE GAS COMPANY  
April 2013 through March 2014GCR Reconciliation**

Case No.: U-17332  
Exhibit: A-32  
Witness: J. A. Brunell  
Page: 4 of 6

Line	Description	April (Col. 1)	May (Col. 2)	June (Col. 3)	July (Col. 4)	August (Col. 5)	September (Col. 6)	October (Col. 7)	November (Col. 8)	December (Col. 9)	January (Col. 10)	February (Col. 11)	March (Col. 12)	Year to Date (Col. 16)
<b>Sales by Rate Class</b>														
1	Rate GS-1	1,940,458	704,185	391,277	420,351	387,444	506,768	1,086,949	2,419,253	3,957,304	5,190,489	4,370,812	3,742,725	25,118,015
2	Rate A	8,311,959	3,295,250	1,737,938	1,851,496	1,583,437	2,312,972	5,091,419	10,747,390	16,126,760	20,663,355	17,298,780	14,651,576	103,672,330
3	Rate 2A	322,090	131,657	77,811	75,594	68,121	99,538	191,126	344,296	493,867	612,958	532,107	464,373	3,413,537
4	Rate AS	206,384	75,867	32,764	34,782	28,902	51,869	124,945	261,253	374,975	478,233	391,877	336,048	2,397,899
5	Rate GS-2	47,081	(5,117)	(3,070)	19,136	57,411	14,872	10,897	20,212	33,174	53,442	102,781	155,336	506,155
6	Rate S	18,707	12,062	3,331	2,403	(2,145)	4,297	10,586	25,056	36,837	43,184	36,098	30,820	221,235
7	Other	-	-	-	-	-	-	-	-	-	-	-	-	-
8	Total Sales (Unbilled)	<u>10,846,678</u>	<u>4,213,904</u>	<u>2,240,051</u>	<u>2,403,761</u>	<u>2,123,170</u>	<u>2,990,317</u>	<u>6,515,922</u>	<u>13,817,459</u>	<u>21,022,917</u>	<u>27,041,660</u>	<u>22,732,455</u>	<u>19,380,878</u>	<u>135,329,171</u>
<b>Number of Customers</b>														
9	Residential	16,789	16,807	16,669	16,554	16,603	16,601	16,604	16,616	16,657	16,671	16,689	16,746	
10	Residential Heating	929,797	929,513	925,324	924,393	924,799	925,641	928,912	932,656	935,303	937,524	939,411	943,674	
11	Commercial	3,143	3,160	3,141	3,137	3,142	3,138	3,124	3,110	3,130	3,139	3,156	3,189	
12	Commercial Heating	58,199	57,515	56,973	56,763	56,608	56,742	57,638	58,208	58,563	58,863	59,077	59,681	
13	Industrial	265	257	256	258	256	258	271	280	282	280	278	280	
14	Other													
15	Total Customers	<u>1,008,193</u>	<u>1,007,252</u>	<u>1,002,363</u>	<u>1,001,105</u>	<u>1,001,408</u>	<u>1,002,380</u>	<u>1,006,549</u>	<u>1,010,870</u>	<u>1,013,935</u>	<u>1,016,477</u>	<u>1,018,611</u>	<u>1,023,570</u>	
<b>Total Revenue</b>														
16	Gross Sales Billed	\$ 118,431,671	\$ 61,830,172	\$ 34,355,344	\$ 41,596,458	\$ 27,579,407	\$ 26,103,233	\$ 37,618,164	\$ 73,792,120	\$ 131,289,963	\$ 182,416,008	\$ 189,625,767	\$ 192,041,502	\$ 1,116,679,809
17	Unbilled Adjustment	<u>(28,473,782)</u>	<u>(19,976,769)</u>	<u>(7,669,232)</u>	<u>(95,460)</u>	<u>(977,988)</u>	<u>5,799,768</u>	<u>20,712,238</u>	<u>36,258,707</u>	<u>29,968,401</u>	<u>23,193,423</u>	<u>(14,013,096)</u>	<u>(39,513,902)</u>	5,212,308
18	Sales Revenue (Unbilled)	<u>\$ 89,957,889</u>	<u>\$ 41,853,403</u>	<u>\$ 26,686,112</u>	<u>\$ 41,500,998</u>	<u>\$ 26,601,419</u>	<u>\$ 31,903,001</u>	<u>\$ 58,330,402</u>	<u>\$ 110,050,827</u>	<u>\$ 161,258,364</u>	<u>\$ 205,609,431</u>	<u>\$ 175,612,671</u>	<u>\$ 152,527,600</u>	<u>\$ 1,121,892,117</u>
<b>Less Revenue For</b>														
19	Sales With No GCR Factor:	-	-	-	-	-	-	-	-	-	-	-	-	-
20	Total Revenue	<u>\$ 89,957,889</u>	<u>\$ 41,853,403</u>	<u>\$ 26,686,112</u>	<u>\$ 41,500,998</u>	<u>\$ 26,601,419</u>	<u>\$ 31,903,001</u>	<u>\$ 58,330,402</u>	<u>\$ 110,050,827</u>	<u>\$ 161,258,364</u>	<u>\$ 205,609,431</u>	<u>\$ 175,612,671</u>	<u>\$ 152,527,600</u>	<u>\$ 1,121,892,117</u>

**Michigan Public Service Commission  
DTE GAS COMPANY  
April 2013 through March 2014GCR Reconciliation**

Case No.: U-17332  
Exhibit: A-32  
Witness: J. A. Brunell  
Page: 5 of 6

Line	Description	April (Col. 1)	May (Col. 2)	June (Col. 3)	July (Col. 4)	August (Col. 5)	September (Col. 6)	October (Col. 7)	November (Col. 8)	December (Col. 9)	January (Col. 10)	February (Col. 11)	March (Col. 12)	Year to Date (Col. 16)
<u>Billed Sales by Rate Class</u>														
1	Rate GS-1	2,735,888	1,201,105	553,776	428,675	414,923	388,978	587,386	1,437,641	3,061,425	4,562,806	4,753,512	4,757,495	24,883,610
2	Rate A	11,317,141	5,414,780	2,562,462	1,850,937	1,683,917	1,680,009	2,870,312	6,927,725	12,927,678	18,263,144	18,889,283	18,530,555	102,917,941
3	Rate 2A	397,911	207,650	111,897	76,131	69,591	69,693	112,570	234,494	419,404	561,629	569,834	560,436	3,391,239
4	Rate AS	280,021	135,011	58,437	34,563	31,131	32,141	66,896	170,668	305,601	413,581	445,307	424,374	2,397,731
5	Rate GS-2	47,564	(9,145)	9,229	19,145	57,143	14,182	8,273	15,828	26,486	49,398	98,659	161,973	498,735
6	Rate S	27,281	15,513	803	2,636	2,224	3,220	5,773	15,903	28,711	41,441	38,517	38,159	220,180
7	Other	-	-	-	-	-	-	-	-	-	-	-	-	-
8	Total Billed Sales	14,805,805	6,964,914	3,296,604	2,412,086	2,258,929	2,188,224	3,651,210	8,802,258	16,769,305	23,891,998	24,795,112	24,472,992	134,309,436
<u>Change in Unbilled Volume</u>														
9	Rate GS-1	(795,430)	(496,920)	(162,499)	(8,324)	(27,479)	117,790	499,563	981,612	895,879	627,683	(382,700)	(1,014,770)	
10	Rate A	(3,005,182)	(2,119,530)	(824,524)	559	(100,480)	632,963	2,221,107	3,819,665	3,199,082	2,400,211	(1,590,503)	(3,878,979)	
11	Rate 2A	(75,821)	(75,993)	(34,086)	(537)	(1,470)	29,845	78,556	109,802	74,463	51,329	(37,727)	(96,063)	
12	Rate AS	(73,637)	(59,144)	(25,673)	219	(2,229)	19,728	58,049	90,585	69,374	64,652	(53,430)	(88,326)	
13	Rate GS-2	(483)	4,028	(12,299)	(9)	268	690	2,624	4,384	6,688	4,044	4,122	(6,637)	
14	Rate S	(8,574)	(3,451)	2,528	(233)	(4,369)	1,077	4,813	9,153	8,126	1,743	(2,419)	(7,339)	
15	Other	-	-	-	-	-	-	-	-	-	-	-	-	
16	Total Unbilled Volume Balance	(3,959,127)	(2,751,010)	(1,056,553)	(8,325)	(135,759)	802,093	2,864,712	5,015,201	4,253,612	3,149,662	(2,062,657)	(5,092,114)	

**Michigan Public Service Commission  
DTE GAS COMPANY  
April 2013 through March 2014 GCR Reconciliation**

Case No.: U-17332  
Exhibit: A-32  
Witness: J. A. Brunell  
Page: 6 of 6

Line	Description	April (Col. 1)	May (Col. 2)	June (Col. 3)	July (Col. 4)	August (Col. 5)	September (Col. 6)	October (Col. 7)	November (Col. 8)	December (Col. 9)	January (Col. 10)	February (Col. 11)	March (Col. 12)	Year to Date (Col. 16)
<b>Billed GCR Revenues by Rate Class</b>														
1	Rate GS-1	\$ 12,961,928	\$ 5,729,841	\$ 2,659,443	\$ 2,043,374	\$ 1,974,649	\$ 1,848,090	\$ 2,794,493	\$ 6,819,034	\$ 14,509,019	\$ 21,498,998	\$ 22,902,999	\$ 25,177,706	\$ 120,919,574
2	Rate A	53,668,377	25,846,318	12,244,779	8,876,439	8,020,608	8,017,693	13,671,329	32,847,064	61,284,994	86,055,362	89,498,214	88,751,357	488,782,533
3	Rate 2A	1,885,422	990,323	534,109	363,290	329,918	330,713	533,844	1,111,441	1,987,914	2,647,286	2,699,483	2,684,356	16,098,097
4	Rate AS	1,327,046	643,866	278,718	164,847	147,557	152,287	317,073	808,948	1,448,447	1,948,469	2,109,123	2,032,235	11,378,617
5	Rate GS-2	225,252	(43,296)	44,104	91,321	272,368	67,224	39,213	75,022	125,544	232,794	467,324	776,601	2,373,472
6	Rate S	129,359	73,999	3,469	12,559	10,551	15,260	27,365	75,381	136,092	195,230	182,603	182,693	1,044,559
7	Total Billed GCR Revenue	\$ 70,197,383	\$ 33,241,050	\$ 15,764,622	\$ 11,551,828	\$ 10,755,651	\$ 10,431,268	\$ 17,383,316	\$ 41,736,890	\$ 79,492,011	\$ 112,578,140	\$ 117,859,745	\$ 119,604,948	\$ 640,596,853
<b>Unbilled GCR Revenues by Rate Class</b>														
8	Rate GS-1	(\$3,743,399)	(\$2,370,308)	(\$775,121)	(\$46,612)	(\$130,251)	558,325	2,367,928	4,652,842	4,165,537	3,056,146	(\$1,637,442)	(\$5,333,575)	764,070
9	Rate A	(14,129,815)	(10,110,159)	(3,932,978)	(23,778)	(476,275)	3,000,245	10,528,048	18,105,212	14,844,035	11,696,613	(6,851,175)	(20,439,380)	2,210,593
10	Rate 2A	(354,844)	(362,486)	(162,590)	(3,790)	(6,968)	141,466	372,354	520,462	342,989	253,265	(158,081)	(521,028)	60,749
11	Rate AS	(346,003)	(282,117)	(122,460)	546	(10,566)	93,511	275,152	429,373	321,268	314,015	(237,456)	(465,975)	(30,712)
12	Rate GS-2	(1,982)	19,213	(58,667)	(100)	1,270	3,270	12,437	20,782	31,201	19,668	21,025	(36,211)	31,906
13	Rate S	(40,442)	(16,461)	12,058	(1,275)	(20,710)	5,105	22,814	43,385	37,789	8,990	(10,050)	(39,129)	2,074
14	Total GCR Revenue	\$ (18,616,485)	\$ (13,122,318)	\$ (5,039,758)	\$ (75,009)	\$ (643,500)	\$ 3,801,922	\$ 13,578,733	\$ 23,772,056	\$ 19,742,819	\$ 15,348,697	\$ (8,873,179)	\$ (26,835,298)	\$ 3,038,680
<b>Revenues by Rate Class (Unbilled Basis)</b>														
15	Rate GS-1	\$ 9,218,529	\$ 3,359,533	\$ 1,884,322	\$ 1,996,762	\$ 1,844,398	\$ 2,406,415	\$ 5,162,421	\$ 11,471,876	\$ 18,674,556	\$ 24,555,144	\$ 21,265,557	\$ 19,844,131	\$ 121,683,644
16	Rate A	39,538,562	15,736,159	8,311,801	8,852,661	7,544,333	11,017,938	24,199,377	50,952,276	76,129,029	97,751,975	82,647,039	68,311,977	490,993,126
17	Rate 2A	1,530,578	627,837	371,519	359,500	322,950	472,179	906,198	1,631,903	2,330,903	2,900,551	2,541,402	2,163,328	16,158,846
18	Rate AS	981,043	361,749	156,258	165,393	136,991	245,798	592,225	1,238,321	1,769,715	2,262,484	1,871,667	1,566,260	11,347,905
19	Rate GS-2	223,270	(24,083)	(14,563)	91,221	273,638	70,494	51,650	95,804	156,745	252,462	488,349	740,390	2,405,378
20	Rate S	88,917	57,538	15,527	11,284	(10,159)	20,365	50,179	118,766	173,881	204,220	172,553	143,564	1,046,633
21	Total GCR Revenue	\$ 51,580,898	\$ 20,118,732	\$ 10,724,864	\$ 11,476,819	\$ 10,112,151	\$ 14,233,190	\$ 30,962,049	\$ 65,508,946	\$ 99,234,830	\$ 127,926,837	\$ 108,986,566	\$ 92,769,650	\$ 643,635,533
22	Average Short-Term Borrowing Rate	0.2864%	0.2550%	0.2691%	0.2734%	0.2636%	0.2502%	0.3040%	0.3059%	0.2634%	0.2349%	0.2010%	0.1757%	

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

In the matter of the Application of )  
**DTE Gas Company** for approval of a )  
Gas Cost Recovery Plan, 5-year Forecast and )  
Monthly GCR Factor for the 12 months ending )  
March 31, 2015, and for approval to implement )  
a Reservation Charge applicable to )  
Gas Customer Choice Suppliers )

Case No. U-17332

QUALIFICATIONS  
AND  
REVISED SUPPLEMENTAL DIRECT TESTIMONY  
OF  
ROBERT G. LAWSHE  
April 24, 2014

**DTE GAS COMPANY**  
**REVISED SUPPLEMENTAL DIRECT TESTIMONY OF ROBERT G. LAWSHE**

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1    **Q.    What is your name and business address?**

2    A.    My name is Robert G. Lawshe. My business address is One Energy Plaza, Detroit,  
3        Michigan 48226.

4

5    **Q.    By whom are you employed and in what capacity?**

6    A.    I am employed by DTE Gas Company (DTE Gas or Company) as the Manager of  
7        Gas Supply and Planning.

8

9    **Q.    What is your educational background?**

10   A.    I received a Bachelor of Science Degree in Civil Engineering from Michigan State  
11        University in 1976 and a Master Degree in Business Administration from the  
12        University of Detroit in 1984.

