

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

* * * * *

In the matter of the application of)	
CONSUMERS ENERGY COMPANY)	
for authority to increase its rates for the)	Case No. U-17643
distribution of natural gas and for other relief.)	
_____)	

At the January 13, 2015 meeting of the Michigan Public Service Commission in Lansing, Michigan.

PRESENT: Hon. John D. Quackenbush, Chairman
Hon. Greg R. White, Commissioner
Hon. Sally A. Talberg, Commissioner

ORDER APPROVING SETTLEMENT AGREEMENT

On July 1, 2014, Consumers Energy Company (Consumers) filed an application seeking authority to increase its rates for the distribution of natural gas and for other relief. Using a projected test year for the 12-month period ending December 31, 2015, Consumers maintained that it would experience an annual jurisdictional revenue deficiency of approximately \$88.3 million during the test year. Consumers also indicated that it intended to self-implement interim rate relief pursuant to MCL 460.6a(1).

A prehearing conference was held before Administrative Law Judge Theresa A. G. Staley (ALJ Staley) on August 5, 2014.¹ At the prehearing conference, petitions to intervene filed by the Association of Businesses Advocating Tariff Equity (ABATE), the Michigan Department of the

¹ On December 17, 2014, the case was reassigned to Administrative Law Judge Dennis W. Mack (ALJ Mack).

Attorney General (Attorney General), the Midland Cogeneration Venture Limited Partnership (MCV), and the Retail Energy Supply Association (RESA) were granted. The Commission Staff (Staff) also participated in the proceedings.

The schedule for the proceedings provided for the filing of testimony by the Staff and intervenors by December 2, 2014, rebuttal testimony by December 23, 2014, cross-examination commencing January 7, 2015, briefing by February 17, 2015, reply briefs by March 10, 2015, and issuance of a Proposal for Decision on April 23, 2015.

With regard to self-implementation of interim rates, ALJ Staley ordered the parties to file proposals regarding the self-implementation phase of Consumers' rate case on December 5, 2014. Consumers filed a self-implementation proposal. The Staff filed a letter indicating that it would not submit a proposal regarding self-implementation. None of the other parties filed a competing proposal. On December 9, 2014, the ALJ conducted an evidentiary hearing. Consumers' self-implementation proposal was presented through the testimony of Patricia K. Poppe, Consumers' Vice President of Customer Experience, Rates, and Regulation, and the presentation of four exhibits sponsored by Ms. Poppe.² According to Ms. Poppe, Consumers was then proposing to self-implement interim relief in the annual amount of \$60 million commencing January 2, 2015. With the exception of the Attorney General, all parties declined to cross-examine Ms. Poppe about her testimony, and the record was closed.

Subsequently, three of the six parties to this proceeding agreed to settle the case, and the other three parties agreed not to contest the settlement agreement. Toward that end, on December 31, 2014, Consumers submitted a settlement agreement that was signed by Consumers, the Staff, and

² Before testifying, Ms. Poppe made one correction to her prefiled testimony and one revision to Exhibit SI-4. 2 Tr 20-21.

the Attorney General. Also, on December 31, 2014, ABATE and RESA separately submitted statements of non-objection to the settlement agreement. On January 6, 2015, the MCV submitted a statement of non-objection. Collectively, these filings resolve all issues in the case.

According to the settlement agreement, Consumers should be authorized to increase its retail gas distribution rates to produce additional annual revenues of \$45 million through means of an equal percent rate design as depicted on Attachment 1 of the settlement agreement. The settlement agreement indicates that the \$45 million rate increase reflects, on a non-precedential basis, an authorized rate of return on common equity of 10.3%, and an overall rate of return of 8.99% on a pre-tax basis.

Upon approval of the settlement agreement by the Commission, Consumers will be authorized to implement a residential customer charge and, for qualifying principal residence customers, an income assistance credit of \$11.50 per customer per month, as shown on Attachment 2 of the settlement agreement.

The settlement agreement requires Consumers to fund an enhanced infrastructure replacement program (EIRP), which is 2½ years into the 25-year incremental investment main replacement program that was originally approved by the June 7, 2012 order in Case No. U-16855. The EIRP is intended to upgrade the company's natural gas infrastructure, including approximately 540 miles of cast iron pipe. According to the settlement agreement, the EIRP is currently projected to be funded with \$75 million per year, and will conform to the requirements set forth in Attachment 3 of the settlement agreement.

Other aspects of the settlement agreement provide that: (a) Consumers' gas-in-kind percentage for end-use transportation customers will remain unchanged at 1.83%; (b) Consumers will implement a gas revenue decoupling mechanism as provided in paragraph 8 of the settlement

agreement; (c) Consumers' proposal for use of an investment recovery mechanism will not be approved; (d) Consumers will use a carrying cost rate of 11.12% and a discount rate of 7.72% in its customer attachment program; (e) Consumers will amend its self-implementation filing through the filing of new tariff sheets to reduce the amount of additional annual revenues to be collected in accordance with MCL 460.6a(1) beginning January 2, 2015, to \$45 million;³ and (f) beginning April 1, 2015, Consumers will reflect miscellaneous revenues collected as a result of its buy/sell and asset management agreement transactions as a reduction to its gas cost recovery (GCR) cost of gas in the company's annual GCR proceedings, subject to annual reconciliation pursuant to 1982 PA 304; MCL 460.6h *et seq.*, instead of treating those revenues as an offset to the company's revenue requirement for purposes of calculating the company's base natural gas rates.

The settlement agreement also contains a recitation regarding the signatories' understanding that, except as otherwise expressly identified, the settlement agreement does not reflect specific spending requirements for any of Consumers' programs or any specific disallowances related to the July 1, 2014 application. However, the signatories indicated that the final settlement amount is consistent with revenue levels that do not include recovery of the costs associated with the automated meter reading (AMR) program in the utility's gas-only service territory. The signatories also explain that "[t]o the extent that Consumers Energy proceeds with the AMR program as set forth in its July 1, 2014 filing in this case, Consumers Energy expressly recognizes that the Commission will not earmark additional funds beyond the revenue requirement agreed to by the parties in paragraph 1 of this Settlement Agreement for the AMR program as part of this settlement." Settlement agreement, paragraph 13.

³ Consumers' tariff filing was submitted on December 31, 2014.

The settlement agreement states that Consumers, which had earlier indicated that it would discontinue providing monthly consumption reports for its transportation customers to competitive gas suppliers who serve the company's commercial and industrial (C&I) transportation customers, has agreed to continue to provide such monthly gas consumption reports to C&I transportation suppliers until such time as a viable alternative is implemented that permits C&I transportation suppliers to readily access consumption data of their C&I transportation customers. According to the settlement agreement, this commitment "will continue until at least December 31, 2015, and may continue beyond that date, if a viable alternative is not identified sooner." Settlement agreement, paragraph 14.

Finally, the settlement agreement recites that the signatories agree that all of the nonrevenue-related tariff changes identified on Attachment 7 to the settlement agreement, including the Staff's proposed revision to sheet F4.10, should be granted.

The Commission finds the settlement agreement reasonable and in the public interest, and it therefore should be approved. The Commission encourages settlements of contested cases, and commends the parties for their diligence and cooperation in reaching the settlement.

THEREFORE, IT IS ORDERED that:

A. The settlement agreement, attached as Exhibit A,⁴ is approved in its entirety.

B. Consumers Energy Company is authorized to increase its retail gas distribution rates by \$45 million on an annual basis effective for service rendered on and after the day following issuance of this order through means of an equal percent rate design as depicted on Attachment 1 of the

⁴ Due to their length, the attachments to the settlement agreement will not be appended to paper copies of this order. The settlement agreement and all of its attachments will be attached to electronic copies of the order, and are available at <http://efile.mp.sc.state.mi.us/efile/docs/17643/0088.pdf>.

settlement agreement, which reflects an authorized rate of return on common equity of 10.3%, and an overall rate of return of 8.99% on a pre-tax basis.

C. Consumers Energy Company is authorized to implement a residential customer charge and, for qualifying principal residence customers, an income assistance credit of \$11.50 per customer per month, as shown on Attachment 2 of the settlement agreement.

D. Consumers Energy Company shall fund and carry out the requirements relating to its enhanced infrastructure replacement program set forth in greater detail on Attachment 3 of the settlement agreement.

E. Consumers Energy Company shall continue providing monthly consumption reports for its transportation customers to competitive gas suppliers who serve the company's commercial and industrial transportation customers as provided in paragraph 14 of the settlement agreement.

F. The tariff changes proposed on Attachment 7 of the settlement agreement, including the Commission Staff's revision to sheet F4.10, are approved.

G. Within 30 days of the date of this order, Consumers Energy Company shall file revised tariff sheets substantially similar to those contained in the settlement agreement.

The Commission reserves jurisdiction and may issue further orders as necessary.

Any party desiring to appeal this order must do so in the appropriate court within 30 days after issuance and notice of this order, pursuant to MCL 462.26.

MICHIGAN PUBLIC SERVICE COMMISSION

John D. Quackenbush, Chairman

Greg R. White, Commissioner, dissenting in a separate opinion

Sally A. Talberg, Commissioner

By its action of January 13, 2015.

Mary Jo Kunkle, Executive Secretary

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

* * * * *

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

Case No. U-17643

DISSENTING OPINION OF COMMISSIONER GREG R. WHITE

(Submitted January 13, 2015)

I generally support the use of settlement agreements as a means for the parties to resolve their disputes expeditiously and fairly. Indeed, Rule 333 of the commission’s Rules of Practice and Procedure and Section 78 of the Administrative Procedures Act encourage resolution through stipulation and settlement. As the Commission has observed:

A solution devised by the parties themselves is more likely to fit their needs and circumstances. A settlement also conserves the scarce resources of the parties and the Commission. For these reasons, and as long as it can be demonstrated that the public interest is served by a particular settlement, the Commission encourages parties to settle their disputes.

August 24, 1993 order in Case No. U-9974-R.

In this case, I question whether the public interest is in fact being served by settlement. Consumers’ last contested gas rate case, Case No. U-15986, was completed on May 17, 2010. Since that time, Consumers has filed three additional gas rate cases, Case No. U-16855, Case No. U-17197, and the instant case. Two of these cases were settled in “black box” fashion and one was withdrawn. In light of these truncated proceedings, the Commission has little information on many, if not most, of the details covered by the settlement in a very important rate case. As noted

above, I support the use of settlements as a means to quickly and reasonable dispense with proceedings, including rate cases. However, the overreliance on settlement can lead to a lack of transparency in the ultimate result, as I believe it has here. For these reasons, I respectfully dissent.

MICHIGAN PUBLIC SERVICE COMMISSION

Commissioner, Greg R. White

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the application of)	
CONSUMERS ENERGY COMPANY)	
for authority to increase its rates for the)	Case No. U-17643
distribution of natural gas and for other relief)	
_____)	

SETTLEMENT AGREEMENT

Pursuant to MCL 24.278 and Rule 333 of the Rules of Practice and Procedure before the Michigan Public Service Commission (“MPSC” or the “Commission”), the undersigned parties agree as follows:

WHEREAS, on July 1, 2014 Consumers Energy Company (“Consumers Energy” or the “Company”) filed an Application requesting authority to increase its rates for the distribution of natural gas and other relief. The Company filed testimony and exhibits in support of its positions concurrently with its Application.

WHEREAS, the initial prehearing conference in this proceeding was held on August 5, 2014 before Administrative Law Judge Theresa A.G. Staley.¹ The parties to the case are Consumers Energy, the Commission Staff, Attorney General Bill Schuette (“Attorney General”), the Association of Businesses Advocating Tariff Equity (“ABATE”), Midland Cogeneration Venture Limited Partnership (“MCV”), and Retail Energy Supply Association (“RESA”).

WHEREAS, Consumers Energy filed testimony and exhibits requesting an increase in its natural gas rates of \$88 million and seeking various other forms of relief, and the MPSC Staff and other intervening parties filed testimony and exhibits addressing various issues.

NOW THEREFORE, for purposes of settlement of Case No. U-17643, the undersigned parties agree as follows:

¹ The case was reassigned to Administrative Law Judge Dennis W. Mack on December 17, 2014.

1. Consumers Energy should be authorized to increase its retail gas distribution rates so as to produce additional annual revenues of \$45 million.

2. The \$45 million rate increase will be implemented using an equal percent rate design. The parties agree that the rates developed as shown on Attachment 1 to this Settlement Agreement should be approved by the Commission. Tariff sheets implementing the rate increase shown in Attachment 1 are attached to this Settlement Agreement as Attachment 2 and should be approved by the Commission.

3. The parties agree that the annual revenue increase of \$45 million stated in paragraph 1 reflects, on a non-precedential basis, an authorized rate of return on common equity of 10.3%, and an overall rate of return of 8.99% on a pre-tax basis.

4. The parties agree that the resolution of all issues reflected in the \$45 million amount is non-precedential, and all parties reserve the right to take different positions in future rate proceedings regarding all such issues.

