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January 25, 2019

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

RE: Case No. U-20439 – In the Matter of the Application of Consumers Energy Company for Approval of a Group Transportation Service Pilot Program.

Dear Ms. Kale:

Enclosed for electronic filing in the above-captioned case, please find the **Application and Testimony and Exhibit of Consumers Energy Company witness Elizabeth A. Curtis**. This is a paperless filing and is therefore being filed only in PDF. Also included is a Proof of Service showing service upon the parties in Case No. U-18424.

Sincerely,

Ian F. Burgess

cc: Parties to MPSC Case No. U-18424

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the application of)
CONSUMERS ENERGY COMPANY)
for approval of a Group Transportation Service)
Pilot Program.)
_____)

Case No. U-20439

APPLICATION

Consumers Energy Company (“Consumers Energy” or the “Company”) respectfully requests that the Michigan Public Service Commission (“MPSC” or the “Commission”) approve the Company’s proposal to implement a gas transportation customer pooling program. The proposed program permits Gas Transportation Service Customers (“Transportation Customers”) the option of being combined into Groups under each Gas Transportation Supplier (“Supplier”), thereby allowing the Supplier to make a single supply nomination for a group of Transportation Customers. In support of its Application, Consumers Energy respectfully represents as follows:

1. Consumers Energy is, among other things, engaged as a public utility in the business of purchasing, storing, transporting, distributing, and selling natural gas to approximately 1.8 million customers in the state of Michigan. The natural gas system of Consumers Energy is an integrated and interconnected system and is operated as a single utility system in which the same rates and tariffs are applicable.

2. Consumers Energy’s retail natural gas business, including its retail transportation, storage, and distribution business, is subject to the jurisdiction of the Commission pursuant to various statutory provisions of 1909 PA 300, as amended, MCL 462.2 *et seq.*; 1919 PA 419, as amended, MCL 460.54 *et seq.*; 1939 PA 3, as amended, MCL 460.1 *et seq.*; and 1982 PA 304, as amended, MCL 460.6h(1) *et seq.* Pursuant to these statutory provisions, the Commission has the

power and jurisdiction to regulate Consumers Energy's retail natural gas sales, transportation, storage, and distribution rates.

3. On August 28, 2018, the Commission approved a Settlement Agreement in Case No. U-18424 ("Settlement Agreement") regarding the Company's request to increase its rates for the distribution of natural gas and for other relief. As part of that Settlement Agreement, the Company agreed to convene a collaborative among interested parties within four weeks of the Commission's August 28, 2018 Order to discuss the details of a pooling option for Transportation Customers. Following the collaboration and pooling option design, the Company was to file the proposed program for approval within 150 days of the Commission's August 28, 2018 Order.

4. As agreed to in the Settlement Agreement, the Company convened a collaborative to discuss the development of a Group Transportation Service Pilot Program Tariff. With consideration of the collaborative meeting discussions and input from interested parties, the Company developed the Group Transportation Service Pilot Program ("Program") to serve as a five-year pilot program available to any Supplier seeking to aggregate the receipts and deliveries of its Transportation Customers taking service under the Company's Gas Transportation Service Rate Schedules ("Transportation Rate Schedules"). The proposed terms and conditions of the Program were shared and discussed with interested parties following the collaborative meetings. Additionally, interested parties were provided the opportunity to review and provide comments on the Company's proposed tariff.

5. Under the Program, a Supplier will establish a Group with the Company, which is an aggregation of Transportation Customers' accounts and their supply, as well as establish a Group Administrator for that Group. By establishing this Group, a Supplier will have the ability

to make a single supply nomination to the Company on behalf of the Transportation Customers within the Group, thereby allowing for easier administration of supplying natural gas to those Transportation Customers. Transportation Customers who elect to participate in the Program will enroll in the Group with their Group Administrator, who will be responsible for submitting enrollments to the Company. All enrollments must be received by the Company at least three months prior to the calendar month in which the Transportation Customer will become part of the Group, and an enrollment will be effective for a period of at least twelve months. In addition, a Supplier will be limited to one Group with a maximum enrollment of 100 contract accounts.

6. All Transportation Customers enrolled in a Group shall have the same Authorized Tolerance Level. The Transportation Customer who is part of the Group will remain subject to the obligations of both the Transportation Rate Schedule, under which that Transportation Customer takes service, and the Gas Transportation Service Contract (“Transportation Contract”) between the Transportation Customer and the Company. The Transportation Customer will continue to be billed under the Transportation Rate Schedule designated on its Transportation Contract; however, Authorized Gas will not be available under the Program, and Group members will not be subject to the Unauthorized Gas Usage Charge or Load Balancing Charge, as set forth in the Transportation Rate Schedule. Any Transportation Customer with an account in arrears will not be eligible to enroll in a Group or participate in the Program.