13

14   **Q.    What is your business experience?**

15   A.    I have been employed full time by DTE Gas (formerly Michigan Consolidated Gas  
16        Company) since 1976. From 1976 to 1982, I held various positions in the  
17        Production, Transmission and Storage Department, including construction engineer  
18        and field supervisor. From 1982 to the present, I held various positions of  
19        increasing responsibility in the Gas Supply and Planning Department (formerly Gas  
20        Acquisition Department), including Administrator of Gas Purchase Contracts, Gas  
21        Buyer, Gas Supply Specialist, Senior Gas Acquisition Specialist, Principle Energy  
22        Analyst, up to my current position as Manager of Gas Supply and Planning, which I  
23        have held since 2006.

24

25   **Q.    What are your responsibilities as Manager of Gas Supply and Planning?**

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1 A. As Manager of Gas Supply and Planning, I am responsible for leading a team of  
2 professionals in the forecasting of DTE Gas sales markets, planning of supply and  
3 storage operations to serve those market requirements, and the purchase of gas and  
4 interstate transportation capacity to deliver the supply to the DTE Gas system. I am  
5 also responsible for leading this team in the preparation of testimony and exhibits in  
6 Gas Cost Recovery (GCR) plan and reconciliation proceedings for DTE Gas.

7

8 **Q. Have you previously testified or submitted testimony in any regulatory**  
9 **proceedings?**

10 A. Yes. I sponsored testimony for DTE Gas in an Act 9 price change case in 1985,  
11 MPSC Case No. U-8185, a GCR Plan case in 2003, MPSC Case No. U-13902, and  
12 a GCR Reconciliation case in 2014, Case No. U-16921-R. In addition, I have  
13 provided support for DTE Gas' Gas Supply witnesses since the 1984 GCR Plan  
14 Case.

15

16 **Q. What is the purpose of your testimony in this proceeding?**

17 A. The purpose of my testimony in this proceeding is to present both DTE Gas'  
18 natural gas supply plan (Part I) and operational plan (Part II) (collectively referred  
19 to as the "Plan") for the Plan Period extending from April 1, 2014 through March  
20 31, 2019 ("Plan Period"). My testimony will cover the following subjects and  
21 demonstrate that DTE Gas' proposed gas supply and operational Plan for the Plan  
22 year and the five-year Plan Period is reasonable and prudent:

23 **Part I:**

24 1) **Supply Pricing Mix** - DTE Gas' pricing strategy is a mixture of both fixed  
25 price supply where the price is known months in advance of delivery, and

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1 index price supply where the price is uncertain until delivery begins.  
2 Specifically, my testimony will discuss how DTE Gas will mitigate price  
3 uncertainty utilizing the Volume Cost Averaging methodology (VCA or VCA  
4 Method) of purchasing fixed price supply, which was approved by the MPSC  
5 in Case Nos. U-16146 and U-16482.

6 2) **Price Forecast** – The price forecast is based on the average settled prices of  
7 the first five trading days of December 2013 because this is the most recent  
8 data available at the time this filing was prepared. This approach is  
9 consistent with past practice.

10 3) **Gas Supply Purchasing** - How the appropriate supply requirements are  
11 determined for the ensuing month in monthly gas supply meetings, after  
12 taking into account the supply currently under contract, and subsequently  
13 contracting for supply needs from different geographic production regions  
14 and market zones based on operational requirements first, followed by the  
15 lowest cost supply basin second, while acknowledging such factors as  
16 weather, natural gas market fundamentals, national inventory levels,  
17 geographical pricing, and system requirements.

18 4) **Supplier of Last Resort (SOLR) charge** – DTE Gas plans to continue a  
19 \$0.26 per Mcf Reservation Charge to Gas Customer Choice (GCC)  
20 customers for the fixed costs associated with transport capacity that DTE  
21 Gas holds to accommodate all customers and act as the Supplier of Last  
22 Resort (SOLR). This Reservation Charge was approved in the  
23 Commission's order in Case No. U-17131 dated April 15, 2014 (U-17131  
24 Order).

25 5) **Transportation Portfolio Changes** - Why DTE Gas has made the following

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- 1 changes throughout the past year and plans additional changes to the  
2 transport portfolio that will affect the Plan Period:
- 3 a) **Great Lakes (GLGT) 30 thousand dekatherms per day (MDth/d)**  
4 **Evergreen Contracts** - DTE Gas does not plan to exercise its right to  
5 terminate these evergreen contracts for 30 MDth/d of GLGT capacity  
6 because it is necessary for operational requirements in the Upper  
7 Peninsula and Northern Lower Peninsula.
- 8 b) **GLGT 50 MDth/d Contract** - DTE Gas replaced the 50 MDth/d of  
9 GLGT capacity, that was set to expire on November 30, 2013, with a  
10 combination of 50 MDth/d on ANR/Northern from Chicago, coupled  
11 with 50 MDth/d of back haul capacity on GLGT, all at a lower cost.
- 12 c) **Viking-ANR Northern 50 MDth/d Contracts** – DTE Gas renewed a  
13 portion, 21 MDth/d, of the 50 MDth/d of Viking-ANR Northern  
14 capacity that was set to expire October 31, 2013, because it is  
15 necessary for operational requirements in the Upper Peninsula, and  
16 moved the remaining 29 MDth/d to ANR/SW at lower cost.
- 17 d) **ANR SE Contract No. 115940** - DTE Gas replaced the 50 MDth/d of  
18 ANR SE winter-only capacity, that was set to expire March 31, 2014,  
19 with 50 MDth/d of a combination Trunkline Gas Company (Trunkline)  
20 and Panhandle Eastern Pipeline Company (Panhandle) route out of  
21 Louisiana at lower cost.
- 22 6) **Projected Total Gas Supply Costs** - How DTE Gas' total supply  
23 requirements for the 2014-15 GCR Plan Period are forecasted at 128.9 Bcf at  
24 a total cost of \$ 551.3 million including transportation costs.
- 25 7) **Projected Supply Costs for LIFO Valuation of Gas in Storage** - The

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1 projected volumes and costs are associated with the January 2014 through  
2 March 2014 time period for LIFO valuation of gas in storage, which is  
3 utilized by Company Witness Mr. Brunell.

4 8) **Gas Supply Strategy for April 2015 and Beyond** – How DTE Gas’ gas  
5 supply strategy for April 2015 and beyond is essentially consistent with the  
6 strategy used for the April 2014-March 2015 time period including a  
7 projection of gas purchases and transportation costs.

8 9) **NEXUS Gas Transmission** – DTE Gas is exploring the possibility of a 15-  
9 year transportation contract with NEXUS Gas Transmission to transport up  
10 to 75 MDth/d of Utica and Marcellus shale production gas from the  
11 Appalachian Basin in Eastern Ohio to Michigan beginning in November  
12 2017.

13 **Part II:**

14 10) **Operational Plan** - How the planned supply purchase requirements are  
15 developed for the Normal, Colder-than-Normal (CTN) and Warmer-than-  
16 Normal (WTN) operational plan scenarios and how storage and system  
17 planning parameters, including peak day supply and requirements, are used  
18 to develop DTE Gas’ operational plan. This testimony also describes how  
19 the market consists primarily of residential and small commercial customers  
20 who have limited short-term supply alternatives if their gas supply is  
21 interrupted. DTE Gas’ objective is to provide reliable supplies to its GCR  
22 sales customers using a combination of flowing supply and operation of the  
23 Company’s storage fields to manage variances in supply and customer  
24 demand on a daily and seasonal basis. For reasons more fully discussed in  
25 my testimony below, DTE Gas’ operational plan is designed to take



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1 A. Yes, they were.

2

3 **Part I:**

4 **SUPPLY PRICING MIX**

5 **Q. How is DTE Gas proposing to price its supply during the 2014-2015 GCR Plan**  
6 **Period?**

7 A. DTE Gas' supply will be priced utilizing a mixture of both fixed price supply where  
8 the price is known months in advance of delivery, and index price supply where  
9 the price is uncertain until delivery begins.

10

11 **Q. What fixed price method is DTE Gas proposing to operate under during the**  
12 **2014-15 GCR Plan Period?**

13 A. DTE Gas will continue to purchase fixed price supply under the VCA Method,  
14 which is the same fixed price method approved by the Commission in DTE Gas'  
15 GCR Plan Case Nos. U-16146 and U-16482, and also the same method proposed in  
16 Case No. U-16921, which is DTE Gas' 2012-2013 GCR Plan case, and the same  
17 method proposed in Case No. U-17131, which is DTE Gas' 2013-14 GCR Plan  
18 case. The specific guidelines of the VCA Method are detailed in Exhibit A-7.

19

20 **Q. What is the purpose of the VCA Method?**

21 A. The VCA Method is a timing technique used to create price certainty for natural gas  
22 volumes that will be delivered at a future date, also known as a hedge. VCA  
23 provides upward price protection, downward price participation, a year-over-year  
24 smoothing effect on the GCR factor, and most importantly, it is a simple and

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1 effective way to manage price fluctuations and dampen natural gas price  
2 uncertainty.

3

4 **Q. How does the VCA Method operate?**

5 A. In general, DTE Gas will fix the price of its future supply requirements over a two  
6 year period prior to the start of delivery during the GCR Period. In other words, the  
7 price of 75% of DTE Gas' supply requirements will be known prior to the start of  
8 the GCR Period.

9

10 **Q. Did DTE Gas conduct an annual review of the VCA Method?**

11 A. Yes. DTE Gas reviewed the fixed price program (FPP) objectives, the current 75%  
12 level of fixed price coverage updated the quantitative analysis, originally presented  
13 in Case No. U-16921, in light of current market conditions, and gleaned results  
14 from a customer survey with respect to their preferences for fixed price gas supply.  
15 This review and analysis was necessary to corroborate the Company's opinion that  
16 the VCA Method continues to form the foundation of a reasonable and prudent  
17 FPP. Specifically, DTE Gas updated the NYMEX back test, originally presented  
18 during the rebuttal phase of Case No. U-16921, for the most recent April 2012  
19 through March 2013 GCR Period, to provide a 12-year historical view of the VCA  
20 Method's performance. In addition, DTE Gas updated the Random Price Analysis,  
21 which is a forward looking analysis of the VCA Method's performance in 5,000  
22 different price scenarios that was originally presented in Case No. U-16921. The  
23 Random Price Analysis update was necessary to determine that the original  
24 conclusions and findings resulting from the analysis had not changed based on  
25 current market conditions. The NYMEX back test, Random Price Analysis

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1 updates, customer survey results, and related conclusions are described in greater  
2 detail below in addition to the FPP objectives. This annual review, both analyses,  
3 and customer survey results all support the continued use of the VCA Method.

4

5 **Q. What are the objectives of a reasonable and prudent FPP?**

6 A. The objectives of a reasonable and prudent FPP include:

- 7 (1) mitigating the impact of market price fluctuations and price uncertainty also  
8 known as price volatility or price risk to provide GCR factor stability;  
9 (2) allowing participation in downward price movements;  
10 (3) protecting customers against upward price movements;  
11 (4) utilizing a prescriptive methodology that limits speculation; and  
12 (5) ensuring simplicity by utilizing a methodology that is not overly complex

13

14 **Q. Does the VCA Method still meet all of the objectives of a reasonable and**  
15 **prudent FPP?**

16 A. Yes. The VCA Method continues to meet all of the objectives for a reasonable and  
17 prudent program for purchasing fixed price gas. VCA allows continual market  
18 participation over an extended period of time up to two years in advance of the  
19 GCR Period start date. The methodology is consistent with the philosophy that one  
20 should not try to beat the market but instead regularly participate in the market over  
21 an extended period of time, which is a reasonable and prudent method for  
22 mitigating price fluctuations or volatility. VCA provides upward price protection,  
23 downward price participation, GCR factor stability, and most importantly it is a  
24 simple and effective way to manage price uncertainty and dampen price  
25 fluctuations.