5. The parties agree that, commencing with the Commission's order approving this Settlement Agreement, Consumers Energy will implement a residential Customer Charge and, for qualifying Principal Residence Customers, an Income Assistance Credit of \$11.50 per customer per month. Tariff sheets implementing the Customer Charge and Income Assistance Credit are included in Attachment 2 and should be approved by the Commission.

6. Consumers Energy agrees that it will fund an Enhanced Infrastructure Replacement Program ("EIRP"). The EIRP is a twenty-five year incremental investment program intended to upgrade natural gas infrastructure, which includes approximately 540 miles of cast iron pipe. The EIRP is based on transmission and distribution integrity management principles intended to eliminate cast iron pipe and other high-risk components as identified through existing Federal and State code requirements. EIRP is currently projected at \$75 million per year. The EIRP will conform to the requirements set forth in Attachment 3 to this Settlement

Agreement. An illustration of the methodology for calculating of the EIRP refund amount, if any, is included as Attachment 4 to this Settlement Agreement.

7. The parties agree that the gas-in-kind (“GIK”) percentage for end-use transportation customers remains unchanged at 1.83%.

8. The parties agree that Consumers Energy will implement a gas revenue decoupling mechanism (“RDM”) that will compare the weather normalized actual revenue realized by the Company to the approved qualifying rate case revenue by rate schedule, as proposed in the MPSC Staff’s December 2, 2014 filing, under the following conditions: (1) for full service customers, revenues reflected in the calculation will be equal to total rate schedule revenue less customer charge and Excess Peak revenues, Gas Cost Recovery (“GCR”) revenue, and other surcharge revenue; (2) for gas choice customers, revenues reflected in the calculation will be equal to total rate schedule revenue less customer charge revenue and other surcharge revenue; (3) all months associated with the projected test-year will be excluded from true-up; thus, (4) the first annual reconciliation period commences with the first month following the end of the general rate case projected test-year (i.e. commencing January 1, 2016); (5) operation of the mechanism will terminate upon utility implementation of new rates (whether or not self-implemented pursuant to 2008 PA 286) and must be re-approved in the next general rate-case order; (6) allocation of the qualifying revenue shortfall will be by rate schedule, consistent with the calculation; (7) the actual revenue used in the calculation will be weather-normalized in a manner consistent with the weather-normalization method proposed by Consumers Energy in this case; and (8) rate schedule GS-3 and all transportation schedules (ST, LT, and XLT) will be exempt from the calculation. For the period commencing January 1, 2016, the sales level that will be used for reconciliation will be the sales level and customer count proposed by Consumers Energy in its July 1, 2014 filing in this case; see Attachment 5. The

parties further agree that the Commission should grant all accounting approvals necessary for Consumers Energy to implement its RDM as set forth herein.

9. In its Application, Consumers Energy requested the Commission to approve an Investment Recovery Mechanism. The parties agree that the Investment Recovery Mechanism shall not be approved as part of this Settlement Agreement.

10. The parties agree for purposes of this Settlement Agreement that for use in Consumers Energy's Customer Attachment Program under Rule C8, the carrying cost rate is 11.12% and the discount rate is 7.72% as set forth on Attachment 6, reflecting a rate of return on common equity of 10.30%.

11. On December 5, 2014, Consumers Energy filed testimony and proposed tariff sheets indicating the Company's intention, pursuant to MCL 460.6a(1), to self-implement rates calculated to provide additional annual revenue in the amount of \$60 million beginning January 2, 2015. Consistent with the revenue requirement established in this Settlement Agreement, Consumers Energy agrees that it will file new self-implementation tariffs with the Commission on or before January 2, 2015 reflecting new self-implemented rates calculated to collect additional annual revenues in the amount of \$45 million beginning January 2, 2015 pursuant to the provisions of MCL 460.6a(1).

12. Consumers Energy agrees that, beginning April 1, 2015, the Company will reflect miscellaneous revenues collected as a result of its Buy/Sell and Asset Management Agreement ("AMA") transactions as a reduction to its GCR cost of gas in the Company's annual GCR proceedings, subject to annual reconciliation pursuant to Public Act 304, instead of treating those revenues as an offset to the Company's revenue requirement for purposes of calculating the Company's base natural gas rates.

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

programs of the Company or include any specific disallowances related to amounts presented in Consumers Energy's July 1, 2014 filing in this case. However, the parties acknowledge that the final settlement amount is consistent with revenue levels that do not include recovery of the costs associated with the Automated Meter Reading ("AMR") program in the Company's gas-only service territory. To the extent that Consumers Energy proceeds with the AMR program as set forth in its July 1, 2014 filing in this case, Consumers Energy expressly recognizes that the Commission will not earmark additional funds beyond the revenue requirement agreed to by the parties in paragraph 1 of this Settlement Agreement for the AMR program as part of this settlement.

14. Consumers Energy has traditionally provided monthly consumption reports for its transportation customers to competitive gas suppliers who serve the Company's commercial and industrial ("C&I") transportation customers. In July 2014, Consumers Energy notified those gas suppliers that the Company intended to discontinue the provision of those reports; however, the Company has become aware that the information provided in those reports is not readily available from any other source. Therefore, Consumers Energy agrees that it will continue to provide the monthly Gas Transportation Consumption Report to C&I transportation suppliers until such time as a viable alternative is implemented that permits C&I transportation suppliers to readily access consumption data of their C&I transportation customers. This commitment will continue until at least December 31, 2015, and may continue beyond that date, if a viable alternative is not identified sooner.

15. Consumers Energy's July 1, 2014 filing in this case included a number of tariff requests pertaining to issues unrelated to the Company's proposed revenue deficiency. A complete list of those tariff requests is attached to this Settlement Agreement as Attachment 7. Also included in Attachment 7 is the Staff proposed revision to sheet F4.10 included as part of

Staff's December 2, 2014 filing. The parties agree that all of the tariff changes identified in Attachment 7 should be granted.

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

17. This Settlement Agreement is based on the facts and circumstances of this case and is intended for the final disposition of Case No. U-17643. So long as the Commission approves this Settlement Agreement without any modification, the parties agree not to appeal, challenge, or otherwise contest the Commission order approving this Settlement Agreement. The parties agree and understand that this Settlement Agreement does not limit any party's right to take new and/or different positions on similar issues in other administrative proceedings, or appeals related thereto.

18. This Settlement is not severable. Each provision of the Settlement Agreement is dependent upon all other provisions of this Settlement Agreement. If the Commission rejects or modifies this Settlement Agreement or any provision of the Settlement Agreement, this Settlement Agreement shall be deemed to be withdrawn, shall not constitute any part of the record in this proceeding or be used for any other purpose, and shall be without prejudice to the pre-negotiation positions of the parties.

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

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

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

MICHIGAN PUBLIC SERVICE
COMMISSION STAFF

By:  Digitally signed by
Lauren D. Donofrio
Date: 2014.12.30
17:28:38 -05'00'

Lauren D. Donofrio (P66026)
Bryan A. Brandenburg (P77216)
Assistant Attorneys General
Public Service Division
7109 W. Saginaw Hwy, 3rd Floor
Lansing, MI 48917

CONSUMERS ENERGY COMPANY

By:  Digitally signed by Bret
A. Totoraitis
Date: 2014.12.30 15:47:15
-05'00'

H Richard Chambers (P34139)
Bret A. Totoraitis (P72654)
Attorneys for Consumers Energy
One Energy Plaza
Jackson, MI 49201

ATTORNEY GENERAL
BILL SCHUETTE

By:  Digitally signed by John A. Janiszewski
DN: cn=John A. Janiszewski, o=Michigan
Department of Attorney General, ou,
email=JaniszewskiJ2@michigan.gov,
c=US
Date: 2014.12.30 16:04:18 -05'00'

John A.
Janiszewski

John A. Janiszewski (P74400)
Assistant Attorney General
Environment, Natural Resources
and Agriculture Division
6th Floor Williams Building
525 Ottawa Street
P.O. Box 30755
Lansing, MI 48909

Attachment 1

MICHIGAN PUBLIC SERVICE COMMISSION

Case No.: U-17643

Consumers Energy Company
 Summary of Present and Proposed Revenue by Rate Schedule
 Total Revenue

Attachment 1
 Date: December 2014
 Page 2 of 3

Line No.	Description	(a)	(b)	(c)	(d)	(e)	(f)
		Monthly Cust. Count	Annual Consumption MMcf	Present Revenues \$000	Proposed Revenues \$000	Difference Revenues \$000	Percent %
Gas Sales (1)							
Residential Service							
1	Single Family Dwelling A	1,594,772	149,960	\$ 1,340,493	\$ 1,373,009	\$ 32,516	2.4
2	Multifamily Dwelling A-1	8,740	6,714	51,920	52,970	1,050	2.0
3	Total Residential Service	1,603,512	156,674	1,392,413	1,425,979	33,566	2.4
General Service							
4	Small Service GS-1	99,069	20,323	160,964	164,222	3,258	2.0
5	Medium Service GS-2	27,390	34,438	237,003	241,129	4,127	1.7
6	Large Service GS-3	924	10,607	64,333	65,258	924	1.4
7	Outdoor Lighting GL	8	2	12	13	1	6.2
8	Total General Service	127,391	65,369	462,312	470,622	8,310	1.8
9	Total Gas Sales	1,730,903	222,043	1,854,725	1,896,601	41,876	2.3
Transportation							
10	Small Transport ST	1,332	18,020	20,498	21,652	1,154	5.6
11	Large Transport LT	568	20,971	16,017	16,918	901	5.6
12	Extra-large Transport XLT	245	32,699	15,979	16,879	900	5.6
13	Total Transportation	2,145	71,691	52,493	55,449	2,955	5.6
14	Total Service (Delivery & Fuel)	1,733,048	293,734	\$ 1,907,219	\$ 1,952,050	\$ 44,831	2.4
15	Additional Late Payment Charge Revenues					164	
16	Revenue increase/(decrease) due to rounding					5	
17	Total Revenue (Sufficiency)/Deficiency					\$ 45,000	

Note

(1) Includes aggregate billed transportation accounts.

Attachment 2
M.P.S.C. No. 2 - Gas

INDEX

(Continued From Sheet No. A-2.00)

Sheet No.**SECTION C
COMPANY RULES AND REGULATIONS****Part I - Applicable to All Customers**

C1.	CHARACTERISTICS OF SERVICE	
	C1.1 Character of Service	C-1.00
	C1.2 Hours of Service	C-1.00
	C1.3 Use of Service	C-2.00
	C1.4 Unusual Facility Requirements	C-3.00
	C1.5 Invalidity of Oral Agreements or Representations	C-3.00
	C1.6 Transfers of Gas	C-3.00
	C1.7 <i>General Provisions of Service</i>	C-4.00
C2.	CONTROLLED SERVICE	C-4.00
C3.	CURTAILMENT OF GAS SERVICE	C-7.00
C4.	APPLICATION OF RATES	
	C4.1 Classes of Service	C-19.00
	C4.2 Choice of Rates	C-19.00
	C4.3 Application of Residential Usage and Non-Residential Usage	C-19.00
	C4.4 Resale	C-21.00
	C4.5 Mobile Home Park - Individually Served	C-21.00
	C4.6 Centrally Metered Installation	C-22.00
	C4.7 <i>Aggregation of Accounts</i>	C-23.00
C5.	CUSTOMER RESPONSIBILITIES	
	C5.1 Access to Customer's Premises	C-23.10
	C5.2 Bills and Payments	C-23.10
	C5.3 Restoration of Service	C-26.00
	C5.4 Shutoff Protection Plan for Residential Customers	C-27.00
	C5.5 Customer-Selected Due Date Program	C-28.00
C6.	METERING AND METERING EQUIPMENT	C-28.10
C7.	GAS COST RECOVERY CLAUSE AND STANDARD REFUND PROCEDURES	
	C7.1 Gas Cost Recovery Clause	C-29.00
	C7.2 Standard Refund Procedures for Gas Cost Recovery and Other Supplier Refunds	C-30.00
C8.	CUSTOMER ATTACHMENT PROGRAM	C-34.00

Part II - Energy Efficiency, Applicable to All Customers

C9.	ENERGY EFFICIENCY	
	C9.1 Energy Efficiency Program	C-58.10

Part III - Applicable to Non-Residential Customers and Multifamily Dwelling Service Rate A-1 Customers

C10.	CUSTOMER DEPOSITS	C-59.00
C11.	SHUTOFF OF SERVICE	C-59.00

Part IV - Applicable to All Customers

C17.	CUSTOMER DATA PRIVACY	
C17.1	Definitions	C-60.00
C17.2	Collection and Use of Data and Information	C-61.00
C17.3	Disclosure without Informed Customer Consent	C-61.00
C17.4	Disclosure to Contractors	C-61.00
C17.5	Customer Access to Data	C-62.00
C17.6	Customer Notice of Privacy Policies	C-62.00
C17.7	Limitation of Liability	C-62.00

INDEX

(Continued From Sheet No. A-3.00)