7. Each Group will have a Group Administrator who is responsible for managing the gas balances of the Group, nominating the daily quantity of gas to be delivered to the Company on behalf of the Group, and resolving all fees and penalties associated with the aggregation of supply for Group members, such as the Unauthorized Gas Usage Charge and the Load Balancing Charge. The Company will transport gas for the Group from the points of receipt to the

Transportation Customers within the Group. A percentage of all gas received for the Group Administrator will be retained by the Company to compensate it for Fuel Use and Lost and Unaccounted For gas.

8. The Group Administrator will pay a monthly Group Administrative Fee of \$200 per Group, and a monthly Customer Account Maintenance Fee of \$5.00 per customer account enrolled. These fees will allow the Company to collect sufficient revenues to manage the Program effectively, while not impacting other customers. During the pilot, the Company will monitor and review these charges to ensure that participants are being charged the cost associated with the Program. If it is determined during the pilot period that changes should be made to the proposed fees, the Company will request that they be adjusted.

9. In addition to establishing a Group Annual Contract Quantity and Group Maximum Daily Quantity to manage the natural gas transportation deliveries on the Company's system, the Company has also established a Group Minimum Daily Quantity ("GMinDQ") to provide protection for the integrity of the Company's system and its customers. The GMinDQ will be implemented at the Company's sole discretion, such as when there is a failure of a significant portion of the Company's storage or transmission system or in a prolonged extreme cold weather event. If required, the Group Administrator will have to deliver the GMinDQ for the Group or be responsible for a Group failure fee in the event of a shortfall. The required GMinDQ will be posted on the Company's Informational Posting Website by April 1 of each year and will be effective for the following November through March period.

10. The Company anticipates that new experiences and insights will be gained throughout the Program's initial five-year development and that additional changes may be required to enhance the Program. As this is a pilot Program, the Company expects to enhance

the Program with such experiences and insights, as well as consider feedback from interested parties for additional changes. Thus, the Company plans on holding working groups with interested parties as the Program develops.

11. After considering the collaborative discussions with interested parties, providing an opportunity to interested parties for comment on the proposed terms and conditions, and establishing a flexible framework going forward for continued Program enhancements, the Company believes the proposed Program provides a quality service for Suppliers to group Transportation Customers for single supply nominations in accordance with the intentions of the Settlement Agreement.

12. As discussed above, participation in this pilot Program is on a voluntary basis. Any charges paid under the Program will be paid only by those who voluntarily participate, and the Commission has previously found that *ex parte* approval is appropriate in such a circumstance. See MPSC Case No. U-14471, April 28, 2005 Opinion and Order, page 2. The Program is structured in such a manner that there will not be an increase in the cost of service to customers not participating in the Program. Approval of the relief requested in this Application will not increase rates or charges for any customer, and the approvals sought in this Application therefore “may be authorized and approved without notice or hearing.” MCL 460.6a(1). Therefore, Consumers Energy respectfully requests the Commission to approve the relief requested on an *ex parte* basis without the time and expense of a public hearing.

WHEREFORE, Consumers Energy Company respectfully requests that the Michigan Public Service Commission issue an *ex parte* order:

- A. Approving Consumers Energy Company's proposed Group Transportation Service Pilot Program;
- B. Approving the Company's Group Transportation Service Pilot Program Tariff;
- C. Determining that the proposed Group Transportation Service Pilot Program and related approvals will not result in an alteration or amendment in Consumers Energy's rates or rate schedules, and will not result in an increase in the cost of service to Consumers Energy's customers, and therefore may be authorized and approved without notice or hearing;
- D. Determine that the relief requested herein should be granted *ex parte* without the time and expense of a public hearing; and
- E. Grant such other and further relief as is lawful and appropriate.

Respectfully submitted,

CONSUMERS ENERGY COMPANY

Dated: January 25, 2019

By: _____

Gregory M. Salisbury
Vice President
Gas Engineering And Supply

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STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the application of)
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for approval of a Group Transportation Service)
Pilot Program.)
_____)

Case No. U-20439

VERIFICATION

Gregory M. Salisbury states that he is Vice President-Gas Engineering And Supply of Consumers Energy Company; that he has executed the foregoing Application for and on behalf of Consumers Energy Company; that he has read the foregoing Application and is familiar with the contents thereof; that the facts contained therein are true, to the best of his knowledge and belief; and that he is duly authorized to execute such Application on behalf of Consumers Energy Company.