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1 **Q. How does VCA protect the customer against upward price movements and**  
2 **allow for downward price participation?**

3 A. In the event of a temporary price spike in any given month, then approximately 3%  
4 of supply would be exposed to that price spike. Fast forward in time and assume  
5 that the temporary price spike does not abate, but instead becomes a fundamental  
6 upward price level shift. Under such circumstances, the purchase made during the  
7 initial price increase under VCA will look favorable in the new, higher price  
8 environment. In the event prices abate in subsequent months, then the customer  
9 will participate in the downside price movements with the execution of fixed price  
10 purchases during that abatement period. VCA spreads risk evenly over time and  
11 volumes in contrast to alternative approaches that may be speculative in nature and  
12 subject customers to additional price risks that are inherent with speculative trading.

13

14 **Q. How would VCA provide benefits to the customers in the event prices do not**  
15 **abate but continue in a perpetual fundamental upward price shift?**

16 A. If the market is in a long term upward price shift, then VCA would fix prices during  
17 the upward march of market prices, thereby contributing to a lower weighted  
18 average cost relative to the higher market prices at the time of the final delivery  
19 date.

20

21 **Q. How does VCA eliminate price speculation?**

22 A VCA eliminates price speculation based on the fact that purchases are fixed each  
23 month regardless of price. Therefore, the purchases are time dependent as opposed  
24 to price dependent. VCA also provides protection from price risk and uncertainty  
25 through equal volume purchases executed monthly over a defined period of time

Line  
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1 well in advance of the delivery month. The purchase price in any given month  
2 could be an outlier that is an extreme high or low relative to historical prices.  
3 However, any individual monthly price will have a limited impact on the volume  
4 weighted price of gas.

5

6 **Q. Does the VCA provide GCR factor stability?**

7 A. Yes. The VCA Method mitigates price uncertainty, price risk, price variability,  
8 and volatility, thereby creating greater GCR factor stability.

9

10 **Q. How will the VCA Method perform in a stable price environment?**

11 A. In a stable price environment the VCA will yield gas costs that are similar to not  
12 hedging at all. This is due to the fact that VCA is a timing technique and if VCA  
13 purchase prices fixed in advance of the delivery date remain relatively stable until  
14 the actual delivery date, then VCA will yield similar gas costs to purchasing at  
15 Index. Index purchasing is a passive strategy that does not involve any form of  
16 hedging or creating price certainty for future deliveries, which exposes all  
17 purchase requirements to market price fluctuations until the time of delivery.

18

19 **Q. What were the results of the Random Price Analysis update?**

20 A. The Random Price Analysis, originally presented in DTE Gas' 2012-2013 GCR  
21 Plan Case No. U-16921, has been updated to reflect minor changes in DTE Gas'  
22 purchase profile, current market prices, and associated volatility. However, the  
23 conclusions and findings originally presented in Case No. U-16921 have not  
24 changed. Specifically, The Random Price Analysis confirms that the level of price  
25 risk or uncertainty that is borne by customers is dependent upon the level of fixed

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1 price coverage. Specifically, decreasing the level of fixed price coverage produces  
2 an increasingly wider range of potential price outcomes, or higher level of price  
3 uncertainty, which is synonymous with increased price volatility or price risk. This  
4 can be seen on Exhibit A-25, page 1, line 5, where 95% of the time, the Index  
5 Method produces price outcomes between \$ 2.29 and \$ 6.79. However, 95% of the  
6 time, the 75% VCA Method produces price outcomes in a smaller, more compact  
7 range between \$ 2.92 and \$ 5.67. Stated differently, 95% of the time, the Index  
8 Method produces residential gas costs that are 55% to 168% of the average cost. In  
9 stark contrast, the 75% VCA Method produces a more condensed and compact  
10 range of possible cost outcomes that are 71% to 140% of the average cost.

11

12 **Q. Why is the VCA method reasonable and prudent for DTE Gas' customers?**

13 A. In general, natural gas is not a discretionary purchase that can be avoided based on  
14 price or some other factor. DTE Gas' customers need to purchase and consume  
15 natural gas throughout the year for such basic needs as warmth in their homes and  
16 businesses. The greatest unknown to the customer is not necessarily how much  
17 natural gas they will consume but more importantly at what price they will purchase  
18 natural gas to supply their inherent need for natural gas. DTE Gas' customers  
19 should not be unduly subject to risk taking or speculating on what the price of  
20 natural gas will be in the future. Without some method of managing price  
21 uncertainty, DTE Gas' customers could be exposed to prices that could rise  
22 indefinitely and therefore exposed to unlimited price risk. Thus, in order to  
23 eliminate this potentially unlimited price risk and uncertainty, which could  
24 adversely impact customers' budgets, DTE Gas has implemented the VCA method

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1 wherein the price of natural gas is fixed for a portion of their supply many months  
2 prior to delivery, thereby creating price certainty or price protection.

3

4 **Q. Are the customers of DTE Gas interested in price certainty for their natural**  
5 **gas supply?**

6 A. Yes. DTE Gas commissioned an outside consulting firm, Consumer Insights Inc.,  
7 to conduct a survey of DTE Gas customers, both business and residential, and both  
8 GCR and GCC customers, to determine if customers would value and commit to an  
9 alternative price product for the natural gas commodity portion of their monthly gas  
10 bill. The survey was conducted in April 2013 and the results indicate that the  
11 current mixed plan was the most appealing to all respondent groups. The current  
12 mixed plan represents the VCA method of 75% fixed price, 25% index price.  
13 Additionally, the respondents indicated a willingness to pay a premium to lock-in  
14 fixed prices for up to two years.

15

16 **Q. Why is a 75% fixed price coverage ratio reasonable and prudent?**

17 A. The optimal level of fixed price protection that DTE Gas can provide customers and  
18 still have operational flexibility to adjust for lower purchase requirements  
19 associated with GCC migration, warmer than normal weather, or conservation  
20 resulting from ongoing energy efficiency initiatives is 75%. Stated differently,  
21 customers currently shoulder 25% of the price risk during the delivery period which  
22 is an acceptable and reasonable level of price risk or uncertainty based on  
23 operational constraints and the customers' inherent risk adverse nature. As the level  
24 of fixed price coverage is reduced from the 75% level, there is an equal and  
25 offsetting increase in the level of price risk or uncertainty. Under the 75% VCA

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1 Method, if prices rise as time progresses, then customers are rewarded through  
2 protection from the rising prices. However, if prices fall as time progresses, then  
3 customers risk paying more than they would have under a fixed price coverage ratio  
4 less than 75%. Conversely, in an environment where the fixed price coverage ratio  
5 is less than 75%, if prices fall as time progresses, then customers are rewarded  
6 through lower prices. However, if prices rise as time progresses, then customers  
7 risk paying more than they would have under the 75% fixed price coverage ratio.  
8 In summary, the greater risk to DTE Gas' customers is rising prices because they  
9 are generally believed to have a fixed amount of non-discretionary income to spend  
10 on a natural gas utility bill and would ultimately be more financially burdened with  
11 higher bills as opposed to steady or lower bills. Therefore, using the VCA method  
12 with a 75% fixed price coverage ratio is a reasonable and prudent approach to  
13 protecting customers from price risk.

14

15 **Q. How does the VCA Method perform relative to the Index Method in different**  
16 **price environments in terms of gas costs?**

17 A. In a rising price environment, in which prices consistently increase as time  
18 progresses, the VCA Method will produce lower gas costs than the Index method.  
19 In a falling price environment, in which prices consistently decrease as time  
20 progresses, the VCA Method will produce higher gas costs than the Index method.  
21 It is important to remember that no one can accurately predict the future natural gas  
22 price environment, and the greater risk to DTE Gas' customers comes from a  
23 drastically rising price environment as opposed to a drastically falling price  
24 environment. Although gas costs in a falling price environment may be lower with  
25 a fixed price coverage that is less than 75% there is an equal and offsetting increase

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1 in price risk that could result in a significant financial burden if prices increase as  
2 time progresses as the natural gas utility bill becomes a larger component of the  
3 customers' non-discretionary income.

4

5 **Q. Did DTE Gas update the NYMEX back test for the most recent GCR Period?**

6 A. Yes. DTE Gas updated the back test of historical NYMEX prices, which was  
7 originally presented in DTE Gas' 2012-2013 GCR Plan Case No. U-16921, in order  
8 to include the most recent April 2011 through March 2012 GCR Period. This  
9 NYMEX backtest update is designated as Exhibit A-25, page 2. NYMEX is an  
10 industry wide benchmark price of natural gas at the Henry Hub receipt point in  
11 Louisiana. The back test assumed a purchase profile similar to DTE Gas' current  
12 purchase profile for all years to maintain consistency over the 12-year period. The  
13 intent of the analysis is to show the cost and benefit of the VCA Method as  
14 compared to settled NYMEX prices over an extended historical period of time. The  
15 analysis used NYMEX prices to represent gas costs because of the availability of  
16 historical data and also because it is an industry recognized benchmark of natural  
17 gas prices that are correlated to DTE Gas' purchase costs.

18

19 **Q. What were the results of the NYMEX backtest update in terms of residential**  
20 **gas costs?**

21 A. As shown on Exhibit A-25, page 2, line 13, over the 12-year historical period a  
22 typical residential customer would have paid \$556 annually on average under the  
23 VCA Method and \$519 annually on average under the Index Method. In other  
24 words, over the 12-year period customers would have paid \$37 more annually or  
25 \$3.08 more per month on average under the VCA Method than compared to the  
26 Index Method. However, on Exhibit A-25, page 2, line 13, gas price fluctuations,

Line  
No.

1 or price uncertainty which is synonymous with price volatility, over the 12-year  
2 period was 16% under the VCA Method, which was significantly less than the  
3 Index Method volatility of 33% as described more fully below.

4

5 **Q. What does a reduction in volatility mean for the GCR customer?**

6 A. As shown on Exhibit A-25, page 2, line 13, volatility under the VCA Method means  
7 that, for any given year, 95% of the time the customers' gas costs would be within a  
8 range of 32% higher or 32% lower than the average cost based on the past 11 years.  
9 By contrast, volatility under the Index Method means that, for any given year, 95%  
10 of the time the customers' gas costs would be within a range of 66% higher or 66%  
11 lower than the average cost based on the past 12 years.

12

13 **Q. What conclusions did you reach based on the NYMEX backtest?**

14 A. The \$37 annual cost difference between the VCA Method and the Index Method  
15 that occurred over the historical 12 years used in the backtest approximately 7% of  
16 the customers' total gas cost (a lower percentage on a total bill basis), which is a  
17 reasonable cost to pay to lower the gas price volatility from 33% under the Index  
18 Method to 16% under the VCA Method as explained above.

19

20 **Q. How much gas has DTE Gas purchased under the VCA FPP for delivery in the**  
21 **April 2014-March 2015 GCR Period?**

22 A. Currently, DTE Gas has fixed 75% of the April 2014 through March 2015  
23 requirements and has therefore achieved the 75% fixed price coverage ratio by  
24 December 31, 2013 as specified in the Commission approved FPP.

Line  
No.

1 **Q. How will the Commission's Order in either DTE Gas' April 2012-March 2013**  
2 **GCR Plan Case No. U-16921 or DTE Gas' April 2013-March 2014 GCR Plan**  
3 **Case No. U-17131 affect the FPP?**

4 A. DTE Gas will comply with the Commission's Orders. Specifically, in the event the  
5 fixed price coverage ratio ordered by the Commission is less than the current 75%  
6 fixed price coverage ratio, then DTE Gas would implement the lower fixed  
7 coverage ratio on a go forward basis by adjusting all future purchases that are not  
8 already under contract. However, for the April 2014 through March 2015 GCR  
9 period, DTE Gas would be unable to accommodate a lower fixed price coverage  
10 ratio because DTE Gas has already contracted supply that achieved the 75% level  
11 discussed above. Likewise, for any subsequent GCR period, DTE Gas would be  
12 unable to accommodate a lower fixed price coverage ratio than the amount already  
13 locked-in (resulting from the continued monthly execution of the Fixed Price  
14 Guidelines) at the time of a Commission order.

15

16 **Q. Is DTE Gas proposing any changes to the FPP originally approved in Case No.**  
17 **U-16146 and then again in Case No. U-16482?**

18 A. No.

19

20 **Q. When will DTE Gas lock-in fixed price purchases each month?**

21 A. The timing of each intra-month purchase is based on factors such as willing  
22 counterparties, creditworthiness, market liquidity, and other best available market  
23 intelligence at the time of purchase. Utilization of these factors will ensure that  
24 intra-month purchases are executed in a reasonable and prudent manner.

Line  
No.

1 **Q. How does DTE Gas plan to price its remaining supply requirements that are**  
2 **not fixed purchases?**

3 A. All gas that is not locked in at fixed prices will be priced utilizing market based  
4 settled index prices or at the NYMEX settlement price plus a fixed premium or  
5 minus a fixed discount based on the geographic purchase point, also known as  
6 fixed basis.

7

8 **Q. What is market based settled index price?**

9 A. Market based settled index prices are determined by independent publishing  
10 companies that survey market participants a week before the delivery month as to  
11 the value of gas to be delivered during the month. The market based settled index  
12 prices are published industry wide.