	<u>Sheet No.</u>
<u>SECTION D</u>	
<u>RATE SCHEDULES</u>	
GENERAL TERMS AND CONDITIONS OF THE RATE SCHEDULES	D-1.00
SURCHARGES	D-1.10
GAS COST RECOVERY FACTORS	D-2.00
QUARTERLY GAS COST RECOVERY (GCR) FACTOR CEILING PRICE ADJUSTMENT (CONTINGENCY) MECHANISM	D-3.00
RATE CATEGORIES	D-6.00
RESIDENTIAL SERVICE RATE A	D-8.00
MULTIFAMILY DWELLING SERVICE RATE A-1	D-9.00
GENERAL SERVICE RATE GS-1, GS-2 AND GS-3	D-11.00
GENERAL SERVICE OUTDOOR LIGHTING RATE GL	D-12.00
<u>SECTION E</u>	
<u>TRANSPORTATION SERVICE</u>	
E1. GENERAL PROVISIONS AND DEFINITIONS	
E1.1 Definitions	E-1.00
E1.2 Application of Rules	E-2.00
E1.3 Possession of Gas	E-2.00
E2. RECORDS, ACCOUNTING AND CONTROL	
E2.1 Transmittal of Notices, Bills and Payments	E-2.00
E2.2 Nominations, Accounting and Control	E-3.00
E3. GAS QUALITY	
E3.1 Quality	E-3.00
E3.2 Heating Value	E-4.00
E4. SERVICE REQUIREMENTS	
E4.1 Quantities	E-4.00
E4.2 Delivery Pressure	E-5.00
E4.3 Shutoff of Service	E-5.00
E5. BILLING	E-5.00
E6. AUTHORIZED GAS USAGE CHARGE	E-6.00
E7. UNAUTHORIZED GAS USAGE CHARGE	E-6.00
E8. TRANSPORTATION RATE RESTORATION CHARGE	E-6.00
E9. TRANSPORTATION STANDARDS OF CONDUCT	E-9.00
E10. TRANSPORTATION STANDARDS OF CONDUCT COMPLAINT PROCEDURES	E-10.00
TRANSPORTATION SERVICE RATE (Rates ST, LT and XLT)	E-11.00
CONTRACT STORAGE SERVICE RATE CS	E-15.00

(Continued on Sheet No. A-4.10)

(Continued From Sheet No. C-3.00)

C1. CHARACTERISTICS OF SERVICE (Contd)**C1.6 Transfers of Gas (Contd)**

- C. Where partial transfer of gas requirements for gas equipment in a building is requested, sufficient equipment must be removed from service or converted to another source of fuel in that building to equal the gas requirements of the transferred equipment.
- D. Gas requirements for gas equipment cannot be transferred from one class of service to another, except residences converted to commercial use may continue to utilize gas requirements of existing equipment.
- E. Service to transferred equipment must be initiated within 12 months after shutoff of service at the original location. All costs (except the costs of a standard meter and standard regulator) associated with transfers must be borne by the customer requesting the transfer.
- F. Once gas requirements are transferred to a new location, resumption of service at the old location is subject to the rules (including gas allocation) governing service to new customers.
- G. Customers restricted by a gas service contract to an annual capacity reservation and who operate at two or more locations may transfer, in total or in part, gas volumes from one such restricted account to another.

C1.7 General Provisions of Service**A. Service Requirements**

The customer is required, at no expense to the Company: (a) to provide space for Company facilities on the customer's premises to meet the customer's needs for service, and (b) to allow the Company to trim, cut down, remove, or otherwise prevent future growth of trees and brush on the customer's premises that, in the Company's discretion, interfere or threaten to interfere with or be hazardous to the construction, operation and maintenance of the Company's facilities.

C2. CONTROLLED SERVICE**A. Scope**

This rule provides the Company with the authorization to control the attachment of load, consistent with changes in gas supply as they occur.

This rule shall apply to additional equipment installed by an existing customer following the declaration of a controlled service condition but not to the additional use of gas in equipment installed previous to the declaration of a Controlled Service Condition.

B. Notice of Controlled Service Condition

The Company shall provide not less than 90 days' advance written notice of a Controlled Service condition to all firm customers, except where actions by foreign, federal, state or local government, regulatory agencies or force majeure preclude the giving of such notice.

C. Application for Service

Upon the declaration of a Controlled Service condition, all those within the affected priorities requesting gas sales service shall make written application for such service on a form provided by the Company.

D. Approval of Application for Service

- (1) As the Company is able to contract for gas supplies at reasonable and prudent prices, terms and conditions, applications for service shall be approved subject to the following:
 - (a) Approval shall be on a first-requested, first-served basis within each Controlled Service Priority.

(Continued on Sheet No. C-5.00)

M.P.S.C. No. 2 – Gas

Consumers Energy Company

Sheet No. C-19.00

(Continued From Sheet No. C-18.00)

C4. APPLICATION OF RATES**C4.1 Classes of Service**

The rates specified in this schedule are predicated upon the delivery of each class of service to a single metering point for the total requirements of each separate premises of the customer, unless otherwise provided for in the Company's Gas Rate Book.

Service to different delivery points and/or different classes of service on the same premises shall be separately metered and separately billed. In no case shall service be shared with another premises or transmitted off the premises to which it is delivered.

C4.2 Choice of Rates

In some cases the customer is eligible to take service under a choice of rates. Upon request, the Company shall advise the customer in the selection of the rate which will give the customer the lowest cost of service, based on the information available, but the responsibility for the selection of the rate lies with the customer.

After the customer has selected the rate under which the customer elects to take service, the customer shall not be permitted to change from that rate to another rate until at least 12 months have elapsed. The customer shall not be permitted to evade this rule by temporarily terminating service. However, the Company may, at its option, waive the provisions of this paragraph where it appears that an earlier change is requested for permanent rather than for temporary or seasonal advantage. The effective date of a rate change under this rule shall be the beginning read date of the next bill issued, providing the Company was notified 30 days prior to the effective date. The intent of this rule is to prohibit frequent shifts from rate to rate.

No refund shall be made of the difference in charges under different rates applicable to the same class of service.

C4.3 Application of Residential Usage and Non-Residential Usage**A. Residential Usage and Rate Application**

For purposes of rate application "residential usage" shall be usage metered and consumed within an individual household, and reasonably appurtenant and related to and normally associated with such a household, for such applications as space conditioning, cooking, water heating, refrigeration, clothes drying, incineration, lighting and other similar household applications.

The term "household" includes single-family homes, farm homes, seasonal dwellings, duplexes, and individual living units within mobile home parks, condominiums, apartments and cooperatives; provided, however, to qualify for residential usage a household must have the normal household facilities such as bathroom, individual cooking and kitchen sink facilities, and have received an occupancy permit or similar instrument, if issued, by the local governing authority. *Customers requiring temporary gas service for a residential dwelling under construction shall be served under General Service Rate GS-1 until a permit for occupancy is obtained for the premises.*

The term "principal residence customer" is a customer who takes service at a permanent, year-round dwelling which is his/her Principal Residence throughout the year. The residence address would normally be the customer's voting address and the address used on the customer's driver's license.

(Continued on Sheet No. C-20.00)

(Continued From Sheet No. C-22.00)

C4. APPLICATION OF RATES (Contd)**C4.6 Centrally Metered Installation (Contd)****D. Customer-Owned Centrally Metered Installation Installed Prior to May 24, 1996**

Where a customer owns the service lines in a centrally metered installation, the customer must inspect, operate and maintain the installation in accordance with applicable code requirements or must enter into a contract with a person who is qualified to inspect, operate and maintain the installation in accordance with applicable code requirements. The Company shall offer the customer a contract which provides for operation and maintenance in accordance with applicable code requirements. Under the terms of the contract, the Company shall be permitted to recover the direct cost for service performed plus an appropriate administrative overhead.

E. Conversion of a Centrally Metered Installation to Individual Meters

Where a centrally metered gas customer requests conversion from a single meter serving more than one household to separate meters serving individual households, the customer shall pay a nonrefundable contribution in aid of construction equal to the cost of:

- (1) Installation of meters and regulators, but not the cost of meters and regulators.
- (2) Relocation of any service lines.
- (3) Additional service lines.
- (4) Additional main in accordance with Rule C8, Customer Attachment Program, and all other provisions included within this Rule C4.6.
- (5) Removal of existing facilities.
- (6) Connection Fee required in accordance with Rule C8, Customer Attachment Program.

The customer shall receive credit toward these costs for the salvage value of the facilities removed except meters and regulators. Payment for gas service billed through the individual meters shall be the responsibility of the centrally metered customer who requests the conversion until the occupant of a household requests gas service in his or her own name.

The customer or the customer's agent shall continue to provide, own, install and maintain facilities beyond the outlet of the Company's meter.

C4.7 Aggregation of Accounts

Customer may qualify for aggregation of accounts under Option A or B below. Aggregation is not available to Gas Customer Choice customers.

Option A: Contiguous Facilities

When an industrial or commercial customer purchasing gas under General Service Rate Schedule GS or a commercial and/or industrial transportation customer transporting gas under the Transportation Rate Schedule occupies a group of buildings or parts of buildings which are exclusively used by such customer as a unitary enterprise under a common ownership or leasehold, the quantities of gas supplied to such buildings or parts of buildings under the same Rate Schedule will be added for the purpose of determining the amount of the bill which such customer shall receive for service, provided:

- A. *The buildings or parts of buildings are situated upon the same parcel or contiguous parcels of land and are exclusively occupied and used by the customer as a unitary enterprise at one location and under one management; or*

(Continued on Sheet No. C-23.10)

(Continued From Sheet No. C-23.00)

C4.7 Aggregation of Accounts (Contd)

Option A: Contiguous Facilities (Contd)

- B. *The buildings or parts of buildings, separated by a public street or alley (but not including a limited-access highway), are situated upon parcels of land which occupy wholly or in part immediately opposite street frontages on the same street or alley and are exclusively occupied and used by the customer as a unitary enterprise at one location and under one management.*

Option B: Master Account

A customer receiving gas service at multiple facilities under a common ownership may elect to aggregate the quantities of gas supplied to such facilities if the following conditions are met:

- A. *The customer must designate one of the facilities as the master account. The master account must be a transportation account under Rate (ST, LT, and XLT).*
- B. *Only subsidiary accounts will be eligible for aggregation with the master account. To qualify as a subsidiary account a facility must be served under a sales service Rate Schedule (Rate A, A-1, GS). The customer must specify which of the other facilities will be designated as a subsidiary account.*
- C. *The facility designated as the master account shall be subject to and billed under the provisions of its transportation tariff. Facilities designated as subsidiary accounts shall be subject to all the terms and conditions of the master account tariff, except that the subsidiary accounts will pay the customer charge and distribution charge in effect for their designated sales rates rather than the customer charge and transportation charge in effect for the master account.*

C5. CUSTOMER RESPONSIBILITIES

C5.1 Access to Customer's Premises

The Company's authorized agents shall have access to the customer's premises at all reasonable hours, to install, inspect, read, repair, relocate or remove its meters; to install, operate, maintain, relocate and remove other Company property, and to inspect and determine the load characteristics of appliances installed on the customer's premises. Neglect or refusal on the part of the customer to provide reasonable access shall be sufficient cause for shutoff of service by the Company, and assurance of access may be required before service is restored.

C5.2 Bills and Payments

A. Billing Frequency

Bills for gas service shall be rendered on approximately a monthly basis, and shall be due and payable on or before the due date shown on each bill.

(Continued on Sheet No. C-24.00)

(Continued From Sheet No. C-23.10)

C5. CUSTOMER RESPONSIBILITIES (Contd)

C5.2 Bills and Payments (Contd)

B. Meter Reads and Estimated Bills

The Company shall schedule meters to be read on approximately a monthly basis and will attempt to read meters in accordance with such schedule.

When the Company is unable to obtain an actual meter reading, the bill shall be estimated on the basis of past service records, adjusted, as may be appropriate. Where past service records are not available or suitable for use, such billing shall be based upon whatever other service data are available. Each such account shall be adjusted as necessary each time an actual meter reading is obtained.

C. Customer Meter Reads

Bills rendered for gas service for periods for which readings were not obtained shall have the same force and effect as those based upon actual meter readings. Any customer may read his/her own meter and provide the readings to the Company on a secure Company website, by telephone or on appropriate forms which shall be provided by the Company.

D. Responsibility for Payment

The customer is responsible for the payment of bills until service is ordered shut off or terminated and the Company has had reasonable time to secure a final meter reading.

E. Due Date

The Company shall allow each customer a period of not less than 21 calendar days, from the date the bill was transmitted to pay in full.

If a bill remains unpaid and not in dispute five days after its due date, the Company shall then have the right to issue to the customer a notice of intent to shut off service ten days or more after issuance of the notice.

F. Late Payment Charge

The Company shall assess a late payment charge as authorized by the Company's Gas Rate Book.

G. Returned Bill Payments

A check, debit card, credit card or other form of payment remitted as a bill payment and returned or an authorized prepayment not honored by the bank or financial institution against which it is drawn shall be rebilled to the customer's account. A \$15.00 charge shall be assessed to the customer for processing a payment or an authorized prepayment returned by a bank or other financial institution for reason of insufficient funds, account closed, no account and similar situations, excluding bank or financial institution errors.