Dated: January 25, 2019

Gregory M. Salisbury
Vice President
Gas Engineering And Supply

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the application of)
CONSUMERS ENERGY COMPANY)
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_____)

Case No. U-20439

DIRECT TESTIMONY
OF
ELIZABETH A. CURTIS
ON BEHALF OF
CONSUMERS ENERGY COMPANY

January 2019

ELIZABETH A. CURTIS
DIRECT TESTIMONY

1 **Q. Please state your name and business address.**

2 A. My name is Elizabeth A. Curtis, and my business address is 1945 West Parnall Road,
3 Jackson, Michigan 49201.

4 **Q. By whom are you employed?**

5 A. I am employed by Consumers Energy Company (“Consumers Energy” or “the
6 Company”).

7 **Q. What is your position with Consumers Energy?**

8 A. I am the Director of Gas Transportation and Measurement in the Gas Management
9 Services Department.

10 **Q. Please state your educational background and business experience.**

11 A. I graduated from Michigan State University in March 1981 with a Bachelor of Arts
12 Degree in Economics and was employed in April 1981 by Consumers Energy in the Gas
13 Section of its Rates and Rate Research Department (“Rates”). My responsibilities while
14 employed in that area included performing and evaluating studies related to rate design,
15 cost of service, Gas Cost Recovery plans and reconciliations, and refunds. In August of
16 1989, I joined the Gas Supply, Planning and Control Department (“Gas Supply”) as a
17 Senior Regulatory Affairs Analyst, responsible for monitoring activity at the Federal
18 Energy Regulatory Commission (“FERC”), which had an impact on Consumers Energy
19 or its subsidiary, Michigan Gas Storage Company (“MGS”), and for managing the
20 regulatory activity of MGS at FERC. I continued to serve in that capacity in both Gas
21 Supply and then in Rates until November 2001, when I joined the Business Operations
22 Analysis Department as a Senior Business Support Consultant. In that position, I was
23 responsible for change management consulting on various internal projects. In March

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2004, I moved to the Gas Management Services Department, where I assumed responsibility for the management of Consumers Energy's Gas Customer Choice ("GCC") Program, including the preparation of required deliveries for GCC Suppliers and monthly GCC remittance statements and annual reconciliations. In May 2008, my responsibilities were expanded to include the daily management of the gas transportation activity taking place at Consumers Energy, including the daily balancing and confirmation of gas nominations and gas transportation contract administration. In June 2010, I was promoted to Director of Gas Transportation and Measurement, and my responsibilities were expanded to include the preparation of the Gas Control Operations Summary, which is the foundation of volumetric accounting on Consumers Energy's gas transmission and storage system.

Q. Have you testified in any proceedings before the Michigan Public Service Commission ("MPSC" or the "Commission") or FERC?

A. Yes. I have testified before the MPSC in Case Nos. U-8287, U-8287-R, U-10750, U-12752, U-14547, U-15986, U-17133-R, U-17693, U-17882, U-17900, and U-18424. I have also testified before FERC in Docket Nos. RP89-186, RP91-143, RP96-129, and RP96-290.

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

A. The purpose of my direct testimony is to present the Company's compliance with the Settlement Agreement approved by the Commission on August 28, 2018, Case No. U-18424 ("Settlement Agreement"), regarding convening a collaborative to discuss the details of a pooling option for Gas Transportation Service Customers ("Transportation Customers"). Additionally, I am providing testimony to support the Commission's

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1 approval of the Company's proposal for a gas transportation customer pooling program,
2 referred to as the Group Transportation Service Pilot Program ("Program").

3 **Q. Are you sponsoring any exhibits in this case?**

4 A. Yes, I am sponsoring the following exhibit:

5 Exhibit A-1 (EAC-1) Group Transportation Service Pilot Program Tariff.

6 **Q. Was this exhibit prepared by you or at your direction?**

7 A. Yes.

8 **COMPLIANCE WITH SETTLEMENT AGREEMENT**

9 **Q. What were the requirements of the Settlement Agreement in Case No. U-18424,**
10 **regarding a pooling option for Transportation Customers?**

11 A. The Settlement Agreement included the following requirements regarding pooling:

12 "Within four weeks of the Commission's order approving this
13 Settlement Agreement, the Company will convene a collaborative
14 among the interested parties discussing the details of a pooling
15 option for gas transportation customers. A pooling option will
16 permit, at a minimum but not limited to, gas transportation
17 customers to choose to be combined into groups or pools under
18 each gas transportation supplier, thereby allowing the supplier to
19 make a single supply nomination to a group of customers. The gas
20 transportation customer pooling proposal may include other terms
21 and conditions as well. Within 150 days of the Commission's
22 order approving this Settlement Agreement, the Company will
23 either: (i) file for approval of a proposal for gas transportation
24 customer pooling in its next rate case, or (ii) make a separate ex
25 parte filing requesting approval of the program."