13

14 **Q. What is NYMEX settlement price?**

15 A. NYMEX is the world's largest physical commodity futures exchange and is the  
16 industry-wide recognized price reference point for commodities including natural gas.  
17 NYMEX provides the North American market's collective assessment of the expected  
18 future values for natural gas. NYMEX trades reveal the value in dollars per Dth that  
19 the market places on gas delivered to the Henry Hub trading point, located in  
20 Louisiana, for each future delivery month. The NYMEX settlement price is  
21 determined on the last day that market participants can enter into transactions  
22 before the delivery month.

23

Line  
No.

1 **Q. Why are either the market based settled index price or the NYMEX**  
2 **settlement price, plus a fixed premium or minus a fixed discount, the best**  
3 **methods for pricing remaining gas supplies that are not fixed purchases?**

4 A. These are the best methodologies to determine the price of gas, which have not  
5 been fixed because they indicate the most recent value the market places on gas  
6 immediately prior to the month of delivery.

7

8 **PRICE FORECAST**

9 **Q. What methodology did DTE Gas use to forecast gas prices for this GCR Plan**  
10 **Case?**

11 A. The five-year price forecast, which is a long-term price projection for the market, is  
12 found on Exhibit A-8. Line 1 contains the average settlement price for the first five  
13 trading days of December 2013 for the NYMEX Henry Hub natural gas futures  
14 contract for each respective delivery period. The remaining lines show the  
15 forecasted basis price differentials and resulting prices for the indicated purchase  
16 locations. All prices are stated in dollars per Dth. Throughout this testimony, I  
17 assume a heating value of 1.015 Dth per Mcf. This conversion factor represents the  
18 approximate heating value of gas delivered to the DTE Gas system.

19

20 **Q. Why did DTE Gas use the average settlement price for the first five trading days**  
21 **of December 2013 to forecast market prices?**

22 A. The average of the settlement prices on the first five trading days of December 2013 is  
23 the most recent natural gas traded prices at the time the Plan was finalized for filing in  
24 this case.

25

Line  
No.

1 **Q. How did DTE Gas forecast the price of gas at geographic locations other than**  
2 **at Henry Hub?**

3 A. The price of gas at different geographic locations is measured through basis price  
4 differentials. Basis price differentials represent the difference in price for gas  
5 delivered at the indicated geographic location and the price for gas delivered at  
6 Henry Hub as traded on the NYMEX. Basis prices may be expressed as either  
7 positive (a price that is higher than Henry Hub) or negative (a price that is lower  
8 than Henry Hub) depending on the geographic location. The basis differential for  
9 DTE Gas' receipt points reflects prices both higher and lower than Henry Hub.

10

11 **Q. What source is DTE Gas using for forecasted basis prices?**

12 A. DTE Gas is utilizing natural gas industry publications to forecast basis prices as  
13 well as other available market intelligence.

14

15 **Q. How are projected gas prices at different geographic supply points used in**  
16 **your gas supply forecast?**

17 A. These prices are used to calculate the cost of forecasted volumes that have not been  
18 fixed.

19

20 **Q. Has DTE Gas included a forecast of volumes and price associated with natural**  
21 **gas purchases from affiliates in the Plan?**

22 A. Yes. DTE Gas has included 50,000 Mcf per month of forecasted volumes that it  
23 plans to purchase from DTE Gas Gathering (MGAT) at the Inside FERC first-of-  
24 the-month DTE Gas city-gate published index price. However, the actual volumes  
25 may be more or less than 50,000 Mcf per month.

26

Line  
No.

1 **GAS SUPPLY PURCHASING**

2 **Q. What process does DTE Gas use to acquire its monthly gas supply?**

3 A. DTE Gas maintains an active list of approximately 30 creditworthy suppliers with  
4 production in areas that connect to the Company's contracted interstate  
5 transportation capacity. Due to the continuous price volatility in the natural gas  
6 industry, DTE Gas does not issue formal RFPs (Requests for Proposal) for its  
7 supply requirements.

8 For its supply needs, the Company generally solicits at least three verbal offer  
9 prices from its list of creditworthy suppliers from the supply area that is required.  
10 DTE Gas will attempt to enter into transactions with the lowest price supplier, but  
11 the Company also considers supplier diversity, supplier performance history, ability  
12 to deliver to alternate receipt points, and creditworthiness existing at the time of  
13 purchase in order to ensure a balanced and prudent gas supply plan.

14

15 **Q. What factors does DTE Gas consider when making decisions about purchasing  
16 its supply?**

17 A. DTE Gas considers an array of factors in monthly meetings or more often if  
18 necessary when making its supply decisions. These factors include, but are not  
19 limited to, weather forecasts, system requirements and operational capabilities, the  
20 forward NYMEX price curve, regional market basis prices, national storage levels  
21 as reported by the Energy Information Administration (EIA), DTE Gas-owned  
22 storage levels, industry periodicals and reports such as Gas Daily and the EIA  
23 Short Term Energy Outlook.

24

25 **Q. What level of interstate firm transport capacity does DTE Gas rely on to meet  
26 its market requirements?**

Line  
No.

1 A. DTE Gas maintains a portfolio of 400 MDth/day of firm transportation contracts for  
2 the winter operating season and 340 MDth/day for the summer storage injection  
3 season to meet supply requirements for normal weather, colder than normal  
4 weather, design day, and supplier of last resort.

5

6 **SUPPLIER OF LAST RESORT (SOLR)**

7 **Q. Why is DTE Gas charging a SOLR charge?**

8 A. GCR customers were responsible for the entire cost of DTE Gas' interstate  
9 transportation portfolio that is necessary to provide security of supply and serve as  
10 SOLR for all customers which includes both GCR and GCC customers. DTE Gas  
11 maintains a GCR/GCC portfolio of interstate pipeline transportation that is  
12 sufficient to serve total GCR and GCC markets which ensures GCC customers are  
13 served seamlessly in the event they choose to return to DTE Gas as a GCR sales  
14 customer, or GCC suppliers fail to deliver, default, or do not deliver sufficient  
15 supply necessary to meet their customer requirements for normal, colder-than-  
16 normal or design-day. Pursuant to the U-17131 Order, DTE Gas is now charging  
17 GCC customers for their load proportionate share of this SOLR obligation. Mr.  
18 Brunell explains the calculation and operation of DTE Gas's SOLR charge in his  
19 testimony and exhibits in this case.

20

21 **Q. Has DTE Gas been acting as a SOLR ever since the introduction of the GCC**  
22 **program?**

23 A. Yes. DTE Gas has always maintained, and will continue to maintain into the future,  
24 a portfolio of interstate transportation capacity sufficient to serve both GCR and  
25 GCC customers, regardless of the level of GCC participation, whether that is 0% of

Line  
No.

1 total sales markets requirements, 100%, or anywhere in between. DTE Gas' current  
2 plan is to hold 400 MDth/day of interstate transport capacity for winter  
3 requirements and 340 MDth/day for summer requirements. As SOLR, this level of  
4 interstate transport capacity is sufficient and necessary for security of supply to  
5 reliably serve both GCR and GCC requirements.

6  
7 **Q. Why is 400 MDth/day of interstate transport capacity a reasonable and**  
8 **prudent level for DTE Gas to maintain in its supply portfolio for SOLR?**

9 A. First, and most importantly, the Commission determined in its U-17131 Order that  
10 this level interstate capacity was appropriate to satisfy the Company's SOLR  
11 responsibility. More specifically, the 400 MDth/day is a reasonable and prudent  
12 level in consideration of the supply requirements for both GCR and GCC customers  
13 under various operating conditions, including normal weather, colder than normal,  
14 warmer than normal, and design day, as presented in Part II of my testimony and  
15 related exhibits. Supply reliability and security of supply are the over-arching  
16 principles for maintaining 400 MDth/day of interstate transport capacity. Two  
17 fundamental considerations in constructing a reasonable and prudent supply  
18 portfolio are the peak-day supply mix and the colder-than-normal supply  
19 requirements as presented on Exhibits A-15 and A-17. Given the volume  
20 requirements contained in those exhibits, DTE Gas needs 400 MDth/day of  
21 interstate capacity to serve its customers' requirements for any level of GCC  
22 participation, including SOLR requirements.

23  
24 **Q. How does the peak-day supply mix Exhibit A-15 support the need for 400**  
25 **MDth/day of interstate pipeline capacity?**

Line  
No.

1 A. Line 10, Exhibit A-15, shows a total peak-day requirement for flowing GCR and  
2 GCC supply of slightly more than 500 MMcf/day for January, February, and  
3 March. Given this level of peak-day requirements, a level of 400 MDth/day of  
4 interstate pipeline capacity is necessary to serve these requirements securely and  
5 reliably. 400 MDth/day is approximately 80% of the combined GCR and GCC  
6 flowing gas supply requirements on a peak-day, and slightly less than 50% of the  
7 total system wide flowing supply identified on line 14 of Exhibit A-15. DTE Gas  
8 considers this level of interstate capacity as reasonable, prudent, and necessary to  
9 ensure access to secure and reliable supply necessary to maintain the operational  
10 integrity of DTE Gas' system on the coldest and most critical days of the year.

11

12 **Q. How does the colder-than-normal Exhibit A-17 support the need for 400**  
13 **MDth/day of interstate pipeline capacity?**

14 A. One aspect of that exhibit that supports the need for 400 MDth/day of interstate  
15 capacity can be seen on line 5, columns (g) and (h), of Exhibit A-17. The volumes  
16 shown there, give the colder-than-normal supply requirement for February of  
17 11,390 MMcf of Total System Supply, from both GCR and GCC sources, plus  
18 6,191 MMcf CTN supply, for a combined total of 17,985 MMcf of gas under  
19 colder-than-normal conditions for February alone, which is 642 MMcf/day. Given  
20 this one example of possible colder-than-normal requirements, a level of 400  
21 MDth/day of interstate pipeline capacity is considered by DTE Gas to be  
22 reasonable, prudent, and necessary to securely and reliably serve the requirements  
23 of both GCR and GCC customers, and as SOLR. Proportionately, the 400  
24 MDth/day would be 62% of the combined GCR and GCC flowing gas supply  
25 requirements for the month of February. DTE Gas considers this level of interstate

Line  
No.

1 capacity as reasonable, prudent, and necessary to ensure access to secure and  
2 reliable supply necessary to maintain the operational integrity of DTE Gas' system  
3 during the coldest and most critical season the year.

4

5 **Q. Is there anything else on the colder-than-normal Exhibit A-17 that supports**  
6 **the need for 400 MDth/day of interstate pipeline capacity?**

7 A. Yes. This exhibit also shows on line 6, column (o), that the GCC storage balance  
8 drops to a negative 3,982 MMcf. This negative value indicates that GCC suppliers  
9 would not, in a timely manner, be able to deliver the incremental volume of gas  
10 sufficient to serve this scenario of incremental colder-than-normal requirement.  
11 Therefore, DTE Gas as SOLR would need to purchase this 3,982 MMcf of  
12 incremental gas supply to serve that incremental GCC load. This example of SOLR  
13 requirement further supports the need for DTE Gas to maintain 400 MDth/day of  
14 interstate pipeline capacity to ensure access to secure and reliable supply necessary  
15 to maintain the operational integrity of DTE Gas' system during the coldest and  
16 most critical season the year.

17

18 **Q. Have any of the reasons stated above supporting the use of 400 MDth/day of**  
19 **interstate transport capacity as the reasonable and prudent level for DTE Gas**  
20 **to maintain in its supply portfolio for SOLR, changed from when this was level**  
21 **of capacity was approved by the Commission in Case No. U-17131?**

22 A. No.

23

24 **Q. Why is it reasonable and prudent to share the fixed monthly reservations costs**  
25 **between GCR and GCC in proportion to their sales volume?**

Line  
No.

1 A. As the above examples demonstrate, the interstate transport capacity is held by DTE  
2 Gas for the purpose of providing access to a sufficient quantity of reliable and  
3 secure gas supply to serve the total GCR and GCC markets, which ensures GCC  
4 customers are served seamlessly in the event they choose to return to DTE Gas as a  
5 GCR sales customer, or GCC suppliers fail to deliver, default, or do not deliver  
6 sufficient supply necessary to meet their customer requirements for normal, colder-  
7 than-normal or design-day. Since the interstate pipeline capacity is held by DTE  
8 Gas for the purpose of being ready, willing, and able to serve the total requirements  
9 of both the GCR and GCC markets, it is reasonable and prudent to allocate the  
10 fixed pipeline reservations costs, net of capacity release revenues, to the GCR and  
11 GCC programs in proportion to their market requirements which is consistent with  
12 the reservation Charge approved by the Commission in its U-17131 Order.

13

14 **Q. What actions are GCC suppliers required to take on a peak day to ensure that**  
15 **their customers' supply requirements are met?**

16 A. GCC suppliers are only required to deliver 1/365<sup>th</sup>, plus or minus ten percent, of  
17 their customers' annual requirements on any given day. The Company is  
18 responsible for serving all customers on a peak day because it cannot physically  
19 differentiate delivery of natural gas between GCR and GCC customers. Based on  
20 operating conditions the Company may choose to purchase spot gas, which can be  
21 delivered by its firm pipeline capacity, purchase additional supply at city gate, or  
22 draw additional gas from storage. DTE Gas is responsible, and has been  
23 responsible, for providing physical gas supply to all of its customers. DTE Gas  
24 cannot physically operate its system in any other manner.

25

Line  
No.

1 **Q. What aspects of the SOLR charge are you presenting in your testimony?**

2 A. I am supporting the inclusion of the reservation costs of the Company's firm  
3 pipeline transportation contracts as the basis for the calculation of the Reservation  
4 Charge and the treatment of capacity release revenues with respect to the SOLR  
5 charge.