(Continued on Sheet No. C-25.00)

(Continued From Sheet No. C-31.00)

C7. GAS COST RECOVERY CLAUSE AND STANDARD REFUND PROCEDURES (Contd)

C7.2 Standard Refund Procedures for Gas Cost Recovery and Other Supplier Refunds (Contd)

C. Refund Pass-Through (Contd)

(2) To Non-GCR Customers [Traditional Methodology]

All Non-GCR customer refund liabilities shall be credited to a refund liability account to accrue interest until such time as these monies are authorized to be refunded. The interest rate for pipeline refunds, and unrefunded balances shall be the Company's authorized rate of return on common equity.

Application for distribution of Non-GCR customer refund liabilities shall be included in the Company's annual GCR reconciliation filing.

(3) Distribution of Non-GCR Customer Refunds in General

(a) Data Retention

The Company shall maintain individual customer consumption data for a minimum period of four years. In addition, the last known address of each customer who has left the Company's system shall be maintained for the same time period.

(b) Refund Distribution Period

The refund distribution period shall correspond to the period used to allocate the refund liability except when the allocation period exceeds the 48-month retention period for individual customer consumption data.

In the event that the refund allocation period covers time periods beyond the 48-month data retention period, a more current period for which data is available may be used as the refund distribution period.

When multiple refunds are being considered in the same refund proceeding, refund liability amounts allocated to each respective rate class may be aggregated and the sum distributed using the most logical refund distribution period.

(c) Current Customers

Refunds shall be made to current customers based upon their consumption at any location in the Company's service territory during the refund distribution period. Bill credits shall appear as a separate line item on the bill and be identified as a refund. Rights to any portion of a refund shall not vest until a refund amount has been credited to a customer's bill or a refund *payment* to a past customer is negotiated, *or an electronic payment of the refund has been successfully processed.*

(Continued on Sheet No. C-33.00)

(Continued From Sheet No. C-32.00)

C7. GAS COST RECOVERY CLAUSE AND STANDARD REFUND PROCEDURES (Contd)

C7.2 Standard Refund Procedures for Gas Cost Recovery and Other Supplier Refunds (Contd)

C. Refund Pass-Through (Contd)

(3) Distribution of Non-GCR Customer Refunds in General (Contd)

(d) Past Customers

All past customers who had consumption during the refund distribution period shall be issued a refund check *or issued an electronic payment of the refund*, to their last known address, except that the Company is not required to issue refunds to past customers who would receive \$10.00 or less, those in arrears with the Company, or to customers whose *payments* were returned as undeliverable from previous refunds. Rights to any portion of a refund shall not vest until a refund amount has been credited to a customer's bill or a refund check to a past customer is negotiated, *or an electronic payment of the refund has been successfully processed*. After 180 days, *amounts that have not been successfully refunded, including any returned or uncashed check* shall be transferred to the refund liability account to be refunded with interest in the next refund.

(e) Customers in Arrears

Refunds made pursuant to these procedures will be applied against any past due amounts owing to the Company. The amount, if any, in excess of the amount owed will be refunded in accordance with these procedures.

(f) Refund Completion Reports

Six months after the completion of a refund distribution, the Company shall submit a completion report to the Commission Staff showing the amount actually refunded as compared to the authorized refund amount and the date the refund was completed.

(g) Unrefunded Balances

Any undistributed amounts remaining shall be rolled back into the refund liability account to accrue interest at the Company's authorized rate of return on common equity until refunded to customers in the next refund distribution.

(Continued on Sheet No. C-34.00)

(Continued From Sheet No. C-33.00)

C8. CUSTOMER ATTACHMENT PROGRAM

A. Purpose

The Company proposes to make extension of its gas mains and/or service lines from time to time, at its own cost, to serve applicants whose requirements will not disturb or impair the service to prior users or will not require an expenditure out of proportion to the revenue obtainable therefrom.

The Company reserves the right to delay or deny a request for service under this rule, if fulfilling such a request could, in the Company's opinion, create conditions potentially adverse to the Company or its customers. Such conditions may include, but are not limited to, safety issues, system operating requirements or capital constraints. The provisions under this Rule are in addition to the existing rules and tariffs for customer gas service.

When relocation or modification of Company facilities to an existing structure with gas service is requested or made necessary by the customer, all costs for the relocation or modification shall be charged to the requesting party.

B. Customer Contribution

A customer contribution shall be required *totaling* the following components: Connection Fee, *any Revenue Deficiency*, any Excessive Service Line Fee, *and* any Direct Charges. Direct Charges include, but are not limited to, any specific license fees, inspection fees, or rights of way fees charged by any political subdivision for any construction provided under this rule, and are to be paid *directly to the Company*. Direct charges shall also include an additional charge per foot for winter construction of all underground construction as installed, excluding conduit, applied to projects constructed during the period of December 15 to April 15, for installation of distribution or service facilities. This charge shall be based on periodic reviews of actual costs by the Company.

Any written communication from the Company regarding construction activity and its associated contribution due from the customer, unless specified otherwise in the document, shall have an expiration date of 60 days from the date issued. If either the customer or the Company takes no action by that time, the Company shall have the right to withdraw the proposal or modify the conditions under which it was made.

The Company, at its sole discretion, may waive fees or extend the service line limit for attaching parties located at the Company's storage fields or gas well locations based on the economics of a proposed project, when provided for in writing by the Company.

C. Payment of Customer Contribution

The Connection Fee, Direct Charges and the Excessive Service Line Fee are payable in lump sum *prior to construction*. *The Company may choose to collect these charges after construction, but prior to the meter being set, when it allows the Company to better align the construction schedule with the customers' desired service dates.* The Connection Fee is non-refundable. The Direct Charges and Excessive Service Line Fee are refundable if the service line has not been installed. If the service line has been installed, the Direct Charges and Excessive Service Line Fees are non-refundable.

Unless otherwise stated by the Company, the customer shall pay any remaining charges resulting from a Revenue Deficiency in a lump sum in advance of the facility expansion. Customers deemed by the Company to require significant investment for unpredictable operations may enter into a contract with the Company to have all or a portion of the revenue deficiency designated as a deposit subject to refund, at the option of the Company. Refunds shall not exceed the amount of the deposit, and shall be based solely on any incremental increase in consumption and accompanying revenues above that recognized in the Model to calculate the customer contribution.

(Continued on Sheet No. C-35.00)

(Continued From Sheet No. C-34.00)

C8. CUSTOMER ATTACHMENT PROGRAM (Contd)

C. Payment of Customer Contribution (Contd)

The Company may offer the Fixed Monthly Surcharge as an alternative payment method *for the Revenue Deficiency*. The Fixed Monthly Surcharge shall be payable monthly throughout the surcharge period. Billing of the Fixed Monthly Surcharge shall commence within six months following completion of construction of the main and initial service lines. The customer may at any time elect to pay off the remaining Fixed Monthly Surcharge balance with a lump sum payment equal to the present value of the remaining monthly payments. If the present value of the Fixed Monthly Surcharge is less than \$200.00, the Company may require the customer to make a lump sum payment. The Fixed Monthly Surcharge is assessed to the property served such that any subsequent customer requesting gas service at the property address, once notified by the Company of the amount and duration of such surcharge, shall be liable for the Fixed Monthly Surcharge. Such notification may be verbal, written or in the form of a bill which includes the Fixed Monthly Surcharge. Failure of sellers, agents, lessors or other non-company parties to notify a customer of the Fixed Monthly Surcharge shall not relieve the customer's obligation to pay the Fixed Monthly Surcharge. Failure by the customer to timely pay the Fixed Monthly Surcharge shall result in the discontinuation, shutoff of service or denial of natural gas service.

Land developers, builders, mobile home park developments or rental units are not eligible for the Fixed Monthly Surcharge and may not be considered an unpredictable operation eligible for terms of a contract subject to refund.

D. Connection Fee

The Connection Fee is equal to \$200.00 per meter. The Connection Fee is equal to \$100.00 per meter for a multiple metered installation on a single structure that is served from a single service line and where all meters are set at one time.

The Company may waive the connection fee for pre-approved builders or developers when the builder or developer digs the service trench for line installation. Such trenches must be considered usable, as determined by a Company qualified individual who will directly observe installation of service line and backfill of trench. The builder or developer must have pre-approval to implement this process by the Company to ensure an understanding of the conditions and requirements of operator qualifications.

E. Excessive Service Line Fee

The Excessive Service Line Fee will be assessed to a customer whose service line requirement is in excess of the Service Line Limit. The Excessive Service Line Fee will be calculated annually to be effective March 1. The Service Line Limit for an individual service line shall be equal to the point at which the cost of the customer's service requirements are greater than the allowance based on the Cost of Service Model. The Company reserves the right to use a different Service Line Limit for different categories of customers. The Service Line Limit will be calculated annually to be effective March 1st. In calculating the average service line length for a project containing more than one customer, the maximum length of each service line to be included in the calculation is the Service Line Limit for a primary residential home.

The Company, in its sole discretion, may waive the excessive service line fee or extend the service line limit for all attaching parties based on the economics of a proposed project. Any such waiver or extension shall not be effective unless provided in writing by the Company.

(Continued on Sheet No. C-36.00)

(Continued From Sheet No. C-36.00)

C8. CUSTOMER ATTACHMENT PROGRAM (Contd)

I. Model Assumptions

Incremental Revenues:

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

Incremental Costs:

(1) Carrying Cost Rate

The carrying cost rate will be based on the weighted rate of debt, preferred stock, equity and associated taxes. The cost will be equal to and weighted in proportion to those authorized in the Company's most recent rate order. The carrying cost rate is equal to *11.12%*.

(2) Plant in Service

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

(3) Carrying Costs

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

(4) Depreciation

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

(5) Property Taxes and Other Operating Expenses

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

(6) Discount Rate

The discount rate will be a weighted rate of long-term debt, preferred stock and common equity. The cost will be equal to and weighted in proportion to those authorized in the Company's most recent rate order. Based on the Company's rate order in Case No. U-17643, the Discount Rate is equal to *7.72%*.

J. Customer Attachment Project Areas

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

(Continued on Sheet No. C-38.00)

**SECTION C - PART II
COMPANY RULES AND REGULATIONS
(ENERGY EFFICIENCY FOR ALL CUSTOMERS)**

C9. ENERGY EFFICIENCY

C9.1 Energy Efficiency Program - Gas

This rule implements the Energy Optimization requirements of 2008 PA 295 in accordance with Orders issued by the Commission in Case No. U-15889. The monthly Energy Efficiency surcharges to be applied to each rate schedule are shown on Sheet No. D-1.10 of this Rate Book. Customers served on the Customer Choice program or with aggregated accounts under Rule C4.7 shall pay the applicable surcharge based on the selected distribution rate schedule.

SECTION D RATE SCHEDULES

GENERAL TERMS AND CONDITIONS OF THE RATE SCHEDULES

- A. Bills for utility service are subject to Michigan State Sales Tax. Customers may file a request with the Company for partial or total exemption from the application of sales tax in accordance with the laws of the State of Michigan and the rules of the Michigan State Department of Treasury.
 - B. Bills shall be increased within the limits of political subdivisions which levy special taxes, license fees or rentals against the Company's property, or its operation, or the production and/or sale of gas, to offset such special charges and thereby prevent other customers from being compelled to share such local increases.
 - C. Bills shall be increased to offset any new or increased specific tax or excise imposed by any governmental authority upon the Company's production or sale of gas.
 - D. A customer that commences service under any of the Company's Rate Schedules thereby agrees to abide by all of the applicable Rules and Regulations contained in this Rate Book for Natural Gas Service.
 - E. *Bills shall be increased within the limits of political subdivisions which adopt ordinances that require the Company to provide special services not generally provided to other political subdivisions, when such special services increase the cost of service within the political subdivision, in order to offset such costs and thereby prevent other customers from being compelled to share such local interests.*
-

RATE CATEGORIES

<u>Description</u>	<u>Rate Category</u>
RESIDENTIAL SERVICE RATE A	
Residential Space Heating	250
Residential Without Space Heating	260
Aggregation	052
Customer Choice	752
MULTIFAMILY DWELLING SERVICE RATE A-1	
Residential	251
Sales to Transportation	480
Master Account	043
Customer Choice Multi	753
GENERAL SERVICE RATE GS-1	
Commercial	261
Commercial - Sales to Transportation	273
Commercial - Master Account	265
Commercial - Contiguous	269
Commercial - Customer Choice	277
<i>Commercial – Temporary Construction Service</i>	299
Industrial	263
Industrial - Sales to Transportation	275
Industrial - Master Account	267
Industrial - Contiguous	271
Industrial - Customer Choice	279
GENERAL SERVICE RATE GS-2	
Commercial	262
Commercial - Sales to Transportation	274
Commercial - Master Account	266
Commercial - Contiguous	270
Commercial - Customer Choice	278
Industrial	264
Industrial - Sales to Transportation	276
Industrial - Master Account	268
Industrial - Contiguous	272
Industrial - Customer Choice	280
GENERAL SERVICE RATE GS-3	
Commercial	281
Commercial - Sales to Transportation	287
Commercial - Master Account	283
Commercial - Contiguous	285
Commercial - Customer Choice	289
Industrial	282
Industrial - Sales to Transportation	288
Industrial - Master Account	284
Industrial - Contiguous	286
Industrial - Customer Choice	290

(Continued on Sheet No. D-7.00)

RESIDENTIAL SERVICE RATE A**Availability**

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

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

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

Monthly Rate**Customer Charge**

\$11.50 per customer per month, plus

Income Assistance Service Provision:

When service is supplied to a Principal Residence Customer, where the total household income does not exceed 150% of the Federal Poverty level, verified by confirmation of an authorized State or Federal agency, a credit shall be applied during all billing months.