26 **Q. Did the Company convene a collaborative with interested parties within four weeks**
27 **of the Commission's order approving the Settlement Agreement?**

28 A. Yes. The Company held two collaborative meetings on the pooling issue. The first was
29 held at the Commission's offices on September 19, 2018, within four weeks of the
30 Commission's August 28, 2018 Order. The second meeting was held on November 9,

ELIZABETH A. CURTIS
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1 2018, also at the Commission's offices. Outside of the collaborative, the Company also
2 had discussions with interested parties.

3 **Q. Would you please generally describe who participated in the collaborative**
4 **meetings?**

5 A. Yes. In addition to representatives from Consumers Energy, attendees were also present
6 from the Retail Energy Supply Association ("RESA"), the Association of Businesses
7 Advocating Tariff Equity, the Michigan Department of the Attorney General, the
8 Residential Customer Group, DTE Gas Company, Exelon, and BP Canada. The
9 Commission Staff also attended.

10 **Q. Based on those collaborative discussions, did the Company develop a pooling option**
11 **that would allow a Gas Transportation Supplier ("Supplier") to make a single**
12 **supply nomination to a group of Transportation Customers?**

13 A. Yes. The Company developed a voluntary pooling option that will permit Transportation
14 Customers to choose to be aggregated into Groups under each Transportation Supplier
15 within the proposed Program Tariff, as further discussed in the following section.

16 **Q. In developing the proposed Program, did the Company seek input from the**
17 **collaborative meeting participants?**

18 A. Yes. A proposed tariff was presented to the parties prior to the September 19, 2018
19 meeting, and the parties responded at the meeting with questions and suggestions.
20 Consumers Energy addressed those questions and agreed to include a number of the
21 suggestions in the proposed tariff. After the first proposed tariff was revised, the
22 Company provided a subsequent tariff proposal to the parties at the November 9, 2018
23 meeting. Following the November 9, 2018 meeting, additional comments were received

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1 and the tariff proposal was again revised. The tariff presented as Exhibit A-1 (EAC-1) is
2 the result of those discussions.

3 **Q. Did the Company make a filing to the Commission for approval of a gas**
4 **transportation customer pooling proposal, developed with consideration of the**
5 **collaborative discussions, within 150 days of the Settlement Agreement?**

6 A. Yes. This filing represents the Company's compliance with this requirement.

7 **GROUP TRANSPORTATION SERVICE PILOT PROGRAM**

8 **Q. Please describe the Company's proposed Program.**

9 A. The Company is proposing a five-year pilot of a Group Transportation Service Program.
10 The Program is designed to provide any Supplier with the opportunity to aggregate the
11 receipts and deliveries of the natural gas that they supply to their Transportation
12 Customers taking service under the Company's Gas Transportation Service Rate
13 Schedules ("Transportation Rate Schedules"). Under the Program, a Supplier will
14 establish a Group with the Company, which is an aggregation of Transportation
15 Customers' accounts and their supply, as well as establish a Group Administrator for that
16 Group. By establishing this Group, a Supplier will have the ability to make a single
17 supply nomination to the Company on behalf of the Transportation Customers within the
18 Group, thereby allowing for easier administration of supplying natural gas to those
19 customers.

20 **Q. Please explain how Transportation Customers would participate in the proposed**
21 **Program.**

22 A. Each Group will have a Group Administrator who will be responsible for managing the
23 gas balances of the Group, nominating the daily quantity of gas to be delivered to the

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1 Company on behalf of the Group, and resolving all fees and penalties associated with the
2 aggregation of supply for Group members. Transportation Customers who elect to
3 participate in the Program will enroll in a Group with their Group Administrator. The
4 Group Administrator will then submit enrollments to the Company, during the specified
5 timeframe, from those Transportation Customers who agreed to participate in the Group.
6 The Company will transport gas for the Group from the points of receipt to the
7 Transportation Customers within the Group. The Transportation Customer who is part of
8 the Group will remain subject to the obligations of both the Transportation Rate
9 Schedule, under which that customer takes service, and the Gas Transportation Service
10 Contract ("Transportation Contract") between the Transportation Customer and the
11 Company. In addition, the Transportation Customer will continue to be billed under the
12 Transportation Rate Schedule designated on its Transportation Contract. However,
13 Authorized Gas will not be available under the Program, and Group members will not be
14 subject to the Unauthorized Gas Usage Charge or Load Balancing Charge, as set forth in
15 the Transportation Rate Schedule, which will become the responsibility of the Group
16 Administrator. Any Transportation Customer with an account in arrears will not be
17 eligible to enroll in a Group or participate in the Program.