6  
7 **Q. What is the Company's total reservation charges for firm pipeline capacity for  
8 the 2014-2015 GCR year?**

9 A. The Company's reservation charges for firm pipeline capacity for the 2014-2015  
10 GCR year are \$41.2 million, this amount is shown on Exhibit A-11, line 28,  
11 column (n). These costs are used by Witness Brunell as the basis for the  
12 Reservation Charge. The pipeline reservation costs are appropriately included in  
13 the Reservation Charge for the reasons previously discussed in my testimony.

14  
15 **Q. How will capacity release revenues that DTE Gas receives be treated with  
16 respect to the proposed SOLR charge?**

17 A. Any capacity release revenues that DTE Gas receives will be credited back to all  
18 customers, both GCR and GCC in the same load proportionate manner in which the  
19 transportation reservation costs were allocated.

20  
21 **Q. What level of capacity release revenues is DTE Gas estimating in this GCR  
22 Plan case to include in the SOLR charge?**

23 A. Due to the highly unpredictable nature of capacity release revenues, DTE Gas is not  
24 predicting any capacity release revenue to include in the SOLR charge. Based on  
25 historical capacity release revenue receipts, it is DTE Gas' assessment that capacity

Line  
No.

1 release revenue will not materially alter the SOLR charge that is being proposed in  
2 this preceding.

3

4 **TRANSPORTATION PORTFOLIO CHANGES**

5 **Q. What pipeline capacity have you assumed in the GCR Plan Case for the period**  
6 **April 2014 through March 2015?**

7 A. Exhibit A-9 shows all interstate transport currently under contract and their related  
8 receipt points, capacity, and term. Exhibit A-11 separates transportation costs by  
9 reservation and commodity charges. Exhibit A-11 also displays the total available  
10 capacity and forecasted monthly load utilization associated with each pipe.

11

12 **Q. Has DTE Gas included the costs associated with ANR service to Alpena under**  
13 **Contract No. 112065 and ANR Trufant service to Grand Rapids under**  
14 **Contracts No. 111493 and 112110 in the projected transportation costs in the**  
15 **April 2014 through March 2015 GCR period?**

16 A. No. Consistent with the Partial Settlement Agreement in DTE Gas' General Rate  
17 Case No. U-16999 to recover these costs in DTE Gas' base rates, DTE Gas has  
18 not included any transportation costs in this GCR filing that are associated with  
19 service to Alpena or Grand Rapids.

20

21 **Q. What changes has DTE Gas made to its interstate pipeline capacity since its**  
22 **2013-14 GCR Plan Filing?**

23 A. DTE Gas made the following changes to its transport portfolio:

24 a) Replaced the 50 MDth/d of GLGT capacity that was set to expire on  
25 November 30, 2013, with a combination of 50 MDth/d on ANR/Northern

Line  
No.

1 from Chicago, coupled with 50 MDth/d of back haul capacity on GLGT.

2 b) Renewed a portion of the 50 MDth/d of Viking-ANR Northern capacity that  
3 was set to expire October 31, 2013, and moved the remaining 29 MDth/d to  
4 ANR/SW.

5 c) Replaced the 50 MDth/d of ANR SE winter only capacity, that was set to  
6 expire March 31, 2014, with 50 MDth/d of a combination Trunkline Gas  
7 Company (Trunkline) and Panhandle Eastern Pipeline Company (Panhandle)  
8 route out of east Texas.

9 d) Although this is not a change, it should be noted that DTE Gas did not  
10 exercise its annual option to terminate the 30 MDth/d of Great Lakes capacity.

11

12 **Q. Why did DTE Gas replaced the 50 MDth/d of GLGT capacity, that was set to**  
13 **expire on November 30, 2013, with a combination of 50 MDth/d on**  
14 **ANR/Northern from Chicago, coupled with 50 MDth/d of back haul capacity**  
15 **on GLGT?**

16 A. DTE Gas made this change to reduce costs. DTE Gas was able to continue service  
17 to its customers located along the GLGT system with gas sourced from its Belle  
18 River Mills storage facility and transported by GLGT on the new 50 MDth/d back  
19 haul transport contract. DTE Gas was also able to secure lower cost gas supply  
20 from the Chicago area with 50 MDth/d of ANR transport to replace the 50 MDth/d  
21 of supply from Emerson on GLGT. Together, this new supply and transport service  
22 was acquired at a lower cost than replacing the existing 50 MDth/d of GLGT  
23 forward haul capacity.

Line  
No.

1 **Q. Why did DTE Gas renew a portion of the 50 MDth/d of Viking-ANR**  
2 **Northern capacity that was set to expire October 31, 2013, and move the**  
3 **remaining 29 MDth/d to ANR/SW?**

4 A. DTE Gas made this change to reduce costs. Together, this new supply and  
5 transport service was acquired at a lower cost than renewing the entire 50 MDth/d  
6 of Viking-ANR Northern capacity.

7

8 **Q. Why did DTE Gas replaced the 50 MDth/d of ANR SE winter only capacity,**  
9 **that was set to expire March 31, 2014, with 50 MDth/d of a combination**  
10 **Trunkline Gas Company (Trunkline) and Panhandle Eastern Pipeline**  
11 **Company (Panhandle) route out of Louisiana?**

12 A. DTE Gas made this change to reduce costs. Together, this new supply and  
13 transport service was acquired at a lower cost than renewing the 50 MDth/d of ANR  
14 winter-only capacity.

15

16 **Q. Why did DTE Gas maintain its current 30 MDth/d of GLGT transport**  
17 **contract?**

18 A. DTE Gas' GLGT 10 MDth/d Contract No. FT4634 and GLGT 20 MDth/d  
19 Contract No. FT4635 both have an evergreen provision, which allows DTE Gas to  
20 perpetually maintain the contracts, but also terminate the contract with a 24-month  
21 termination notice. DTE Gas maintained these contracts to meet operational  
22 requirements in both the Upper Peninsula and the Northern Lower Peninsula.

23

24 **Q. What changes does DTE Gas plan to make to its interstate pipeline contracts**  
25 **during the 2014-15 GCR Plan Period?**

Line  
No.

1 A. For forecasting purposes, DTE Gas plans to renew each of the following contracts  
2 that will expire in 2014 or 2015:

3 1) ANR/SW 50 MDth/d contract that is set to expire October 31, 2014,

4 2) ANR/SE 20 MDth/d winter and 10 MDth/d summer contract that is set to  
5 expire October 31, 2014,

6 3) Vector 50 MDth/d contract that is set to expire March 31, 2015; and

7 4) Panhandle 10 MDth/d contract from Field Zone that is set to expire October  
8 31, 2015.

9

10 **Q. Why does DTE Gas plan to renew each of these expiring interstate transport**  
11 **contracts for forecasting purposes only?**

12 A. DTE Gas plans to renew each of these contracts to secure sufficient capacity to  
13 meet the gas supply needs of its customers. However, these contracts may or may  
14 not be renewed depending on the renewal negotiations with each of the pipelines  
15 and DTE Gas' analysis of its alternatives to renewal. As each contract nears  
16 expiration, DTE Gas will determine on a contract by contract basis whether the  
17 contract should be renewed or whether an alternative route exists that will provide  
18 the customer with a lower cost reliable source of supply while maintaining supply  
19 diversity.

20

21 **Q. Is there regional diversity in the Company's current transportation portfolio?**

22 A. Yes, the following table shows the variety of supply basins and percentage of  
23 annual normal weather supply from each of the Company's supply sources for the  
24 GCR Plan Year.

25

Line  
No.

1	Location	Annual Percent
2	Mid-Continent	52.0%
3	Canadian	22.9%
4	City-Gate	24.0%
5	Gulf Coast	1.1%
6	Total	100.0%

7

8 **Q. Why is regional diversity of supply important to DTE Gas and its customers?**

9 A. DTE Gas' customers benefit from regional diversity of supply with increased  
10 supply reliability and mitigated price risk. Security of supply and increased options  
11 for supply sources are the primary reasons DTE Gas holds regionally diverse  
12 interstate transportation capacity. Supply location diversity helps the Company  
13 mitigate adverse effects of major disruptions in the general industry supply chain.  
14 If supply becomes constrained in a particular supply basin, then a diverse supply  
15 portfolio helps in insulating DTE Gas and its customers from the risk of potential  
16 supply disruptions in that area.

17

18 **PROJECTED TOTAL GAS SUPPLY COSTS**

19 **Q. What are DTE Gas' projected total gas purchase quantities and costs for the**  
20 **April 2014 through March 2015 period?**

21 A. DTE Gas' projected total gas purchase quantities and costs are summarized in  
22 Exhibit A-10. This exhibit reflects projected total purchases and subtotals for  
23 these categories: contracted fixed price, contracted indexed price, and supply  
24 not under contract. The totals of these subdivisions are added together to arrive  
25 at the total expected gas purchase quantity of 128.9 MMDth (page 1, line 4,  
26 column (n)) and a total expected gas purchase cost of \$507.8 million (page 1,

Line  
No.

1 line 12, column (n)) for the April 2014 through March 2015 period. These costs  
2 are inclusive of all pipeline fuel retention and conversion from Dth (energy  
3 quantity) to Mcf (volumetric quantity) at a factor of 1.015 Dth/Mcf (heating  
4 value), but do not include pipeline transportation costs.

5

6 **Q. What are DTE Gas' projected total transportation costs for the April 2014**  
7 **through March 2015 GCR Plan Period?**

8 A. DTE Gas' projected total transportation costs are summarized in Exhibit A-11.  
9 This exhibit reflects projected transportation reservation and commodity costs by  
10 month. The total expected transportation cost is \$43.5 million (page 1, line 38,  
11 column (n)) for the period April 2014 through March 2015.

12

13 **Q. What are DTE Gas' projected total supply costs and total delivered supply**  
14 **volumes for the period April 2014 through March 2015?**

15 A. Projected total supply costs are presented on Exhibit A-12 and reflect the sum of the  
16 projected gas purchases and transport costs. DTE Gas' projected total supply cost  
17 for period April 2014 through March 2015 is \$551.3 million (Exhibit A-12, page 1,  
18 line 3, column (n)). The total delivered supply volumes are presented on Exhibit A-  
19 10. DTE Gas' total delivered supply volume for the period April 2014 through  
20 March 2015 is 123.8 Bcf, Exhibit A-10, (page 1, line 8, column (n)). This total  
21 delivered supply volume is the quantity delivered into DTE Gas' system after  
22 interstate pipeline fuel is removed and after conversion from Dth (energy quantity)  
23 to Mcf (volumetric quantity) at a factor of 1.015 Dth/Mcf (heating value).

24

25

Line  
No.

1 **PROJECTED SUPPLY COSTS FOR LIFO VALUATION OF GAS IN STORAGE**

2 **Q. What projections have you developed regarding DTE Gas' gas supply**  
3 **volumes and costs for the period January 2014 through March 2014?**

4 A. I have projected that DTE Gas will purchase a total delivered volume of 28.508  
5 Bcf of gas during the period January 2014 through March 2014: 9.798 Bcf, 8.904  
6 Bcf, and 9.806 Bcf for January, February, and March, respectively. The total cost  
7 for the same period is projected to be \$130,386,488: \$44,908,054, \$40,765,079,  
8 and \$44,713,355 for January, February, and March 2014, respectively.  
9 Furthermore, and consistent with the methods used throughout the Plan,  
10 appropriate basis, fuel, transportation charges, and heating value adjustments were  
11 applied that results in a projected average delivered cost of \$4.96/Mcf,  
12 \$4.99/Mcf, and \$4.93/Mcf for January, February, and March 2014, respectively.  
13 The total cost was developed using a NYMEX value of \$4.034/Dth, \$4.028/Dth  
14 and \$4.009/Dth for January, February, and March 2014, respectively. These were  
15 the average settlement prices of the NYMEX contract at the close of trading on  
16 the first five trading days of December 2013. These NYMEX prices were used to  
17 calculate the purchase price for all volumes not already contracted at fixed prices  
18 pursuant to the FPP.

19

20 **GAS SUPPLY STRATEGY FOR APRIL 2015 AND BEYOND**

21 **Q. How does DTE Gas plan to purchase its required gas supply for April 2015**  
22 **and beyond?**

23 A. DTE Gas' proposed natural gas supply acquisition strategy for April 2015 and  
24 beyond is essentially the same as that used for April 2014 - March 2015 period.

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1 Specifically, DTE Gas' supply will be priced utilizing a mixture of fixed price  
2 supply and market based indexed price supply.

3

4 **Q. Does DTE Gas plan to execute any fixed price supply contracts during the Plan**  
5 **Period for gas to be delivered in April 2015 and beyond?**

6 A. Yes. Consistent with the Commission approved VCA methodology in Case Nos.  
7 U-16146 and U-16482, as detailed in Exhibit A-7, DTE Gas will continue to make  
8 fixed price purchases each month during the April 2014-March 2015 Period for  
9 approximately 3% of the total gas supply requirements to be delivered during the  
10 April 2015-March 2018 GCR Period. The table on Exhibit A-31 summarizes the  
11 monthly and cumulative total fixed price purchases to occur by GCR delivery  
12 period.