The monthly credit for the residential Income Assistance Service Provision shall be applied as follows:

Income Assistance Credit: \$(11.50) per customer per month

Distribution Charge

\$.7021 per Mcf for all Mcf purchased.

Gas Cost Recovery Charge

The gas cost recovery factors are shown on Sheet No. D-2.00.

General Terms and Surcharges

This rate is subject to all general terms and conditions shown on Sheet No. D-1.00, surcharges shown on Sheet No. D-1.10, and any applicable charges shown on Sheet No. D-1.20.

Minimum Charge

The minimum charge shall be the customer charge included in the rate.

Due Date and Late Payment Charge

The due date of the customer's bill shall be 21 days from the date of transmittal. A late payment charge of 2%, not compounded, of the portion of the bill, net of taxes, shall be assessed to any bill that is delinquent. A customer who participates in the Winter Protection Plan or who is 65 years of age or older and who has notified the Company the customer is 65 years of age or older, shall be exempt from a late payment charge as described in Rule B2, Consumer Standards and Billing Practices for Electric and Gas Residential Service, R 460.122, Allowable Charges.

Term and Form of Contract

Service under this rate shall not require a written contract.

MULTIFAMILY DWELLING SERVICE RATE A-1

Availability

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

Monthly Rate

Customer Charge

The charge per customer per month shall be the sum of the following charges:

\$11.50 per month, plus
\$0.0700 per Mcf of excess peak demand, plus

Distribution Charge

\$2.7021 per Mcf for all Mcf purchased.

Gas Cost Recovery Charge

The gas cost recovery factors are shown on Sheet No. D-2.00.

General Terms and Surcharges

This rate is subject to all general terms and conditions shown on Sheet No. D-1.00, surcharges shown on Sheet No. D-1.10, and any applicable charges shown on Sheet No. D-1.20.

Minimum Charge

The minimum charge shall be the customer charge included in the rate.

Due Date and Late Payment Charge

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

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

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

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

Rates and Charges

<u>Service Category</u>	<u>Customer Charge per Month</u>	<u>Distribution Charge</u>
GS-1	\$12.50 per meter	\$2.2890 per Mcf
GS-2	\$19.50 per meter	\$2.0712 per Mcf
GS-3	\$576.80 per meter	\$1.0730 per Mcf

Customers may choose the Service Category under which they take service, consistent with the provisions of Rules C4.1, Classes of Service, and C4.2, Choice of Rates. When the Customer is selecting its initial Service Category, the Company must advise them that the economic break even point between GS-1 and GS-2 is approximately 386 Mcf per year and the economic break even point between GS-2 and GS-3 is approximately 6,700 Mcf per year. After the initial selection is made, then it is the customer's responsibility to determine when it is appropriate to switch Service Categories, as permitted by Rule C4.2, Choice of Rates.

Gas Cost Recovery Charge

The gas cost recovery factors are shown on Sheet No. D-2.00.

General Terms and Surcharges

This rate is subject to all general terms and conditions shown on Sheet No. D-1.00, surcharges shown on Sheet No. D-1.10, and any applicable charges shown on Sheet No. D-1.20.

Minimum Charge

The minimum charge shall be the customer charge included in the rate.

Due Date and Late Payment Charge

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

Term and Form of Contract

Service under this rate shall not require a written contract.

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

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

Nature of Service

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

Monthly Rate

~~\$11.00~~ per luminaire having a rated consumption of 2.5 cubic feet or less per hour.

~~\$15.00~~

~~\$19.00~~ per luminaire having a rated consumption of more than 2.5 cubic feet but not more than 4.5 cubic feet per hour.

~~\$23.00~~

General Terms and Surcharges

This rate is subject to all general terms and conditions shown on Sheet No. D-1.00, surcharges shown on Sheet No. D-1.10, and any applicable charges shown on Sheet No. D-1.20.

Due Date and Late Payment Charge

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

Term and Form of Contract

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

Special Terms and Conditions

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

SECTION E
TRANSPORTATION SERVICE
GAS TRANSPORTATION STANDARDS AND BILLING PRACTICES

E1. GENERAL PROVISIONS AND DEFINITIONS

E1.1 Definitions.

As used in this section:

- (a) "Account" shall mean customer's facilities and operations directly connected with the individual facilities identified in the transportation contract between the Company and the customer. The gas for each account being measured by a single Company meter.
- (b) "Allowance for Use and Loss" is defined in Rule E4.1.D. in this Section E.
- (c) "Annual Contract Quantity" (ACQ) means the greatest quantity of gas *that can be delivered* for transportation on the customer's behalf for any given year as specified in the contract. The contracted ACQ shall be adjusted based on the customer's highest consecutive 12-month usage determined from the latest 36 months of data except that the ACQ may be adjusted, *at the Company's sole discretion*, for known or expected changes, *or special operating conditions*. *The Company will conduct a review of the customer's ACQ once each 5-year period and may adjust the ACQ value based on the highest consecutive 12-month usage determined from the latest 36 months of data as adjusted. The Company may review and adjust a customer's ACQ if the customer requests a change to their gas transportation agreement.*
- (d) "Authorized Tolerance Level" means 6.5%, 7.5%, 8.5%, 9.5%, or 10.5% of the customer's ACQ.
- (e) "Business Day" means Monday through Friday, excluding Company holidays.
- (f) "Cubic Foot of Gas" means the volume of gas which occupies one cubic foot when such gas is at a temperature of sixty degrees (60°) Fahrenheit and at a pressure base of fourteen and sixty-five hundredths (14.65) psia dry.
- (g) "Day" means a period of 24 consecutive hours (23 hours when changing from Standard to Daylight Time and 25 hours when changing back to Standard Time) beginning at 10:00 AM Eastern Clock Time or at such other time as may be mutually agreed.
- (h) "Designated Sales Rate" means the rate under which the customer would take service if purchasing system-sales service.
- (i) "Gas" means natural gas, manufactured gas or a combination of the two which meets the "quality" standards as specified in Rule E3, Gas Quality, in this Section E.
- (j) "Gas Rate Book" means the standard rules and regulations and rates governing the sale of natural gas service as approved by the Michigan Public Service Commission.
- (k) "Load Balancing Charge" is defined on the Transportation Service Rate Schedules.
- (l) "Maximum Daily Quantity" (MDQ) means the greatest quantity of gas *that can be delivered* for transportation on the customer's behalf on any day. The MDQ shall not exceed the customer's peak monthly usage in the last 36 months of such service divided by 30, *multiplied by 110%, and adjusted, at the Company's sole discretion, for known or expected changes or special operating conditions. The Company will conduct a review of the customer's MDQ once each 5 year period and may adjust the MDQ value based on the preceding 36 months of data. The Company may review and adjust a customer's MDQ if the customer requests a change to their gas transportation agreement.*
- (m) "MMBtu" means one million Btu.
- (n) "Month," except as provided with respect to billing, means a period beginning at 10:00 AM Eastern Clock Time on the first day of a calendar month and ending at 10:00 AM Eastern Clock Time on the first day of the following calendar month or at such other time as may be mutually agreed.

(Continued on Sheet No. E-2.00)

(Continued From Sheet No. E-2.00)

E2. RECORDS, ACCOUNTING AND CONTROL (Contd)

E2.2 Nominations, Accounting and Control.

- A. If the customer designates some other party as agent for purposes of nominating, and of giving and receiving notices, the customer shall provide the Company with written notice of such designation. Any such designation shall be effective until revoked in writing by the customer.
- B. All nominations shall be submitted by facsimile, e-mail or an available electronic nomination system.
- C. **Daily:** The customer or the customer's authorized representative shall notify the Company's Gas Transportation Services Department of the daily quantity of gas (in MMBtu) that the customer is nominating for delivery to the Company on behalf of the customer. Such nominations shall be submitted by 12:30 PM Eastern Clock Time on the Business Day prior to the effective day of the proposed delivery. Nominations made after the 12:30 PM deadline shall be accepted at the sole discretion of the Company. Customers are required to have nomination on file for each day of the month. (A single nomination shall be assumed to apply for each subsequent day of the month, unless otherwise indicated.)
- D. The customer or the customer's authorized representative may transfer *all or any portion* of their gas balance to another customer. The customer from whom the gas is transferred shall be charged a \$25 fee. Such transactions are prospective, and may not be used to avoid penalties once charged.
- E. *The Company may, at its sole discretion, allow one transfer of gas per month between customers. The customer to whom the gas is transferred shall be charged a \$500 fee. Such transfers shall be received by the Company prior to 12:30 PM Eastern Clock Time one business day prior to the last business day of that month.*

E3. GAS QUALITY

E3.1 Quality.

The gas delivered to the Company shall meet the following requirements:

- A. Gas shall not contain more than 0.005 percent (50 ppm) oxygen by volume;
- B. Gas shall be commercially free from objectionable odors, solid or liquid matter, bacteria, dust, gum or gum-forming constituents which might interfere with its merchantability or cause injury to or interference with proper operation of the lines, regulators, meters or other appliances through which it flows;
- C. Gas shall not contain more than 0.25 grain of hydrogen sulphide nor more than 0.5 grain of mercaptan sulfur per 100 cubic feet;
- D. Gas shall not contain more than 5.0 grains of total sulfur (including hydrogen sulphide and mercaptan sulfur) per 100 cubic feet;
- E. Gas shall not at any time have a carbon dioxide content in excess of two percent by volume;
- F. Gas shall not contain an amount of moisture which at any time exceeds seven pounds per million cubic feet;
- G. Gas shall be fully "interchangeable" in accordance with the provisions of AGA Research Bulletin No. 36.
- H. The temperature of the gas shall not exceed 100° F;
- I. The hydrocarbon dewpoint of the gas shall not exceed 30° F at 500 pounds per square inch.

(Continued on Sheet No. E-4.00)

(Continued From Sheet No. E-8.00)

E9. TRANSPORTATION STANDARDS OF CONDUCT

This rule is intended to promote fair competition and a level playing field among all participants involved in transportation within the Company's regulated gas service territory. The Company will conduct its business to conform to the following Transportation Standards of Conduct:

- A. The Company will apply any tariff provision relating to transportation service in the same manner without discrimination to all similarly situated persons.
- B. The Company will not give its marketing affiliate or customers of its affiliate preference over any other non-affiliated gas marketers or their customers in matters relating to transportation service including, but not limited to, nominating, balancing, metering, billing, storage, standby service, curtailment policy or price discounts.
- C. The Company will not communicate to any customer, Supplier or third parties that any advantage may accrue to such customer, Supplier or other third party in the use of the Company's services as a result of that customer, Supplier or other third party dealing with its marketing affiliate and shall refrain from giving any appearance that it speaks on behalf of its affiliate.
- D. The Company will process all similar requests for transportation service in the same manner and within the same period of time.
- E. The Company will not provide leads or provide market sensitive information regarding a current or potential customer or marketer to its marketing affiliate. If a customer requests information about marketers, the Company will provide a list of all marketers operating on its system, including its affiliate, but will not promote its affiliate.
- F. If a customer makes a request in writing that its historic volumetric sales and transportation data be provided to a particular marketer or marketers in general, that request will be honored by the Company until revoked by the customer. To the extent the Company provides to its marketing affiliate a discount or information related to the transportation, sales or marketing of natural gas, including but not limited to the Company's customer lists, that is not readily available or generally known to any other marketer or Supplier or has not been authorized by a customer, it will provide details of such discount or provide the information contemporaneously to all potential marketers on its system that have requested such information. A marketer may make a standing request for contemporaneous disclosure of such information.
- G. The Company will not condition or tie its agreement to release interstate pipeline capacity to any agreement by a gas marketer, customer, Supplier or pipeline transporter relating to any service in which its marketing affiliate is involved.
- H. The Company will not condition or tie an agreement to provide a transportation discount to any agreement by a marketer, customer, Supplier or pipeline transporter relating to any service in which its marketing affiliate is involved.
- I. The Company's operating employees and the operating employees of its marketing affiliate will function independently of each other, be employed by separate business entities, and reside in separate offices.
- J. The Company will keep separate books of accounts and records from those of its marketing affiliate.