18 **Q. Are there restrictions around the enrollment of Transportation Customers in a**
19 **Group?**

20 **A.** Yes. All enrollments must be received at least three months prior to the calendar month
21 in which the Transportation Customer will become part of the Group, and an enrollment
22 will be effective for a period of at least 12 months during which gas delivered to the
23 Transportation Customer will be provided to the Company by the Group Administrator of

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1 the Group in which the Transportation Customer is enrolled. To participate, all of the
2 Transportation Customer's accounts must be submitted with the Group at the time of the
3 enrollment. By participating in the Program, the Transportation Customer agrees to only
4 be enrolled in one Group at any time and will not be eligible to designate receipts of
5 natural gas from any source other than the Group in which they are enrolled. In addition,
6 all Transportation Customers enrolled in a Group shall have the same Authorized
7 Tolerance Level ("ATL"). Suppliers will also be limited to one Group with a maximum
8 enrollment of 100 contract accounts.

9 **Q. Why is Consumers Energy limiting the number of Groups a Supplier may establish**
10 **and the number of contract accounts a Group Administrator may enroll?**

11 A. One of the Company's major concerns with Group Transportation Service is accurately
12 tracking Transportation Customer participation in a Group. Transportation Customers
13 are our largest customers, and most of them have numerous accounts under a single
14 contract. When a Transportation Customer is enrolled in a Group, each of its accounts
15 must be enrolled, and the meter reads and billing information must be associated with the
16 correct Group. If a meter read is reversed, or if an account is missed during the
17 enrollment, the entire Group may be affected. By limiting the initial participation, the
18 Company can determine where issues lie and develop solutions to problems.

19 **Q. Could the participation of a Supplier or Transportation Customer in the Program**
20 **ever be subject to termination?**

21 A. Yes. The Transportation Customer's selection of a Group will remain effective until: (i)
22 terminated by the Transportation Customer or the Supplier, (ii) the Supplier becomes
23 disqualified from participating in the Program, or (iii) the Company receives an

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1 enrollment for that Transportation Customer for another Group. In addition, a Group will
2 be terminated, and the Transportation Customers of that Group will be removed, if the
3 Group Administrator's unpaid administrative fees, customer account maintenance fees,
4 and group failure fees exceed any cash deposit or alternative assurance accepted by the
5 Company. In the event the Group is terminated, any gas retained by the Company for
6 that Group must be transferred to another Group or to a Transportation Customer taking
7 service under a Transportation Rate Schedule.

8 **Q. Are there any fees associated with participation in the Program?**

9 A. Yes. The Group Administrator will pay a monthly Group Administrative Fee of \$200 per
10 Group, and a monthly Customer Account Maintenance Fee of \$5.00 per customer
11 account enrolled. Both fees are based on the pooling fees of Peoples Gas, as presented in
12 the testimony of RESA witness John Mehling in Case No. U-18424. These fees are
13 reasonable since they are based upon the fees of an established pooling program and will
14 allow the Company to collect sufficient revenues to run the Program effectively, while
15 not impacting other customers.

16 **Q. Does the Company intend to evaluate the fees charged during the five-year pilot**
17 **period?**

18 A. The Company will monitor and review these charges to ensure that participants are being
19 charged the cost associated with the Program. If it is determined during the pilot period
20 that changes should be made to the proposed fees, the Company will request that they be
21 adjusted.

22 **Q. Are there penalties associated with the Program?**

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1 A. Yes. The Group Administrator will be subject to the Unauthorized Gas Usage Charge
2 and the Load Balancing Charge. The Unauthorized Gas Usage Charge protects the
3 Company and its sales customers in the event that a Group Administrator's delivered
4 supply, plus any storage balance, is less than the aggregate usage of its Transportation
5 Customers. This penalty is the same as that included in the Company's Gas
6 Transportation Service Tariff, although, under the Program, the Group Administrator will
7 be responsible for these charges instead of the Transportation Customer. In addition, the
8 Group Administrator will be subject to a Load Balancing Charge of \$1.00 for any month-
9 end balance in excess of its ATL. The Load Balancing Charge is billed when the Group
10 Administrator's storage balance is greater than its ATL.