13

14 **Q. Is DTE Gas reviewing any transportation portfolio changes during the Plan**  
15 **Period related to future GCR periods, specifically April 2016 and beyond?**

16 A. Yes. DTE Gas is exploring the possibility of a long-term 15-year transportation  
17 contract with NEXUS Gas Transmission to transport up to 75 MDth/d of Utica  
18 and Marcellus shale production gas from the Appalachian Basin in Eastern Ohio  
19 to Michigan beginning in November 2017. DTE Gas fully expects to execute a  
20 precedent agreement in 2013 with NEXUS Gas Transmission. DTE Gas will  
21 assess the merits and associated full delivered costs of this opportunity against  
22 other available alternatives in the same manner the Company assesses any of DTE  
23 Gas' transportation decisions. It is DTE Gas' intention to pursue Commission  
24 approval of the acquisition of NEXUS Gas Transmission capacity as part of its

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1 GCR filing in December 2014, as well as the application for associated  
2 incremental DTE Gas facilities, as required, in a separate filing.

3

4 **Q. Is NEXUS Gas Transmission capacity and associated costs included in this**  
5 **filing?**

6 A. No. For forecasting purposes only, DTE Gas has assumed that any of DTE Gas'  
7 current transportation contracts that expire in April 2014 and beyond will be  
8 renewed.

9

10 **Q. What is NEXUS Gas Transmission?**

11 A. DTE Energy, Enbridge Inc. and Spectra Energy Corp are jointly developing the  
12 proposed NEXUS Gas Transmission (NEXUS) project, which is a project designed  
13 to transport growing supplies of Appalachian Basin gas including Utica and  
14 Marcellus shale gas production to customers in the U.S. Midwest, including Ohio  
15 and Michigan, and to customers in Ontario, Canada including the Dawn Hub. The  
16 project will provide these regions with additional access to natural gas supplies  
17 from the Utica and Marcellus shale supply basin and help meet the growing  
18 environmental need for cleaner fuels for power generation and for industrial and  
19 commercial customers, as well as home heating and domestic use. The service  
20 commencement date for the NEXUS project is currently targeted for November  
21 2017.

22

23 **Q. Where is the proposed path of NEXUS Gas Transmission?**

Line  
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1 A. The proposed path for the NEXUS project will consist of a pipeline that will extend  
2 approximately 250 miles from receipt points in eastern Ohio to interconnects with  
3 the existing pipeline grid in southeastern Michigan.

4

5 **Q. What is the total capacity of NEXUS Gas Transmission project?**

6 A. The project will be capable of transporting 1 billion cubic feet per day (Bcf/d) or  
7 more of natural gas to serve local distribution companies, industrial energy  
8 consumers and natural gas-fired power generators in the Ohio, Michigan and  
9 Ontario areas.

10

11 **Q. Why is DTE Gas interested in NEXUS Gas Transmission?**

12 A. The NEXUS Gas Transmission would increase both DTE Gas' security of supply  
13 and diversity of supply by providing access to the Utica and Marcellus shale gas,  
14 thereby supplementing the current portfolio of Mid-Continent, Gulf Coast,  
15 Canadian, and city-gate supplies.

16

17 **Q. How much of DTE Gas' existing interstate transportation portfolio would  
18 NEXUS displace?**

19 A. DTE Gas is currently in the process of exploring the NEXUS Gas Transmission  
20 project to replace up to 75 MDth/d of existing interstate pipeline capacity for a  
21 period of 15 years beginning in November 2017.

22

23 **Q. Does DTE Gas plan to reduce transport capacity for April 2014 and beyond  
24 due to customers switching from GCR to GCC?**

Line  
No.

1 A. No. DTE Gas does not plan to reduce transport capacity if customers switch from  
2 GCR to GCC. DTE Gas intends to maintain a GCR/GCC portfolio of interstate  
3 transportation and city-gate supply that is sufficient to serve total GCR and GCC  
4 markets. This is necessary from a security of supply standpoint as DTE Gas is the  
5 supplier of last resort for all customers, both GCR and GCC.

6  
7 **Q. What projection of gas purchase and transportation costs have you made for**  
8 **the period April 2015 through March 2019?**

9 A. Projected gas purchase costs for the period April 2015 through March 2019 are  
10 calculated in Exhibit A-10. Projected transportation costs for that same period are  
11 calculated on pages 2 through 5 of Exhibit A-11 and the projected total supply costs  
12 (the sum of purchase and transport costs) are calculated on Exhibit A-12.

13 **Part II:**

14 **OPERATIONAL PLANNING**

15 **Q. What data was used to develop the operating plan?**

16 A. DTE Gas develops its operating plan from four primary sources. These sources are:  
17 1) market requirements as supported by DTE Gas' Witness Mr. Chapel, 2) peak  
18 winter day flowing supply, 3) minimum winter storage balances developed in  
19 conjunction with peak day operations, and 4) CTN exposures. I provide support for  
20 the last three sources of data in my testimony.

21

22 **Q. Are there factors other than the four discussed above that are important to the**  
23 **development of DTE Gas' operating plan and supply purchasing pattern?**

24 A. Yes. In addition to reliably meeting customer requirements, protecting for peak day  
25 operations, and CTN exposures, other factors that influence the supply purchasing  
26 pattern include the Gas Customer Choice (GCC) supply delivery pattern, achieving

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1 the target end of injection season and end of withdrawal season storage balances,  
2 storage operations, WTN exposures and the operational constraints of DTE Gas'  
3 system.  
4

5 **NORMAL WEATHER OPERATING PLAN**

6 **Q. What is the monthly supply volume that DTE Gas plans to purchase under**  
7 **normal weather conditions?**

8 A. The monthly supply volume that DTE Gas plans to purchase under normal weather  
9 conditions is identified on Exhibit A-13. This exhibit sets forth DTE Gas' normal  
10 weather operating plan based on the normal weather market requirements projected  
11 by Witness Chapel. As identified by Witness Chapel, the Company utilizes a 15-  
12 Year normal weather pattern to project its customers' requirements. DTE Gas  
13 assumes normal weather to be the expected 15-Year normal heating degree days  
14 (HDDs) based on the calendar years 1999 through 2013, as more fully explained by  
15 Mr. Chapel. A heating degree day is a measure designed to reflect the demand for  
16 energy needed to heat a home or business. One heating degree-day is given for  
17 each degree that the daily mean temperature departs below the base of 65°F. DTE  
18 Gas forecasts customer requirements based on weather for seven different  
19 geographic regions comprising DTE Gas' service territory.  
20

21 **Q. Does DTE Gas expect that its actual monthly supply purchases will match**  
22 **those contained in Exhibit A-13?**

23 A. No, it does not. It is highly unlikely that DTE Gas will experience normal weather on  
24 an even and predictable basis as predicated in the plan contained in Exhibit A-13.  
25 Weather patterns tend to occur unevenly such that even if actual weather experienced  
26 was on average normal, then actual storage balances and monthly purchases would

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1 differ from those contained in DTE Gas' normal weather plan based on when during  
2 the year the weather deviates from normal. Therefore, on at least a monthly basis  
3 during the operating year, DTE Gas refines its planned supply volumes based on actual  
4 and projected market requirements and operational conditions, including weather  
5 variations, actual storage balances, GCC migration, customer count and changes in  
6 customer usage such as conservation. DTE Gas also updates its planned purchases  
7 during the plan year due to routine updated projections of lost gas, company use,  
8 gas in kind, and GCC enrollment levels. In addition, the market forecast is updated  
9 at least once during the plan year based on updated customer count and usage  
10 factors assumptions.

11

12 **STORAGE PLAN**

13 **Q. Where does DTE Gas secure its gas storage service?**

14 A. DTE Gas uses its own facilities for gas storage. DTE Gas owns and operates four  
15 gas storage fields in Michigan. The fields are located in different parts of the state  
16 and each storage field has unique operating characteristics. The Six Lakes (Taggart)  
17 field is located in central Michigan and is operated in a base load manner. The  
18 other three fields, Belle River Mills, Columbus, and West Columbus are located on  
19 the eastside of the state in St. Clair County. Belle River and West Columbus are  
20 peaking fields while Columbus is considered a base load field.

21

22 **Q. What is the difference between a base load storage field and a peaking storage**  
23 **field?**

24 A. The primary difference is the time required to inject or withdraw the full working  
25 volumes from the storage field. A base load field typically requires the entire

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1 summer injection season to refill and the entire winter withdrawal season to fully  
2 remove gas from storage. By contrast, the time to fill and withdraw is considerably  
3 shorter with peaking fields, with the actual timing dependent upon on the  
4 characteristics of each field. With the necessary compression and facilities, peak  
5 storage fields are capable of withdrawing gas at a much faster rate to meet peak  
6 demands than base load fields.

7

8 **Q. What is the capacity of DTE Gas' storage fields?**

9 A. DTE Gas' current aggregate cycleable working storage capacity is 135.0 Bcf  
10 (Exhibit A-14, line 14, column (d)). Exhibit A-14 depicts DTE Gas' cycleable  
11 working storage capacity and its utilization of total capacity by customer group.  
12 The final Commission Order in Case No. U-15628 (the "U-15628 Order")  
13 concerning DTE Gas' sale of native base gas provided for an additional 2 Bcf of  
14 base gas, referred to as "Convertible Base Gas" (CBG), to be utilized as CTN  
15 supply for GCR customers or as directed for gas supply pursuant to paragraph 6d of  
16 the Settlement Agreement for Case No. U-15628. Although this 2 Bcf of CBG is  
17 currently considered available and cycleable, the associated storage capacity will  
18 not be reclassified as cycleable "working" capacity until the CBG is actually  
19 utilized in accordance with the U-15628 Order. When that happens, the total  
20 cycleable working storage capacity will increase to 137.0 Bcf (Exhibit A-14, line  
21 16, column (d)).

22

23 **Q. Are there any factors that could affect this cycleable storage capacity of 135.0**  
24 **Bcf?**

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No.

1 A. Yes, DTE Gas may actually inject or withdraw more or less than the 135.0 Bcf of  
2 current aggregate cycleable working storage gas. The maximum capacity may  
3 actually be higher or lower depending on a myriad of operating conditions and  
4 design assumptions. The maximum of this operating range may be constrained by  
5 system operating conditions, storage field performance and reservoir characteristics.  
6 For example, operating a base load field at the high end of its operating range could  
7 result in gas migration to the outer limits of the reservoir increasing the likelihood  
8 that a portion of the previously injected storage gas from that field may not be  
9 recoverable. In addition, during periods of warmer than normal weather,  
10 withdrawals from the base load storage field may be reduced. These withdrawals  
11 will be difficult to make up at a later time due to such constraints as available  
12 compression and maximum operating pressures. Other factors that affect the  
13 cycling capability of the storage fields include performance of DTE Gas'  
14 transmission systems, compressor stations, actual weather patterns, the duration of  
15 cold/warm weather, actual temperatures, supply deliveries, loads experienced, and  
16 the particular injection and withdrawal patterns of each storage field. System  
17 constraints and uneven weather patterns impact storage operations and must be  
18 taken into consideration in planning for the safe and efficient operation of the  
19 system.

20

21 **Q. How do storage operations affect the supply plan?**

22 A. Storage allows DTE Gas to buy steady daily volumes of gas supply. Changes in  
23 daily market volumes are balanced by storage withdrawals or injections. Storage  
24 withdrawals are most pronounced during the winter heating season when market  
25 requirements exceed supply. By contrast, injections are predominant during the

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1 summer when market requirements are low. Storage operations are especially  
2 critical during the deep winter months to protect for peak day operations and CTN  
3 exposures. DTE Gas' supply plan is designed to meet the required minimum  
4 storage inventory balances to ensure specific storage withdrawal rates necessary to  
5 meet peak day sendout in combination with flowing supplies. Storage holds a  
6 portion of the CTN protection volumes and must be managed on both a seasonal  
7 and daily basis. Another critical time for storage operations occurs during WTN  
8 conditions at the end of the injection season (October) and at beginning of the  
9 winter withdrawal season in November when storage fields are near maximum  
10 capacity. Facility enhancement projects or other system constraints such as storage  
11 field pressures, available compression capacity, available storage field injection or  
12 withdrawal capability, and unforeseen pipeline integrity compliance could also  
13 affect the supply plan.

14

15 **GCR/GCC STORAGE ALLOCATION**

16 **Q. Does DTE Gas target a specific storage balance for GCR and GCC customers**  
17 **at the end of the storage injection season?**

18 A. Yes. DTE Gas plans for a certain storage balance on October 31<sup>st</sup>, the end of the  
19 injection season each year. A targeted storage level, in addition to winter flowing  
20 supply, allows DTE Gas to meet normal winter market requirements and maintain  
21 planned minimum storage balances. The targeted storage balance includes the  
22 colder-than-normal protection (CTNP) gas held in storage.

23

24 **Q. What is the targeted storage balance for GCR and GCC customers at October**  
25 **31, 2014?**

Line  
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1 A. Total working gas in storage at October 31<sup>st</sup> for both GCC and GCR customers is  
2 planned at 68.1 Bcf regardless of the mix between GCR and GCC; see Exhibit A-  
3 13, page 6 of 10, line 7, column (f). There is also an additional 2 Bcf of CBG CTN  
4 gas held in storage for GCR customers, for a total of 70.1 Bcf. Although this 2 Bcf  
5 of CBG is currently considered available and cycleable, the associated gas in  
6 storage will not be reclassified as “working” gas from base gas until the CBG is  
7 actually utilized in accordance with the U-15628 Order.