(Continued on Sheet No. E-10.00)

(Continued From Sheet No. E-9.00)

E10. TRANSPORTATION STANDARDS OF CONDUCT COMPLAINT PROCEDURES

If the Company receives a verbal complaint related to its Rules, Regulations and Rate Schedules Governing the Sale or Transportation of Natural Gas, M.P.S.C. No. 2, Section E9, Transportation Standards of Conduct, the Company will attempt to resolve the complaint on an informal basis. If the Company and the complainant are unable to resolve the complaint on an informal basis, the procedures outlined below will be followed:

- A. Complainant will route all formal complaints in writing to:

Consumers Energy
One Energy Plaza
Jackson, MI 49201

Attention: Legal Department

- B. The Company will acknowledge the receipt of the formal written complaint, in writing, within five working days of receipt by the Company.
- C. The Company will confirm and amend the prepared written statement of the complainant to ensure the complaint includes the name of the complainant, relevant dates and specific claims.
- D. The Company will prepare a written statement communicating to the complainant the results of the Company's preliminary investigation within 30 days of the initial receipt of the complaint by the Company with a description of the action taken or proposed to be taken.
- E. (1) If the complainant is satisfied with the action taken or proposed to be taken, complainant will acknowledge its agreement by signing and returning a copy of the Company's written statement addressing the action taken or proposed to be taken.
- (2) If the complainant is not satisfied with the Company's response, then the complainant may address the complaint to the Commission.
-

TRANSPORTATION SERVICE RATE
(Rates ST, LT and XLT)**Availability**

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

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

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

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

Rates and Charges

	Service Category		
	ST	LT	XLT
Monthly Charges			
Customer Charge	\$675.80 per Meter \$621.50	\$3,109.90 per Meter \$3,370.00	\$9,330.60 per Meter \$8,792.00
Remote Meter Charge	NA	NA	\$70.00 per Meter
Transportation Rates			
Cost Based Rate	\$0.9259 per Mcf \$0.9484	\$0.6338 per Mcf \$0.6186	\$0.4828 per Mcf \$0.4868
Optional Rates:			
Maximum Rate	\$1.3888 per Mcf \$1.4226	\$0.9507 per Mcf \$0.9279	\$0.7242 per Mcf \$0.7302
Minimum Rate	\$0.4630 per Mcf \$0.4742	\$0.3169 per Mcf \$0.3093	\$0.2414 per Mcf \$0.2434

Selection of Service Category and Rates

A customer may choose the Service Category under which they take service, consistent with the provisions of Rules C4.1, Classes of Service, and C4.2, Choice of Rates. When the customer is selecting its initial Service Category, the Company must advise them that the economic break even point between ST and LT is ~~99,997~~ 100,006 Mcf per year and the economic break even point between LT and XLT is ~~499,923~~ 500,030 Mcf per year. After the initial selection is made, then it is the customer's responsibility to determine when it is appropriate to switch Service Categories, as permitted by Rule C4.2, Choice of Rates.

(Continued on Sheet No. E-12.00)

TRANSPORTATION SERVICE RATE
(Rates ST, LT and XLT)
(Continued From Sheet No. E-12.00)

Rates and Charges (Contd)

Load Balancing Charge (Contd)

A customer's ATL shall be 8.5% of the Customer's ACQ unless the customer contracts for a different percent in accordance with the following table. The Transportation Charge shall be adjusted as follows:

<u>Authorized As a % of ACQ Tolerance Level</u>	<u>Transportation Charge Adjustment</u>
6.5%	\$(0.0532) per Mcf
7.5%	\$(0.0266) per Mcf
8.5%	No Change
9.5%	\$ 0.0266 per Mcf
10.5%	\$ 0.0532 per Mcf

The monthly injection of gas into the customer's ATL and additional CSQ, if any, shall be at the customer's discretion except in September and October when any monthly injections in excess of the customer's CSQ plus 1.43% of the customer's ACQ, will be charged the Load Balancing Charge.

Excess Pipeline Costs Surcharge

This surcharge shall be assessed to the customer.

Due Date and Late Payment Charge

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

Metering Requirements

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

CONTRACT STORAGE SERVICE RATE CS

This Rate is Closed to New Business

Availability

Subject to any restrictions, this rate is available to any transportation customers desiring storage service provided the Company has determined that it has sufficient available and uncommitted storage capacity to perform the service requested, *and the storage capacity currently under contract was contracted prior to the order in Case No. U-17643.*

Delivery of gas into or out of storage may be subject to interruption at the sole discretion of the Company.

A customer requesting service on this rate shall make written application for such service on a form provided by the Company. A storage agreement shall also be required.

Monthly Rate**Administrative Fee**

\$200 per account per month, plus

Storage Charge

Annual minimum of \$0.20 per MMBtu to an annual maximum of \$1.50 per MMBtu, billed monthly as negotiated.

Unauthorized Gas Usage Charge

The Company is authorized to charge storage customers for deliveries to, or redeliveries from, storage in excess of the maximum quantities set forth in the storage agreement. The penalty rates shall not exceed the current Unauthorized Gas Usage Charge stated in the applicable Transportation Service Rate Schedule.

Fuel Used for Injection

All gas placed in storage shall be subject to a 2.0 percent gas-in-kind for fuel used for injection.

Due Date and Late Payment Charge

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

General Terms and Conditions

This rate is subject to all general terms and conditions shown on Sheet No. D-1.00 of the Company's Gas Rate Book.

Term and Form of Contract

All service under this rate shall require a written contract which must be approved by an officer of the Company or a duly authorized agent before it shall be binding upon the Company.

(Continued From Sheet No. F-3.00)

F1. GENERAL PROVISIONS (Contd)

- Q. The annual load requirement, delivery schedules, Supply Equalization Charges, and delivery shortfall Failure Fees shall apply separately to each Supplier-designated pricing category and each of the two customer groups within that category, i.e. those enrolled as of April 1, and those enrolled after April 1 in each Program year. The annual reconciliation will be performed on an aggregate basis for all accounts served by a Supplier, i.e., all Supplier-designated pricing categories and customer groups within each category will be combined for the purposes of annual reconciliation.
- R. The Company may disclose, at such times as requested by the Commission or its staff, the gas rates charged to Rate CC customers.
- S. The Company shall have the authority to issue operational flow orders, or take other action which it deems necessary, to ensure system reliability, even if such action may be inconsistent with other provisions of these Program rules.
- T. The Company will act as Supplier of last resort under the Program.
- U. A Supplier must include the Company's required tariff language in all of its contracts.
- V. If a customer has a complaint against a Supplier, the customer should try to resolve it first with the Supplier. If the complaint is unresolved, the customer should involve the Commission by contacting the Commission Staff. Should the customer choose to involve the Company in a complaint, the Company shall forward the complaint information to the Commission Staff and the Supplier for resolution. The Company shall have no responsibility for resolving disputes between customers and Suppliers but shall provide information if requested by the customer or Commission Staff.
- W. The Transportation Standards of Conduct, Rules *E9* and *E10*, shall apply to the GCC Program.

F2. CUSTOMER PROTECTIONS

These provisions shall be monitored and enforced solely by the Commission or its Staff.

- A. A Supplier must provide residential and small commercial customers with a 30-day unconditional right to cancel the contract without termination fees following the date the customer signs the contract. The first day of the 30-day period is the day after the contract is entered into by the customer. The exercise of this unconditional right by the customer may occur through a verbal or written communication with the Supplier. The Supplier shall promptly submit a de-enrollment file to the Company within three (3) business days after receiving notice that a customer has cancelled the contract in order to return to the Company sales rate. The Supplier shall not submit a de-enrollment file to the Company if the customer is transferring to another AGS. A customer who cancels within the specified period will be treated as not having exercised their customer choice option with respect to the enrollment which is cancelled. The Company is not required to de-enroll a customer until after it receives a de-enrollment file from the Supplier or a new enrollment file from a different Supplier.
- B. A customer has the right to terminate participation with a Supplier at any time after the unconditional cancellation period, through verbal or written communication with the Supplier. The customer may switch Suppliers or cancel their contract at any time with a Supplier, however the customer shall be made aware of the existence and amount of any early termination fee by the Supplier. The Supplier shall execute a customer's request for cancellation without delay, irrespective of whether an early termination fee or other penalty is paid to the Supplier.
- C. A Supplier's sales representatives, agents, or employees must not represent itself in any manner as an employee, affiliate, subcontractor, or agent of the Company. A Supplier's sales representatives or agents must prominently display identification on the front of their outer clothing that identifies them as employees or agents working on behalf of a Supplier and includes the name of the Supplier and the name and identification number of the person representing the supplier. Suppliers must comply with all local ordinances before their sales representatives, agents, or employees begin door-to-door marketing. Door-to-door marketing and telephone marketing must be performed between 9:00 AM and 8:00 PM.

(Continued on Sheet No. F-4.00)

(Continued From Sheet No. F-4.00)

F2. CUSTOMER PROTECTIONS (Contd)

- H. (5) Any customer fees or penalties related to the contract.
- (6) The contract pricing provisions in unit rates the customer is typically billed for.
- (7) The terms regarding contract length.
- (8) If the Supplier does not offer a fixed price, the contract and all related marketing materials must contain a clear explanation of the pricing factors used to determine the price and an example of how the pricing factors would be implemented.
- (9) Provision for a 60-day advance notice to the customer of any price change at the expiration of a fixed price contract.
- (10) Residential Contracts must include: In bold 14 point type above the place for the customer's signature, the following statement: I acknowledge that I am the account holder or, Legally Authorized Person to execute a contract on behalf of the account holder. I understand that by signing this *contract*, I am switching the gas Supplier for this account to (new Supplier name). I understand that gas purchased for this account by (new Supplier name) will be delivered through Consumers Energy Company's delivery system. The account holder, or the person who signed this contract on behalf of the account holder, has 30 days after today to cancel this contract for any reason through written or verbal notification to (new Supplier name).
- Small Commercial Contracts must include: In bold 12 point type above the place for the legally authorized customer's signature and company business title, the following statement: I acknowledge that I am the account holder or Legally Authorized Person to execute a contract and legally bind the business in this contract. I understand that by signing this contract, I am switching the gas Supplier for this commercial account to (new Supplier name). I understand that gas purchased for this commercial account by (new Supplier name) will be delivered through Consumers Energy Company's delivery system. The legally authorized person to execute a contract and legally bind the business in this contract has 30-days after today to cancel this contract for any reason through written or verbal notification to (new Supplier name).
- Large Commercial Contract must include: In bold 12 point type above the place for the legally authorized customer's signature and company business title, the following statement: I acknowledge that I am the account holder or Legally Authorized Person to execute a contract and legally bind the business in this contract. I understand that by signing this contract, I am switching the gas Supplier for this commercial account to (new Supplier name). I understand that gas purchased for this commercial account by (new Supplier name) will be delivered through Consumers Energy Company's delivery system. The Legally Authorized Person to execute a contract and legally bind the business in this contract has 14-days after today to cancel this contract for any reason through written or verbal notification to (new Supplier name). I may waive this right of cancellation by affirmatively agreeing to this waiver on the contract. If you terminated your contract today, and if the unconditional cancellation period did not apply, based on current gas prices and your historical usage, a good-faith estimate of your termination fee would be (AGS places its fee here). This termination fee is subject to change as your usage and the market price of gas fluctuate.

(Continued on Sheet No. F-4.20)

Attachment 3

Requirements for the EIRP Program:

1) A reconciliation report shall be compiled and filed by Consumers Energy in this docket to determine if \$75 million was spent on the EIRP for the calendar years 2015. The report is to be filed in this docket by April 30, 2016 to determine if any refund is necessary. Annual EIRP reporting will continue in 2017 and beyond, on or before April 30 of each year, without refund obligation until modified by Commission order. The detailed report, as further described in this attachment, will include performance metrics. Parties will have 30 days to file objection to the report filed. For calendar year 2015 only, Consumers Energy agrees to refund an amount equal to the return of and on any shortfall in actual average EIRP rate base measured against the average EIRP rate base determined using \$75 million in spending. The amount, if any, of such refund shall be calculated in the manner set forth in Attachment 4 to this Settlement Agreement. Consumers Energy will process the EIRP refund in conjunction with that year's Gas Cost Recovery reconciliation proceeding on an equal percentage rate design as agreed to in this docket.

2) With regards to the transmission and distribution pipe replaced or retired the report will contain the following: (i) a project number for each job; (ii) the headquarters assigned the project; (iii) the project location, (iv) the type of pipe replaced, (v) the length of pipe replaced, (vi) whether Consumers' workers or contractors performed the work, (vii) and the final cost of each project.

3) No transmission launchers and receivers shall be included in the allowable cost as part of the EIRP.

4) The location and number of service lines renewed or retired and the cost of each project will be included in the EIRP report.

5) The EIRP report will include the number of known leaks remediated from replaced infrastructure with an estimated annual O&M savings for leak survey and leak repair.

6) The \$75 million of incremental funding will only be utilized for the EIRP. No amount of the EIRP funding shall be used to for new business, asset relocation, routine unplanned main renewal work, regulatory compliance, capacity/deliverability, gas operations, gas storage wells, or gas business services.

7) The EIRP is primarily for replacement of distribution high risk pipe and Consumers will provide detailed explanation regarding the uses of such funds for transmission pipeline.

8) All of the dollars spent on the EIRP will be tracked via Main Replacement Program work orders, in a matter that is conducive to audit.

9) The \$75 million Enhanced Infrastructure Replacement Program funding will remain in effect until a new rate case order.