11 **Q. Is the level of the Load Balancing Charge based upon the Company's Gas**
12 **Transportation Service Tariff?**

13 A. No. Under the Program, the Group Administrator potentially has the ability to store a
14 large amount of gas on the Company's system due to the aggregation of Transportation
15 Customers. The Company wants to discourage the Group Administrator from exceeding
16 its ATL and storing even larger volumes on the Company's system. The current
17 \$0.25/MMBtu may not be sufficient to discourage storing, if market conditions make
18 storage more valuable. The Company believes that the \$1.00/MMBtu will provide a
19 reasonable disincentive for excess storage use and protect the remainder of its customers.

20 **Q. Will the Group Administrator be responsible for Fuel Use and Lost and**
21 **Unaccounted For Gas?**

22 A. Yes. A percentage of all gas received for the Group Administrator will be retained by the
23 Company to compensate it for Fuel Use and Lost and Unaccounted For gas. The fuel

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percentage retained in the proposed tariff, presented as Exhibit A-1 (EAC-1), is 2.24%, which is the same percentage filed in the Company's current Gas Rate Case No. U-20322. This percentage will be updated to correspond to the Commission-approved Fuel Use and Lost and Unaccounted For percentage in the Gas Transportation Service Tariff, as that percentage changes.

Q. Is the Company proposing that a Group Administrator is responsible for a cash deposit to participate in the Program?

A. Yes. The Group Administrator will be responsible for a cash deposit of \$10.00 per Mcf for 10/365ths of the Group Annual Contract Quantity. This is the same deposit requirement contained in the GCC Program Tariff.

Q. What is the reason for this deposit?

A. A Group Administrator is responsible for both fees and penalties as a participant in the Program, which, depending upon the ultimate Program participation, could be substantial. Even more importantly, the Company remains the supplier of last resort for the Transportation Customers enrolled by the Group Administrator. A deposit provides some revenues in the short-term, in the event that a Group Administrator fails to supply gas for the members of the Group. Ultimately, a Supplier's participation will be terminated if the sum of unpaid fees and penalties is greater than the deposit, which would also require that the Transportation Customers be removed from the Group.

Q. Is the Company proposing any other changes that are specific only to the Program?

A. Yes. The Company has included tariff language regarding a Group Minimum Daily Quantity ("GMinDQ") for the period November through March. The purpose of the GMinDQ is to provide protection for the integrity of the Company's system and its

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1 customers. The GMinDQ would be implemented at the Company's sole discretion, such
2 as when there is a failure of a significant portion of the Company's storage or
3 transmission system or in a prolonged extreme cold weather event. The GMinDQ would
4 be expressed as a percentage of the GMDQ, and, if required, the Group Administrator
5 would have to deliver the GMinDQ for the Group or be responsible for a Group failure
6 fee for the shortfall. The required GMinDQ will be posted on the Company's
7 Informational Posting Website by April 1 of each year and will be effective for the
8 following November through March period.

9 **Q. What is the Group failure fee based on?**

10 A. The proposed Group failure fee is based on the GCC Program Tariff. In that tariff, if a
11 Supplier fails to deliver its daily delivery requirement, it is charged the failure fee on the
12 shortfall. If the Company required the Group Administrator to deliver the GMinDQ, and
13 the Group Administrator failed to do so, the Group failure fee would be charged on the
14 shortfall.

15 **Q. Does the Company have a timeline to implement the pilot?**

16 A. Yes. During 2019, the Company will work to get the processes and systems in place to
17 establish the Program. This work will include determining how Suppliers will request a
18 Group, the deposit requirements for Group Administrators, how Transportation
19 Customers will be enrolled, changes to the current nomination and billing systems to
20 accommodate Group participation and invoices to Group Administrators, and the
21 development of contracts. During the first quarter of 2020 (January–March), each
22 Supplier may request a Group and the Group Administrator may begin submitting
23 Transportation Customer enrollments for that Group. During the second quarter of 2020

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1 (April–June), the Company will make the internal changes necessary to establish the
2 enrolled Transportation Customers in the appropriate Group. Beginning on July 1, 2020,
3 Transportation Customers enrolled in a Group during the first quarter will move into the
4 Group, and the Group Administrator will become responsible for all associated fees and
5 penalties. Also, during the second quarter of 2020 (April–June), each Group
6 Administrator may submit additional enrollments to the Group, up to the limit of 100
7 contract accounts per Group, and those Transportation Customers will begin taking
8 service in the Group beginning on October 1, 2020.