8

9 **Q. How much cycleable storage capacity does DTE Gas propose to allocate for use**  
10 **by GCR/GCC customers in 2014-15?**

11 A. For 2014-15, DTE Gas proposes to allocate 71.9 Bcf of cycleable storage capacity  
12 to GCR/GCC customers (Exhibit A-14, line 17, column (d)). The details of DTE  
13 Gas’ storage utilization are outlined in Exhibit A-14, lines 9-17. As detailed on this  
14 Exhibit, the 71.9 Bcf of storage capacity for 2014-15 is comprised of 64.9 Bcf for  
15 both Normal and CTN working gas utilization (line 10), 2 Bcf of Convertible Base  
16 Gas (CBG) for additional CTN utilization (line 15), and 5 Bcf of WTN/contingency  
17 space (line 11).

18

19 **Q. Does this 71.9 Bcf storage allocation for 2014-15 GCR Plan Year represent a**  
20 **change from the amount that DTE Gas allocated to GCR/GCC customers for**  
21 **the 2013-14 GCR Plan Year?**

22 A. No. For the 2013-14 GCR Plan Year, DTE Gas implemented a GCR/GCC  
23 cycleable storage allocation volume of 71.9 Bcf (inclusive of 2 Bcf of CBG). This  
24 also represents the same 71.9 Bcf of cycleable storage allocation that DTE Gas  
25 implemented in the year prior to that, the 2012-13 GCR Plan Year. Additionally,

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1 this is the same 71.9 Bcf of cycleable storage allocation ordered by the Commission  
2 on December 20, 2012, in the DTE Gas Rate Case Settlement in Case No. U-16999.

3

4 **Q. Does DTE Gas intend to self-implement its proposed storage allocation plan?**

5 A. Yes, the GCR/GCC cycleable storage allocation of 71.9 Bcf (inclusive of 2 Bcf of  
6 CBG) is consistent with the storage related terms contained in the partial settlement  
7 agreement reached in DTE Gas' most recent rate case proceeding in Case No. U-  
8 16999. Commission approval of this settlement agreement was received on  
9 December 20, 2012. It is also expected that the Commission Order in last year's  
10 2013-14 GCR Plan Case No. U-17131 ("U-17131"), and the Commission Order in  
11 the prior year's 2012-13 GCR Plan Case No. U-16921 ("U-16921"), which are both  
12 still pending as of the date of this writing, will also be consistent with the  
13 Commission approved rate case settlement agreement in Case No. U-16999.

14

15 **GCC PLAN**

16 **Q. What are the specific supply parameters for the GCC program?**

17 A. Each month, based on a supplier's enrollment of customers, DTE Gas will provide  
18 each supplier with a daily flow volume that identifies the daily delivery requirement  
19 normally using the 1/365<sup>th</sup> +/- 10% of total normal weather annual GCC customer  
20 usage. Deliveries to the customer continue to be DTE Gas' responsibility.  
21 Operationally, DTE Gas will operate and deliver gas to the GCC customers as if  
22 they were DTE Gas sales customers.

23

24 **Q. How does DTE Gas manage its supply strategy in conjunction with the GCC**  
25 **program?**

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1 A. The annual GCC volume reflected in the Plan is approximately 37.9 Bcf, which  
2 represents 214,000 customers. Because DTE Gas' GCC tariff identifies it as the  
3 supplier of last resort, DTE Gas faces uncertainty in the event of a supplier  
4 defaulting or a customer returning to sales service. DTE Gas continually monitors  
5 the number of customers, and their associated flow requirement, moving between  
6 the GCC program and GCR sales. DTE Gas adjusts its final monthly purchases to  
7 reflect the volumes remaining under GCR sales. This approach allows DTE Gas  
8 to maintain sufficient daily winter flowing supply to meet the needs of its  
9 customers and a sufficient daily summer flowing supply to meet the volume  
10 requirements to fill storage sufficiently to meet operational plans.

11

12 **DESIGN DAY AND MINIMUM STORAGE BALANCES**

13 **Q. What flowing supplies will DTE Gas need to meet projected peak day**  
14 **requirements?**

15 A. Total end-of-month peak day requirements are identified on line 25 of Exhibit A-  
16 15. These requirements are provided by Witness Chapel (Exhibit A-5, page 2 of 2,  
17 line 6). For the 2014-15 Plan Year, DTE Gas plans to hold 394 MMcf/d (400  
18 MDth/day capacity assuming 1.015 MMbtu/Mcf heating value) of firm  
19 transportation contracts for the winter operating season to meet requirements for  
20 normal weather, colder than normal weather, design day, and supplier of last resort.  
21 DTE Gas projects it will flow approximately 302 MMcf/d of GCR supply for  
22 January through March 2015, Exhibit A-15, line 2, to satisfy the projected normal  
23 winter requirements. Consequently, the amount of GCR flowing gas supply  
24 necessary to meet a design day will be approximately 378 MMcf/d. This volume is  
25 approximately 76 MMcf/d above the normal GCR flowing supplies, which may be

Line  
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1 purchased using 92 MMcf/d of DTE Gas' remaining recallable firm transportation;  
2 either on the first of month or spot day market, depending on the availability of gas  
3 in storage at the time. The remainder of the gas supply to serve January through  
4 March peak days will come from DTE Gas' storage.

5

6 **Q. Will storage be utilized to satisfy peak day requirements?**

7 A. Yes. Approximately 64% of DTE Gas' supply on a January 2015 peak day will be  
8 provided from storage. Deliveries out of storage include deliveries to GCR, GCC,  
9 EUT, and storage-service customers, including Exelon.

10

11 **Q. What are DTE Gas' planned colder-than-normal storage balances?**

12 A. Exhibit A-16 reflects the amount of DTE Gas' planned total storage balances for the  
13 CTN weather exposure identified in Exhibit A-17. The minimum total balance as  
14 shown in Exhibit A-16, line 5, for January, February and March, is the planned  
15 quantity to meet the peak day deliveries.

16

17 **Q. Are DTE Gas' planned colder-than-normal storage balances inclusive of third  
18 party gas in storage?**

19 A. Yes. Lines 2 and 3 of Exhibit A-16 represent estimated third party storage balances  
20 at the end of January, February and March. During the operating year, the mix of  
21 the planned end of month volumes of DTE Gas and third party customers' gas is  
22 constantly adjusted in response to weather and third party activity. DTE Gas may  
23 be able to rely on additional third party gas in inventory above what is included in  
24 Exhibit A-16, lines 2 and 3, and reduce winter purchases while maintaining peak  
25 day minimum storage balances necessary for storage deliverability. In any event,

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1 the peak day minimum storage balances for the 2014-15 GCR plan year will be  
2 maintained to provide the necessary peak day withdrawal requirements from  
3 storage.

4

5 **COLDER-THAN-NORMAL PROTECTION**

6 **Q. What is a colder-than-normal protection (CTNP) volume?**

7 A. CTNP is a calculated volume of gas that allows DTE Gas to maintain the minimum  
8 storage balances identified in Exhibit A-16, line 5, should colder-than-normal  
9 weather persist over a sustained period of time, or otherwise higher than forecasted  
10 sendout occurs. The CTNP volume consists of storage gas and, if necessary,  
11 incremental purchases.

12

13 **Q. What is DTE Gas' planned maximum winter CTN exposure?**

14 A. DTE Gas' planned maximum winter CTN exposure for the 2014-2015 GCR plan  
15 year represents the incremental customer usage that may occur in the event DTE  
16 Gas were to again experience the coldest winter in its history. DTE Gas continues  
17 to calculate its maximum winter CTN exposure using the actual monthly Heating  
18 Degree Days (HDD) experienced in 1977-78, which is the coldest November  
19 through March winter period since 1951. These actual monthly HDD's from 1977-  
20 78 were then applied to the forecasting model, which is more fully described by  
21 Witness Chapel, to calculate the winter markets if such weather were to occur now.  
22 The maximum CTN exposure represents the difference between the planned normal  
23 winter requirements and the maximum CTN requirements. The total colder-than-  
24 normal exposure volume for all GCC and GCR customers is 24.2 Bcf. Based on  
25 numerous prior Company proposals and Commission approvals, DTE Gas  
26 continues to prepare a CTN plan based on the coldest historical period since 1951 to

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1 make certain that the Company will be prepared and able to continue to provide  
2 reliable gas supply for its customers should it experience a level of severe cold  
3 weather that it has experienced in the past. DTE Gas considers all 63 years of  
4 weather history (1951-2013) in designing its Plans to ensure that customers will be  
5 protected for all possible weather extremes and weather patterns that have occurred.

6  
7 **Q. Has DTE Gas' maximum CTN exposure changed since the 2013-14 Plan**  
8 **Case?**

9 A. Yes. The maximum winter CTN exposure has increased from last year's Plan case  
10 by 2.5 Bcf, from 21.7 Bcf to 24.2 Bcf (Exhibit A-17, line 7, column (c)). The  
11 increase in maximum winter CTN exposure is the result of the updated 15-year  
12 weather normalization period, changes in customer count, and updated usage  
13 factors as discussed in the testimony of Witness Chapel.

14  
15 **Q. How is the level of CTNP volume supplied?**

16 A. For the winter of 2014-2015, DTE Gas plans to enter the winter season with 5 Bcf of  
17 gas in storage for CTNP. Pursuant to the U-15628 Order, this 5 Bcf of CTNP in  
18 storage will consist of 3 Bcf of working gas and 2 Bcf of convertible base gas (CBG) if  
19 not yet utilized (working gas if CBG has been replaced). In addition, DTE Gas plans  
20 to mitigate a portion of the risk of the 24.2 Bcf CTN exposure with 3 Bcf of normal  
21 weather purchases in excess of normal weather requirements (made ratably) from  
22 November 2014 to March 2015. Furthermore, DTE Gas will monitor actual and  
23 projected colder-than-normal weather exposures throughout the winter and will obtain  
24 additional CTNP supply via incremental winter purchases if gas in storage is  
25 insufficient to meet the potential exposure and maintain the necessary minimum

Line  
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1 storage balances. A colder-than-normal plan for Winter 2014-15 is shown on Exhibit  
2 A-17.

3

4 **Q. How will DTE Gas determine when to purchase incremental supply for CTN?**

5 A. Timing of the incremental purchases, and whether these purchases will be first of  
6 month (FOM) or daily spot purchases, will depend upon the severity of the winter  
7 season, at what point in time the cold weather is actually experienced, supply  
8 liquidity, and projected storage balances. DTE Gas plans to limit mid-month  
9 daily spot purchases to the most operationally critical deep winter months of  
10 January through March. In order to minimize price and supply reliability risk,  
11 DTE Gas plans to purchase sufficient FOM quantities to limit daily spot  
12 purchases. If, after the month has begun, DTE Gas assesses that FOM flowing  
13 supply levels are not adequate to meet operational requirements based on actual  
14 and projected storage balances, potential cold weather exposures and weather  
15 forecasts, then it will begin to layer in the day gas purchases. On a normal winter  
16 basis, DTE Gas plans to fill 302 MMcfd of its 394 MMcfd of firm pipeline  
17 entitlement, leaving 92 MMcfd of recallable capacity that would be available for  
18 FOM CTN purchases or day gas purchases for CTN and/or peak day  
19 requirements.

20

21 **Q. Does peak day and CTN planning end at March 31?**

22 A. No. DTE Gas plans for an end-of-month peak day based on the coldest historical  
23 temperatures from the 22nd of that month to the 7th of the following month. It is  
24 possible for an end of March peak day temperature to occur through the end of the  
25 first week in April when storage balances are at their minimums.

Line  
No.

1 **Q. Is it possible that DTE Gas will need to purchase incremental supply in April**  
2 **for CTN and/or peak day protection?**

3 A. Yes. Operating experience has shown that CTN winter weather could extend into  
4 a CTN April. Storage withdrawals for GCR/GCC could continue into the month  
5 of April, even under normal weather conditions. If GCR storage balances are  
6 projected to be at or near minimums, then DTE Gas may need to purchase  
7 incremental supply in April for CTN volumetric coverage and/or peak day  
8 protection in the same manner as described above for the deep winter months.

9

10 **Q. If not yet utilized, under what circumstances can DTE Gas use the 2 Bcf of CBG**  
11 **for CTN?**

12 A. DTE Gas can use the 2 Bcf of CBG for CTN pursuant to the Commission-  
13 approved Settlement Agreement in Case No. U-15628, paragraph 6.d (iv):

14 DTE Gas may use some or all of the CBG as gas supply in  
15 documented CTN weather after all cycleable working gas in storage  
16 has been used (cycled to zero), including the 3 Bcf of CTN Working  
17 Gas designated in DTE Gas' GCR plan for 2009-10 and as set forth  
18 in paragraph 6 a for GCR plan year 2010-11. DTE Gas would likely  
19 only use all or a portion of the CBG as gas supply at the end of  
20 March after experiencing extreme cold weather.

21

22 **Q. Are there any other circumstances that allow DTE Gas to use the 2 Bcf of**  
23 **CBG?**

24 A. Yes. When there is prior unanimous agreement between Staff and Intervenors, they  
25 collectively have the right to direct DTE Gas as to when to use all or a portion of the  
26 CBG for the benefit of GCR customers including, but not limited to, whenever DTE  
27 Gas petitions for a reopener or any equivalent motion or request for a prompt mid-GCR  
28 plan year increase in the GCR maximum base factor as the result of a pipeline supply

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1 constraints, NYMEX price increases, NYMEX price spikes caused by hurricanes, force  
2 majeure, or other gas supply related emergencies or conditions. These circumstances  
3 are more fully outlined in paragraph 6.d of the Settlement Agreement in Case No. U-  
4 15628.