Additional Requirements for Existing EIRP Performance Report¹

1. Risk Ranking for all Projects in a Separate Column
2. Number of Services Replaced
3. Miles of Code 3 (cathodically unprotected) Pipe Renewed
4. Exceptions to Renewal of Highest Risk Ranked Projects
 - a. Reason for not Renewing Highest Risk Ranked Projects
 - b. Reason for Inclusion of Projects that are not Part of Highest Risk Ranked Projects
 - c. Resources Dedicated to EIRP Program (including number of staff and overall % of time spent on EIRP for CY)
 - i. Field Technicians
 - ii. Support Staff
5. Estimated Annual O&M Savings
 - a. Leak Survey
 - i. Main
 - ii. Services
 - b. Leak Repair
 - i. Main
 - ii. Services
 - c. Cathodic Protection
 - d. The Lost and Unaccounted for Gas report in accordance with Federal Requirements.
6. Excel files of tables and charts included in report to be provided to Staff after report filing.

New EIRP Planning Report Requirements

1. Filed by December 31 of Preceding Year
2. Proposed Projects Including all Data Points (Existing and New) in Performance Report
3. Highest Risk Ranked Projects with a Total Footage Equal to #2 Above in a Format Similar to the Performance Report
4. Excel files of tables and charts included in plan to be provided to Staff after plan filing.

New Reporting Requirements for Non-EIRP Programs

1. Distribution Program
 - a. Projects Broke Down by Program
 - i. Asset Relocation – DA Mains/Services
 - ii. Asset Relocation – Non-Modeled
 - iii. Compliance Base (Distribution)
 - iv. Pipeline Integrity – DIMP
 - v. PI Remediation (Distribution)
 - vi. MC Non-Modeled
 - vii. MAOP Distribution
 - viii. Other
 - b. Include all Data Points (Existing and New) in EIRP Performance Report

¹ Assumes that report as currently filed is adopted, including any information reported that is not required by order, and that the following requirements are in addition to.

- c. Resources Used to Complete Project (EIRP, Field Operations, or Other)
2. Transmission Program
 - a. Broke Down by Program
 - i. Pipeline Integrity
 - ii. MAOP (Pipeline and Storage)
 - iii. Other
 - b. Include all Data Points in EIRP Performance Report

New Combined EIRP and Non-EIRP Distribution Program Reporting Requirements

1. Miles Replaced Broken Down by Material Type
2. Available data on service lines broken down by material type consistent with Distribution Integrity Management Program ranking.
3. Running Year Over Year Total of Pipe Replaced and Pipe Remaining
4. Split Between Miles Replaced in EIRP and Non-EIRP
5. Code 3 Pipe (cathodically unprotected) Replaced with Similar Break Down as #1-3 Above

Attachment 4

Consumers Energy Company
Illustration of Enhanced Infrastructure Replacement Program (EIRP) Refund Calculation

Line		\$ Millions
1	EIRP Capital Spend - Beginning Balance: Jan. 1, 2015	\$ -
2	EIRP Capital Spend - Ending Balance: Dec. 31, 2015	65.00
3	$\frac{-(L1+L2)}{2}$ EIRP Average 2015 Capital Expenditures	32.50
4	Average EIRP in U-17643 Settlement Ratebase	37.50
5	$\frac{-(L3-L4)}{2}$ (Under)/Over-Spend	(5.00)
6	U-17643 Pretax Overall Rate of Return	8.99%
7	Distribution Depreciation Rate	2.96%
8	$\frac{-(L6+L7)}{2}$ Fixed Charge Rate	11.95%
9	$\frac{-(L5*L8)}{2}$ Total Amount Under (Over) Recovered	\$ (0.60)

Over-recovery in 2015 is subject to refund.

Attachment 5

SCHEDULE E-6

MICHIGAN PUBLIC SERVICE COMMISSION

Case No.: U-17643
 Exhibit: A-11(HWM-6)
 Schedule E-6
 Witness: HWMiller III
 Date: July 2014
 Page: 1 of 3

Consumers Energy Company
 2015 Test-Year Calendar Gas Deliveries by Rate Schedule
 15-Year (1999 - 2013) Weather Normal
 (Consumption in MMcf)

Line No.	Month	(b) Residential		(c)	(d)	(e) General Service			(g)	(h)	(i) Transportation		(j)	(k) Total
		A	A-1			GS-1	GS-2	GS-3			GL	ST		
1	Jan-15	28,080	1,118	3,845	6,696	1,746	0.14	2,031	2,336	3,522	49,374			
2	Feb-15	23,813	911	3,403	5,844	1,545	0.14	2,345	2,564	3,389	43,816			
3	Mar-15	18,521	750	3,004	5,080	1,406	0.14	1,973	2,188	2,895	35,817			
4	Apr-15	8,891	383	1,677	2,937	895	0.14	1,710	1,579	2,571	20,644			
5	May-15	4,456	235	876	1,505	575	0.14	1,301	1,368	2,006	12,323			
6	Jun-15	2,865	179	430	764	358	0.14	916	1,138	1,957	8,607			
7	Jul-15	2,914	198	357	651	302	0.14	883	1,134	2,029	8,470			
8	Aug-15	2,806	183	320	593	353	0.14	941	1,100	1,986	8,282			
9	Sep-15	4,399	270	495	816	393	0.14	988	1,343	2,289	10,993			
10	Oct-15	9,898	650	1,241	1,860	856	0.14	1,168	1,810	2,920	20,403			
11	Nov-15	17,474	758	1,328	2,395	700	0.14	1,622	2,041	3,126	29,445			
12	Dec-15	25,842	1,079	3,346	5,297	1,477	0.14	2,142	2,370	4,009	45,561			
13	Annual	149,960	6,714	20,323	34,438	10,607	1.70	18,020	20,971	32,699	293,734			

SCHEDULE E-6

MICHIGAN PUBLIC SERVICE COMMISSION

Case No.: U-17643
 Exhibit: A-11(HWMI-6)
 Schedule E-6
 Witness: HVM/III
 Date: July 2014
 Page: 2 of 3

Consumers Energy Company
 2015 Test-Year Calendar Gas Sales by Rate Schedule
 15-Year (1999 - 2013) Weather Normal
 (Consumption in MMcf)

Line No.	(a) Month	(b) Residential		(c) A-1	(d) GS-1	(e) General Service		(g) GL	(h) ST	(i) Transportation		(j) XLT	(k) Total
		A	(b)			GS-2	GS-3			LT	XLT		
1	Jan-15	28,079	1,083	3,834	6,268	1,547	0.142	-	-	-	-	-	40,812
2	Feb-15	23,813	881	3,395	5,463	1,361	0.142	-	-	-	-	-	34,913
3	Mar-15	18,520	721	2,996	4,728	1,251	0.142	-	-	-	-	-	28,216
4	Apr-15	8,891	361	1,672	2,672	773	0.142	-	-	-	-	-	14,369
5	May-15	4,456	222	873	1,386	517	0.142	-	-	-	-	-	7,454
6	Jun-15	2,865	171	430	713	312	0.142	-	-	-	-	-	4,491
7	Jul-15	2,914	189	357	620	272	0.142	-	-	-	-	-	4,353
8	Aug-15	2,806	178	320	588	327	0.142	-	-	-	-	-	4,219
9	Sep-15	4,399	265	495	786	362	0.142	-	-	-	-	-	6,307
10	Oct-15	9,898	641	1,240	1,808	818	0.142	-	-	-	-	-	14,405
11	Nov-15	17,474	744	1,326	2,233	612	0.142	-	-	-	-	-	22,389
12	Dec-15	25,842	1,052	3,338	4,949	1,280	0.142	-	-	-	-	-	36,461
13	Annual	149,957	6,509	20,275	32,214	9,432	1.704	-	-	-	-	-	218,388

SCHEDULE E-6

MICHIGAN PUBLIC SERVICE COMMISSION

Case No.: U-17643
 Exhibit: A-11(HWM-6)
 Schedule E-6
 Witness: HWMiller III
 Date: July 2014
 Page: 3 of 3

Consumers Energy Company
 2015 Test-Year Calendar Gas Transportation by Rate Schedule
 15-Year (1999 - 2013) Weather Normal
 (Consumption in MMcf)

Line No.	Month	(a)		(b)		(c)		(d)			(e)		(f)		(g)		(h)		(i)		(j)	(k)
		A	A-1	Residential	A-1	GS-1	GS-2	GS-3	GL	ST	LT	XLT	Total									
1	Jan-15	0.618	35	11	428	199	-	2,031	2,336	3,522	8,562											
2	Feb-15	0.493	31	8	381	184	-	2,345	2,564	3,389	8,903											
3	Mar-15	0.507	29	8	352	156	-	1,973	2,188	2,895	7,601											
4	Apr-15	0.354	22	6	265	122	-	1,710	1,579	2,571	6,275											
5	May-15	0.161	13	3	119	58	-	1,301	1,368	2,006	4,869											
6	Jun-15	0.105	9	(0)	51	46	-	916	1,138	1,957	4,116											
7	Jul-15	0.083	9	1	31	30	-	883	1,134	2,029	4,117											
8	Aug-15	0.054	4	0	5	26	-	941	1,100	1,986	4,063											
9	Sep-15	0.050	4	1	30	31	-	988	1,343	2,289	4,686											
10	Oct-15	0.114	8	1	53	38	-	1,168	1,810	2,920	5,998											
11	Nov-15	0.274	14	3	162	88	-	1,622	2,041	3,126	7,056											
12	Dec-15	0.513	27	8	347	196	-	2,142	2,370	4,009	9,100											
13	Annual	3,326	205	48	2,224	1,175	-	18,020	20,971	32,699	75,346											

SCHEDULE E-10

MICHIGAN PUBLIC SERVICE COMMISSION

Case No.: U-17643
 Exhibit: A-11 (HWM-10)
 Schedule E-10
 Witness: HWMiller III
 Date: July 2014
 Page: 1 of 3

Consumers Energy Company
 2015 Test-Year Total Customer Count by Rate Schedule
 (Monthly Customer Counts)

Line No.	Month	(a)		(b)		(c)		(d)		(e)		(f)		(g)		(h)		(i)		(j)	(k)
		A	A-1	Residential	A-1	GS-1	GS-2	GS-3	GL	ST	LT	XLT	Total								
1	Jan-15	1,596,293	8,748	99,653	27,516	925	8	1,319	562	243	1,735,267										
2	Feb-15	1,597,305	8,753	99,607	27,509	925	8	1,322	563	243	1,736,235										
3	Mar-15	1,596,623	8,750	99,391	27,459	924	8	1,323	564	244	1,735,286										
4	Apr-15	1,596,288	8,748	99,335	27,448	924	8	1,326	565	244	1,734,886										
5	May-15	1,594,594	8,739	99,197	27,416	924	8	1,327	565	244	1,733,014										
6	Jun-15	1,589,610	8,712	98,456	27,243	921	8	1,331	567	245	1,727,093										
7	Jul-15	1,593,157	8,731	98,934	27,358	923	8	1,333	568	246	1,731,258										
8	Aug-15	1,590,859	8,718	98,884	27,348	923	8	1,335	569	246	1,728,890										
9	Sep-15	1,591,928	8,724	98,686	27,304	923	8	1,341	572	247	1,729,733										
10	Oct-15	1,594,477	8,738	98,720	27,315	923	8	1,341	572	247	1,732,341										
11	Nov-15	1,594,850	8,739	98,744	27,322	924	8	1,342	573	248	1,732,750										
12	Dec-15	1,601,279	8,775	99,216	27,437	927	8	1,347	574	248	1,739,811										
13	Annual	19,137,263	104,875	1,188,823	328,675	11,086	96	15,987	6,814	2,945	20,796,564										
14	Average	1,594,772	8,740	99,069	27,390	924	8	1,332	568	245	1,733,048										

SCHEDULE E-10

MICHIGAN PUBLIC SERVICE COMMISSION

Case No.: U-17643
 Exhibit: A-11 (HWM-10)
 Schedule E-10
 Witness: HWMiller III
 Date: July 2014
 Page: 2 of 3

Consumers Energy Company
 2015 Test-Year Billed Customers by Rate Schedule
 (Monthly Customer Counts)

Line No.	Month	Residential		General Service			Transportation			(k)			
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)		(i)	(j)	
		A	(b)	(c)	(d)	GS-1	GS-2	GS-3	GL	ST	LT	XLT	Total
1	Jan-15	1,596,293	8,748	8,748	99,645	27,493	873	8	616	102	102	20	1,733,798
2	Feb-15	1,597,305	8,753	8,753	99,599	27,486	873	8	617	102	102	20	1,734,763
3	Mar-15	1,596,623	8,750	8,750	99,383	27,436	872	8	617	102	102	20	1,733,811
4	Apr-15	1,596,288	8,748	8,748	99,327	27,425	872	8	619	102	102	20	1,733,409
5	May-15	1,594,594	8,739	8,739	99,189	27,393	872	8	619	102	102	20	1,731,536
6	Jun-15	1,589,610	8,712	8,712	98,448	27,221	869	8	620	102	102	20	1,725,610
7	Jul-15	1,593,157	8,731	8,731	98,926	27,336	871	8	621	102	102	20	1,729,772
8	Aug-15	1,590,859	8,718	8,718	98,876	27,326	871	8	622	102	102	20	1,727,402
9	Sep-15	1,591,928	8,724	8,724	98,678	27,282	871	8	625	103	103	20	1,728,239
10	Oct-15	1,594,477	8,738	8,738	98,712	27,293	871	8	624	103	103	20	1,730,846
11	Nov-15	1,594,850	8,739	8,739	98,736	27,300	872	8	624	103	103	20	1,731,252
12	Dec-15	1,601,279	8,775	8,775	99,208	27,414	875	8	627	103	103	20	1,738,309
13	Annual	19,137,263	104,875	104,875	1,188,727	328,405	10,462	96	7,451	1,228	1,228	240	20,778,747
14	Average	1,594,772	8,740	8,740	99,061	27,367	872	8	621	102	102	20	1,731,563