5

6 **Q. If the 2 Bcf of CBG is utilized, then when will it be replaced?**

7 A. When all or a portion of the 2 Bcf of CBG is utilized, then pursuant to paragraph 6.d,  
8 that portion of the CBG CTNP gas will be replaced with [CTNP] working gas when  
9 DTE Gas' storage is refilled (described in paragraph 6.d (vi)) of the U-15628  
10 settlement agreement.

11

12 **Q. What is DTE Gas' plan if CTN, or otherwise higher than forecasted sendout  
13 should occur during the summer months (April – October)?**

14 A. As the summer injection season progresses, if CTN weather, or otherwise higher  
15 sendout occurs, then DTE Gas plans to increase its remaining planned summer  
16 purchases in order to achieve its planned normal end of injection season storage  
17 target at October 31. For each remaining summer month, DTE Gas plans to evenly  
18 purchase its remaining planned summer purchases. However, if DTE Gas  
19 experiences higher sendout in October, then the October 31<sup>st</sup> storage balance will  
20 likely fall short of the normal weather target, thereby effectively consuming a  
21 portion of the CTNP held in storage. If this were to occur, then DTE Gas plans to  
22 replenish as much of the CTNP as possible in November with the rest being  
23 replaced in December prior to entering the deep winter months of January - March.  
24 These replacement purchases as described above are subject to operational

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1 limitations; particularly scheduled compressor maintenance, potential WTN  
2 weather exposures, and available storage field injection capacity.

3

4 **WARMER-THAN-NORMAL WEATHER OPERATING PLAN**

5 **Q. What is DTE Gas' plan if warmer-than-normal weather, or otherwise lower**  
6 **than forecasted sendout, should occur during the summer months (April –**  
7 **October)?**

8 A. As the summer injection season progresses and warmer-than-normal conditions  
9 occur, or otherwise lower than forecasted sendout occurs, DTE Gas plans to evenly  
10 purchase the reduced remaining planned summer purchase requirements, subject to  
11 operational limitations, in order to achieve its planned normal end of injection  
12 season working gas storage target at October 31, 2014 of 68.1 Bcf (plus 2 Bcf of  
13 CBG). However, depending on the timing of the reduced sendout and the  
14 associated reduction to supply, a volume of gas associated with the September and  
15 primarily the October weather variation could remain in storage. DTE Gas reserves  
16 5 Bcf of storage space to accommodate higher injections due to lower than expected  
17 sendout and other unpredictable system imbalances in September, October and  
18 early November. If DTE Gas experiences lower sendout than planned in October  
19 and expects to enter the winter operating season with significantly more GCR and  
20 GCC gas in storage above the normal weather injection season target, then  
21 November planned purchases may be reduced to permit operational flexibility  
22 necessary for compression maintenance, maximum daily flowing supply  
23 limitations, limitations on storage field injection capability, continued warmer-than-  
24 normal exposure and storage field maximum capacity limitations.

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1 **Q. What is DTE Gas' plan if warmer-than-normal weather occurs during the**  
2 **winter of 2014-15 (November – March)?**

3 A. DTE Gas' WTN Plan is provided in Exhibit A-18. It is based on the maximum  
4 WTN exposure from Winter of 2011-12. Winter 2011-12 was significantly warmer  
5 than the previous record warm winter of 2001-02. As illustrated in Exhibit A-18,  
6 DTE Gas may begin to reduce flowing supply, if, as the winter progresses, warmer-  
7 than-normal weather continues, and storage balances continue to exceed Plan  
8 levels. Before any reduction in purchases is implemented, the estimated cumulative  
9 WTN surplus is reduced by 1 Bcf for margin of accuracy purposes. The WTN  
10 surplus is the excess amount of gas in storage above normal planned target. It  
11 includes the net result of a cumulative reduction in sendout resulting from WTN  
12 weather actually experienced in prior months offset by the cumulative reduction, if  
13 any, in purchases already made in prior months. A reduction in purchases would be  
14 at 50% of the cumulative WTN surplus for December purchases, and at a reduced  
15 percentage for the deep winter months of January through March, approximately in  
16 the range of 35-40% of the WTN surplus.

17

18 **Q. Are there limits to the WTN Plan supply reductions?**

19 A. Yes, DTE Gas must limit the reduction in flowing supply determined by the above  
20 factors to an amount that will result in sufficient flowing supply to meet contracted  
21 supply and the requirements of customers located in isolated regions, such as  
22 Michigan's Upper Peninsula, that can only be served by supply delivered from  
23 certain pipelines.

24

25 **Q. What will DTE Gas do if storage levels exceed plan levels on March 31<sup>st</sup>?**

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1 A. If by March 31<sup>st</sup>, gas remains in storage above the Plan level, then DTE Gas  
2 plans to reduce its planned summer purchases in order to achieve its planned  
3 October 31<sup>st</sup> end of injection season storage target. DTE Gas plans to evenly  
4 purchase each month the reduced summer purchase requirements, subject to  
5 operational limitations.

6

7 **OTHER OPERATIONAL CHANGES**

8 **Q. How likely is it that DTE Gas' Operational Plan will change during the plan**  
9 **period?**

10 A. During the GCR year, factors influencing DTE Gas' operations are continually  
11 changing. Such factors may include changes in weather, GCC migration, customer  
12 usage, customer count, supply liquidity, changes in inventory levels and changes in  
13 operations. Therefore, before and during the GCR year, there is a reasonable  
14 likelihood that DTE Gas will continue to refine its operational plan based on current  
15 and projected market and operational conditions.

16

17 **FUTURE OUTLOOK**

18 **Q. Does DTE Gas' Operational Plan for the operating years April 2015-March**  
19 **2019 differ from the 2014-2015 Operating Plan?**

20 A. Generally no, there are no indications at this time that the operating plan will have  
21 any significant changes over the next five years.

22 With regards to storage utilization, DTE Gas' GCR/GCC storage allocation plan for  
23 the operating years April 2015-March 2019 does not differ from the 2014-2015 plan  
24 year. The Company is currently proposing to maintain a GCR/GCC cycleable  
25 storage allocation of 71.9 Bcf (including 2 Bcf of CBG) for 2014-15 and all  
26 subsequent years of the 5-Year forecast period. However, at some point in the

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1 future, depending on increases or decreases in requirements or other operational  
2 factors, DTE Gas may decide to modify this storage allocation plan for the future  
3 operating years, beginning with the 2015-15 GCR Plan year.  
4

5 SUPPLEMENTAL TESTIMONY

6 **CONVERTIBLE BASE GAS UTILIZATION**

7 **Q. In light of the 2<sup>nd</sup> Revised Testimony of Witness Brunell, do you need to**  
8 **supplement your own testimony as it relates to the under-collection?**

9 A. Yes. The under-collection was impacted by the utilization of the Convertible Base  
10 Gas during the Colder-Than-Normal weather conditions experienced this winter.  
11

12 **Q. How was the decision made to utilize the 2.0 Bcf of Convertible Base Gas?**

13 A. After carefully evaluating the gas in storage and projected rate of decline combined  
14 with the ongoing Colder-Than-Normal weather and volatile gas pricing experienced  
15 during this winter season, DTE Gas contacted the Staff and Intervenors from Case  
16 No. U-15628 requesting authorization to utilize the 2.0 Bcf Convertible Base Gas  
17 during the month of February 2014. DTE Gas was directed unanimously by all  
18 parties to proceed with the use of the Convertible Base Gas for the month of  
19 February 2014. Since this gas can only be used once, Convertible Base Gas will no  
20 longer be a source of supply component for the Company's colder-than-normal  
21 protection.  
22

23 **Q. What is the financial impact to the GCR customers of this utilization?**

24 A. Based on the booked cost of 2 Bcf of Convertible Base Gas of approximately \$1.4  
25 million, and the avoided cost of withdrawing 2 Bcf of working gas at an estimated

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1 value of \$11.2 million, DTE Gas estimates that the overall benefit to GCR  
2 customers to be approximately \$9.8 million. This translates to roughly \$7.00 for  
3 each residential customer based on an annual consumption rate of 100 Mcf.

4

5 **Q. Are you updating your exhibits to reflect any changes to market prices?**

6 A. No, the Company is only updating its GCR Plan for material, known changes.  
7 While market prices have changed since the Company filed its Plan, the change is  
8 not significant enough to warrant updating the GCR Plan for anticipated future  
9 market prices.

10

11 **Q. Has the Commission taken any action subsequent to your previously filed**  
12 **testimony that addresses matters presented in this case?**

13 A. Yes, as explained by Witness Brunell, the Commission issued its U-17131 Order on  
14 April 15, 2014.

15

16 **Q. What aspects of the U-17131 Order address matters presented in this case?**

17 A. As Mr. Brunell explains in his testimony, in its U-17131 Order, the Commission,  
18 among other things, approved the assessment of a reservation charge on both GCR  
19 and GCC customers. According to the Commission's U-17131 Order, DTE Gas has  
20 a non-transferable legal obligation to act as the supplier of last resort for all  
21 customers regardless of classification. The Commission's determination that DTE  
22 Gas has a non-transferable legal obligation to act as supplier of last resort for all  
23 customers and the associated approval of a reservation charge assessed on all  
24 customers are consistent with, and should apply to, DTE Gas's proposals on these

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1 matters in this case. In addition, the Commission also approved continuation of the  
2 75% FPP for the 2013-2014 GCR plan year.

3

4 **Q. How does the Commission's decision regarding DTE Gas's non-transferable**  
5 **legal obligation to act as supplier of last resort for all customers affect the**  
6 **Company's proposed gas supply plan in this case?**

7 A. The Commission's decision confirms that the interstate pipeline capacity reserved  
8 for GCR and GCC customers for the 2014-2015 GCR plan year must be retained by  
9 the Company to satisfy its non-transferable legal obligation to act as supplier of last  
10 resort for all customers.

11

12 **Q. In light of the Commission's U-17131 Order, does DTE Gas have any**  
13 **interstate pipeline capacity that can be released to Alternative Gas Suppliers**  
14 **under a pre-arranged capacity release as that is defined by FERC?**

15 A. No. DTE Gas only holds firm interstate pipeline capacity sufficient to meet its gas  
16 supply requirements for its GCR customers as I have described above, and to meet  
17 its non-transferable legal obligation to act as supplier of last resort for GCR and  
18 GCC customers. In its GCR plan cases, the Company neither attempts nor is able  
19 to predict circumstances that could occur that would allow the Company to release  
20 a portion of its interstate capacity during a GCR plan year. Even if such  
21 circumstances did occur, these capacity releases are not pre-arranged capacity  
22 releases related to the gas choice program, but are generic capacity releases and  
23 must be offered to any party who wishes to acquire the released capacity pursuant  
24 to FERC open bidding capacity release rules. Such unpredictable circumstances are  
25 of the nature that they do not make themselves apparent until immediately prior to

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1 or during the spot purchase month. These biddable capacity releases related to such  
2 circumstances occur on a month to month decision making basis, and some time on  
3 a day by day basis, depending on the supply requirements at the time. Such supply  
4 requirements that would dictate the amount of capacity available for release, if any,  
5 are primarily driven by changes in customer demand, forecasted demand and  
6 demand exposures due to weather, storage balances, and peak day load  
7 requirements.

8

9 **Q. How does the Commission's decision to approve the 75% FPP for the 2013-**  
10 **2014 GCR plan year affect the 2014-2015 GCR plan year?**

11 A. The Commission's order is further confirmation of the value of continuing with the  
12 75% FPP for the 2014-2015 GCR plan year.

13

14 **Q. What effect would a capacity assignment plan to transfer supplier of last resort**  
15 **obligations for gas choice customers to Alternative Gas Suppliers as they have**  
16 **proposed in this case have on the Company's non-transferable legal obligation**  
17 **to act as supplier of last resort for all customers ?**

18 A. Such a capacity assignment plan would transfer the Company's non-transferable  
19 legal obligation to act as SOLR and would remove the portion of the reservation charge  
20 assessed on gas choice customers and place the reservation charge instead on Alternative  
21 Gas Suppliers. Such a result would be inconsistent with the Commission's U-17131  
22 Order and unacceptable to DTE Gas. .

23

24 **Q. Does this complete your revised supplemental direct testimony?**

25 A. Yes, it does.

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the Application of )  
**DTE Gas Company** for approval of a )  
Gas Cost Recovery Plan, 5-year Forecast )  
and Monthly GCR Factor for the 12 months )  
ending March 31, 2015, and for approval to )  
implement a Reservation Charge applicable )  
to Gas Customer Choice Suppliers )

Case No. U-17332

**PROOF OF SERVICE**

STATE OF MICHIGAN )  
) ss.  
COUNTY OF WAYNE )

TAMIKA TURNER, being duly sworn, deposes and says that on the 24<sup>th</sup> day of April, 2014, she served a copy of DTE Gas Company is its Second Amended Application for Approval of Gas Cost Recovery Plan, 5-Year Forecast and Monthly GCR Factor, along with Revised Supplemental Direct Testimony of J.A. Brunell and R.G. Lawshe and Exhibits A-20 2<sup>nd</sup> Revised, A-29 2<sup>nd</sup> Revised and A-32, via electronic mail upon the parties referred to in the attached service list.

\_\_\_\_\_  
TAMIKA TURNER

Subscribed and sworn to before  
me this 24<sup>th</sup> day of April, 2014

\_\_\_\_\_  
Lorri A. Hanner, Notary Public  
Wayne County (acting in Wayne), Michigan  
My Commission Expires: 4/20/2020

**MPSC Case No. U-17332**  
**SERVICE LIST**

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