SCHEDULE E-10

MICHIGAN PUBLIC SERVICE COMMISSION

Case No.: U-17643
 Exhibit: A-11 (HWM-10)
 Schedule E-10
 Witness: HWMiller III
 Date: July 2014
 Page: 3 of 3

Consumers Energy Company
 2015 Test-Year Contiguous Customers by Rate Schedule
 (Monthly Customer Counts)

Line No.	(a) Month	(b) Residential		(c) Residential			(d) GS-1			(e) General Service			(f) GS-3			(g) GL			(h) ST			(i) Transportation			(j) XLT	(k) Total
		A	A	A-1	GS-1	GS-2	GS-3	GS-1	GS-2	GS-3	GS-1	GS-2	GS-3	GL	GL	GL	ST	ST	ST	LT	LT	LT				
1	Jan-15	-	-	-	8	23	52	8	23	52	-	-	-	703	460	223	1,469									
2	Feb-15	-	-	-	8	23	52	8	23	52	-	-	-	705	461	223	1,472									
3	Mar-15	-	-	-	8	23	52	8	23	52	-	-	-	706	462	224	1,475									
4	Apr-15	-	-	-	8	23	52	8	23	52	-	-	-	707	463	224	1,477									
5	May-15	-	-	-	8	23	52	8	23	52	-	-	-	708	463	224	1,478									
6	Jun-15	-	-	-	8	22	52	8	22	52	-	-	-	711	465	225	1,483									
7	Jul-15	-	-	-	8	22	52	8	22	52	-	-	-	712	466	226	1,486									
8	Aug-15	-	-	-	8	22	52	8	22	52	-	-	-	713	467	226	1,488									
9	Sep-15	-	-	-	8	22	52	8	22	52	-	-	-	716	469	227	1,494									
10	Oct-15	-	-	-	8	22	52	8	22	52	-	-	-	717	469	227	1,495									
11	Nov-15	-	-	-	8	22	52	8	22	52	-	-	-	718	470	228	1,498									
12	Dec-15	-	-	-	8	23	52	8	23	52	-	-	-	720	471	228	1,502									
13	Annual	-	-	-	96	270	624	96	270	624	-	-	-	8,536	5,586	2,705	17,817									
14	Average	-	-	-	8	23	52	8	23	52	-	-	-	711	466	225	1,485									

SCHEDULE E-11

MICHIGAN PUBLIC SERVICE COMMISSION

Consumers Energy Company
 Calculation of Test-Year Projected Income Assistance Enrollments
 (Consumption in MMcf)

Case No.: U-17643
 Exhibit: A-11 (HWM-11)
 Schedule E-11
 Witness: HWMiller III
 Date: July 2014
 Page: 1 of 1

Line No.	(a) Month	(b)		(c)		(d)		(e)		(f)		(g)	
		Customers	Consumption	Customers	Consumption	Customers	Consumption	Customers	Consumption	Customers	Consumption	Customers	Consumption
Single Family Dwelling Rate Schedule A													
		Standard		Income Assistance		Total							
		Customers	Consumption	Customers	Consumption	Customers	Consumption	Customers	Consumption	Customers	Consumption	Customers	Consumption
1	Jan-15	1,502,704	26,433	93,589	1,646	1,596,293	28,079						
2	Feb-15	1,503,656	22,417	93,649	1,396	1,597,305	23,813						
3	Mar-15	1,503,014	17,434	93,609	1,086	1,596,623	18,520						
4	Apr-15	1,502,699	8,370	93,589	521	1,596,288	8,891						
5	May-15	1,501,104	4,195	93,490	261	1,594,594	4,456						
6	Jun-15	1,496,413	2,697	93,197	168	1,589,610	2,865						
7	Jul-15	1,499,752	2,743	93,405	171	1,593,157	2,914						
8	Aug-15	1,497,588	2,641	93,271	165	1,590,859	2,806						
9	Sep-15	1,498,595	4,141	93,333	258	1,591,928	4,399						
10	Oct-15	1,500,994	9,318	93,483	580	1,594,477	9,898						
11	Nov-15	1,501,345	16,450	93,505	1,024	1,594,850	17,474						
12	Dec-15	1,507,398	24,327	93,881	1,515	1,601,279	25,842						
13	Annual	18,015,262	141,166	1,122,001	8,791	19,137,263	149,957						
14	Average	1,501,272		93,500		1,594,772							

Attachment 6

Consumers Energy Company
Case No. U-17643
Calculation of CAP Carrying Cost Rate and Discount Rate

Line	Description (Col. 1)	(Col. 2)	Capital Structure			After-Tax Weighted Cost of Permanent Capital (%) (Col. 6)	Pre-tax Multiplier (Col. 7)	Pre-Tax Cost of Permanent Capital (%) (Col. 8)
			Amount (000) (Col. 3)	Permanent Capital (Col. 4)	Cost Rate % (Col. 5)			
1	Long-Term Debt		\$ 5,024,043	47.86%	4.95%	2.37%	1.0000	2.37%
2	Preferred Stock		37,315	0.36%	4.50%	0.02%	1.6367	0.03%
3	Common Equity		5,435,000	51.78%	10.30%	5.33%	1.6367	8.73%
4	Total Permanent Capital		<u>\$ 10,496,358</u>	<u>100.00%</u>		<u>7.72%</u>		<u>11.12%</u>
5	Carrying Cost Rate (weighted rate of debt, preferred stock, equity and associated taxes)							<u>11.12%</u>
6	Discount Rate (weighted rate of debt, preferred stock and common equity)					<u>7.72%</u>		

Attachment 7

MICHIGAN PUBLIC SERVICE COMMISSION
Consumers Energy Company
Summary of Tariff Changes

1. Tariff Sheet Nos. A-3.00 and A-4.00– **Index** – To change references for the rule section Aggregation of Accounts, which moved from Transportation to Section C – Company Rules and Regulations. Also, to delete sections for the Electronic Bulletin Board and the Optional Interconnection Assurance Service Rate OIAS.
2. Tariff Sheet No. C-4.00 – **Characteristics of Service** – Added section C1.7 to include language for the service requirements pertaining to clearing trees and brush that could interfere with the construction, operation and maintenance of the Company’s facilities.
3. Tariff Sheet No. C-19.00 – Rule C4.3 – **Application of Residential Usage and Non-Residential Usage** – Added language for residence under construction temporary rate GS-1.
4. Tariff Sheet Nos. C-23.00, C-23.10 and C-24.00 – Rule C4.7 - **Aggregation of Accounts** – Moved this section from Transportation Rule E9 to Section C- Company Rules and Regulations and added language for GCC unavailability to aggregate.
5. Tariff Sheet Nos. C-32.00 and C-33.00 – **Gas Cost Recovery Clause and Standard Refund Procedures** – To add language to include electronic refund payments from the Company.
6. Tariff Sheet Nos. C-34.00 and C-35.00 – Rule C8 – **Customer Attachment Program** – To clarify the customer contribution, allow the Company to collect after construction, allow the Company to waive the connection fee when the builder/developer digs service trench and allow the Company to waive fees or extend service line limit in limited circumstances based on the economics of the project. Also on C-35.00, to move the first paragraph (For land developers) and strike language for contribution paid in advance of facility expansion.
7. Tariff Sheet No. C-37.00 – Rule C8 – **Customer Attachment Program** – To revise the carrying cost and the discount rates.
8. Tariff Sheet No. C-58.10 – **Company Rules and Regulations – Energy Efficiency** – To change rule reference due to the Transportation Rule E9 move to Section C - Company Rules and Regulations.
9. Tariff Sheet No. D-1.00 – **General Terms and Conditions of the Rate Schedules** – To allow the Company to increase bills within political subdivisions that require special services in order to offset the costs and ensure these costs are for residents within the subdivision only.
10. Tariff Sheet No. D-6.00 – **Rate Categories** – Added General Service Rate GS-1 Commercial Temporary Construction Service rate category.
11. Tariff Sheet Nos. D-8.00, D-9.00, D-11.00, D-12.00, E-11.00 and E-13.00 – **Rate Schedules** – Revised prices.
12. Tariff Sheet No. E-1.00 – Rule E1.1 – **Definitions** – Added language to clarify the ACQ and MDQ definitions.
13. Tariff Sheet No. E-3.00 – Rule E2.2 – **Nominations, Accounting and Control** – To allow gas balance transfers between customers one business day prior to the last business day of the month.
14. Tariff Sheet Nos. E-7.00, E-8.00, E-9.00 and E-10.00 – **Aggregation of Accounts** – To move Transportation Rule E9 out of the Transportation Section and to delete the Electronic Bulletin Board Tariff sheet No. E-8.00 as it is no longer applicable.

15. Tariff Sheet No. E-15.00 – **Contract Storage Service Rate CS** – To close this rate to new business.
16. Tariff Sheet Nos. E-16.00 and E-17.00 – **Optional Interconnection Assurance Service Rate OIAS** - To delete this rate since it is no longer applicable and has never been used.
17. Tariff Sheet No. F-3.10 – **General Provisions** – To update references due to the transportation Rule E9 move to Section C – Company Rules and Regulations.
18. Tariff Sheet No. F-4.10 – **Customer Protections** – To update “agreement” to “contract” in order to maintain consistency with the rest of the tariff sheet.

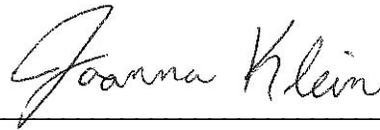
P R O O F O F S E R V I C E

STATE OF MICHIGAN)

Case No. U-17643

County of Ingham)

Joanna Klein being duly sworn, deposes and says that on January 13, 2015 A.D. she served a copy of the attached Commission order by first class mail, postage prepaid, or by inter-departmental mail, to the persons as shown on the attached service list.



Joanna Klein

Subscribed and sworn to before me
This 13th day of January 2015

Steven J. Cook
Notary Public, Ingham County, Michigan
As acting in Eaton County
My Commission Expires: April 30, 2018

Service List U-17643

Richard J. Aaron
Dykema Gossett PLLC
Capitol View
201 Townsend Street, Suite 900
Lansing MI 48933

Robert W. Beach
Consumers Energy Company
One Energy Plaza
EP11-233
Jackson MI 49201

Bryan A. Brandenburg
Michigan Dept. of Attorney General
Public Service Division
7109 W. Saginaw Hwy.
Lansing MI 48911

H. Richard Chambers
Consumers Energy Company
One Energy Plaza
Jackson MI 49201

Laura A. Chappelle
Varnum Law
201 N. Washington Square, Suite 810
Lansing MI 48933

Consumers Energy Company a/k/a CMS Energy
Melissa M. Gleespen
Vice President & Corporate Secretary
One Energy Plaza
Jackson MI 49201

Lauren D Donofrio
Michigan Attorney General - Special Litigation Div.
7109 W. Saginaw Hwy.
I. D. M A I L
Lansing MI 48911

Kelly M. Hall
One Energy Plaza
EP11-230
Jackson MI 49201

John A. Janiszewski
Michigan Dept. of Attorney General
G. Mennen Williams Bldg., 6th Floor
525 W. Ottawa Street
Lansing MI 48933

Timothy J. Lundgren
Varnum, Riddering, Schmidt & Howlett LLP
333 Bridge Street, N.W.
Grand Rapids MI 49504

Service List U-17643

Dennis W. Mack
DLARA/MAHS - MPSC Hearings
7109 W. Saginaw Hwy.
I. D. M A I L
Lansing MI 48917

Raymond E. McQuillan
Consumers Energy Company
1 Energy Plaza Drive, Rm EP11-241
Jackson MI 49201

Leland R. Rosier
Clark Hill PLC
212 E. Grand River Avenue
Lansing MI 48906

John C. Shea
Consumers Energy Company
One Energy Plaza
Jackson MI 49201

Robert A.W. Strong
Clark Hill PLC
151 S. Old Woodward Avenue, Suite 200
Birmingham MI 48009

Bret A. Totoraitis
Room EP11-229
Consumers Energy Company
One Energy Plaza
Jackson MI 49201

Ford J.H. Turrell
Warner Norcross & Judd LLP
900 Fifth Third Center
111 Lyon Street NW, Suite 900
Grand Rapids MI 49503

David R. Whitfield
Warner Norcross & Judd LLP
120 N. Washington Square, Suite 410
Lansing MI 48933