9 **Q. Why is this service being called “Group Transportation” rather than “Pooling”?**

10 A. Currently, each Supplier on Consumers Energy’s system has a virtual pool. Gas is
11 received at various interconnects with pipelines and producers and is delivered to this
12 virtual pool. The gas is then delivered out of the Supplier’s virtual pool to its
13 Transportation Customers. To avoid confusion with the word “pooling,” the Company is
14 calling the new service “Group Transportation.”

15 **Q. Does the Company intend to maintain the Program Tariff as filed, or will changes**
16 **be made during the five-year pilot period?**

17 A. The Company intends to make changes to the tariff during the five-year pilot period. The
18 initial Program will start out slow and, as experience is acquired, changes will be
19 identified and made. At the end of the pilot period, the Company expects to have a
20 fully-functioning Group Transportation Service Program available to all Suppliers and
21 their Transportation Customers.

22 **Q. Does Consumers Energy plan to include interested parties in changes that are made**
23 **during the pilot?**

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1 A. Yes. Working groups comprised of interested parties will be established during the year
2 2019 to discuss progress on the initial set-up. When the pilot is rolled out in 2020, those
3 working groups will provide valuable information on how the Program is working and
4 may be able to help determine solutions to problems that arise. The Company believes
5 that maintaining discussions with interested parties will assist in the development of a
6 program that makes sense for everyone.

7 **Q. Does that conclude your direct testimony?**

8 A. Yes, it does.

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_____)

Case No. U-20439

AFFIDAVIT OF ELIZABETH A. CURTIS

Elizabeth A. Curtis, being first duly sworn, deposes and says as follows:

1. I am the Director of Gas Transportation and Measurement in the Gas Management Services Department for Consumers Energy Company.
2. I am the witness who sponsors the accompanying testimony entitled Direct Testimony of Elizabeth A. Curtis (the "Testimony").
3. The Testimony was prepared by me and under my direction and supervision.
4. If inquiries were made as to the facts in the Testimony, I would respond as set forth therein.
5. The Testimony is true and correct to the best of my knowledge, information, and belief.

Elizabeth A. Curtis

Subscribed and sworn to before me this 25th day of January, 2019.

Crystal L. Chacon, Notary Public
State of Michigan, County of Ingham
My Commission Expires: 05/25/24
Acting in the County of Jackson

SECTION G

GROUP TRANSPORTATION SERVICE PILOT PROGRAM STANDARDS AND BILLING PRACTICES

These General Rules and Regulations for Group Transportation Service customers are not to supersede but are in addition to Rule B1, Technical Standards for Gas Service. Under this program, a gas Supplier may aggregate the receipts and deliveries of gas transportation customers taking service under the Company's Gas Transportation Service Rate Schedules by establishing a Group with those transportation customers who have agreed to participate in the program. The Supplier will also establish a Group Administrator, who will enroll transportation customers into the Group, manage the Group, and take responsibility for all fees and penalties associated with the Group. The transportation customer will continue to be billed under the Gas Transportation Service Rate Schedule designated on its transportation service contract, except that, as a member of a Group, Authorized Gas is not available, and the transportation customer will not be subject to the Unauthorized Gas Usage Charge or Load Balancing Charge as set forth in the Gas Transportation Service Rate Schedule.

G1. GENERAL PROVISIONS AND DEFINITIONS

G1.1 Definitions.

As used in this section:

- (a) "Account" shall mean transportation customer's facilities and operations directly connected with the individual facilities identified in the transportation service contract between the Company and the transportation customer. The gas for each account shall be measured by a single Company meter.
- (b) "Allowance for Use and Loss" is defined in Rule G4.1.C. in Section G.
- (c) "Business Day" means Monday through Friday, excluding Company holidays.
- (d) "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.
- (e) "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.
- (f) "Enrollment" means an identification of the transportation customers to be aggregated in a Group. The Enrollment will be in a form specified by the Company. All Enrollments must be received at least three months prior to the calendar month in which the transportation customer will become part of the Group, and an Enrollment will be effective for a period of at least twelve (12) months.
- (g) "Gas" means natural gas, manufactured gas, or a combination of the two which meets the "quality" standards as specified in Rule G3, Gas Quality of the Company's Gas Rate Book.
- (h) "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.
- (i) "Group" shall mean an aggregation of transportation customers, enrolled by a Group Administrator, who take service under Transportation Service Rate Schedules ST, LT, XLT, or XXLT and have agreed to participate in the Program. All transportation customers in a particular customer Group must have the same Authorized Tolerance Level, as defined in Section E.1.1 of the Company's Gas Rate Book.
- (j) "Group Administrator" shall mean the administrator of the Group.
- (k) "Group Annual Contract Quantity" (GACQ) means the sum of the individual contracted transportation customer Annual Contract Quantities, as defined in section E1.1, enrolled by the Group Administrator in a Group.
- (l) "Group Authorized Tolerance Level" (GATL) means the Authorized Tolerance Level (ATL) of the transportation customers in a Group. The GATL shall be established as 4.0%, 6.5%, 7.5%, 8.5%, 9.5%, or 10.5% of the Group's GACQ, and all transportation customers in a Group shall have the same underlying contractual ATL, as defined in section E1.1 of the Company's Gas Rate Book.
- (m) "Group Maximum Daily Quantity" (GMDQ) means the sum of the Maximum Daily quantities of all transportation customers enrolled in the Group, as defined in section E1.1 of the Company's Gas Rate Book.
- (n) "Group Minimum Daily Quantity" (GMinDQ) means the minimum amount of gas that should be delivered by the Group Administrator when required to do so at the Company's sole discretion. The GMinDQ will be calculated as a percentage of the GMDQ.
- (o) "MMBtu" means one million Btu.

- (p) "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.
- (q) "Nominations" means the process by which the Group Administrator notifies the Company of expected transportation quantities.
- (r) "Supplier" means an entity who supplies natural gas to an end-use gas transportation customer on Consumers Energy's gas system.
- (s) "Total Heating Value Per Cubic Foot" means the number of Btu produced by the combustion, at constant pressure, of one cubic foot of gas, with air of the same pressure and temperature as the gas, when the products of combustion are cooled to the initial temperature of the gas and air, and when the water formed by the combustion is condensed to the liquid state. This definition applies regardless of the equipment used to determine the total heating value per cubic foot.
- (t) "Unauthorized Gas Usage Charge" is defined under the Monthly Fees Applicable to the Group Administrator section of the Group Transportation Service Pilot Program.

(Continued on Sheet No. G-2.00)

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M.P.S.C. No. 2 - Gas
Consumers Energy Company

Sheet No. G-2.00

(Continued From Sheet No. G-1.00)

G1. GENERAL PROVISIONS AND DEFINITIONS (Contd)

G1.2 Application of Rules.

Unless otherwise provided for within this Section G, or under the transportation customer's contracted Transportation Service Rate Schedule, transportation customers and Group Administrators are subject to the provisions of the Company's Gas Rate Book. Transportation customers enrolled in the Group Transportation Service Pilot Program shall be considered customers of the Company.

G1.3 Possession of Gas.

A. Responsibility for Gas

The Company and the transportation customer shall each be responsible for its own equipment and facilities on its own side of a deliver point. The Group Administrator shall have good title or good right to make delivery and, further, shall warrant for itself, its successors and assigns that such gas shall be free and clear of all liens, encumbrances, and claims whatsoever. With respect to any such adverse claim that may arise to said gas or to royalties, taxes, license fees or charges thereon, the transportation customer and Group Administrator shall indemnify and hold the Company harmless from all suits, actions, debts, accounts, damages, costs, losses, and expenses arising from or out of the same.

B. Indemnification of the Company

In the absence of negligence, recklessness or willful misconduct on the part of the Company or of the Company's officers, employees or agents, the transportation customer and the Group Administrator waive any and all claims against the Company, its officers, employees or agents, arising out of or in any way connected with (1) the quality, use or condition of the gas after delivery from the Company's line for the account of such transportation customer; (2) any losses or shrinkage of gas during or resulting from transportation and (3) all other claims and demands arising out of the performance of the duties of the Company, its officers, employees, or agents.

G2. RECORDS, ACCOUNTING AND CONTROL

G2.1 Transmittal of Notices, Bills and Payments.

Transportation customers enrolled in a Group are required to enroll in the electronic billing program Business e-Bill or other electronic invoice delivery program as determined by Consumers Energy. It is the responsibility of the transportation customer to give access to the Group Administrator to view the transportation customer's bill.

G2.2 Nominations, Accounting and Control.

A. All nominations shall be submitted by facsimile, e-mail, or an available electronic nomination system.

B. **Daily:** The Group Administrator shall notify the Company's Transportation Services Department of the daily quantity of gas (in MMBtu) being nominated for delivery to the Company on behalf of the transportation customers in the Group. Such nominations shall be submitted by 2:00 PM Eastern Clock Time on the Business Day prior to the effective day of the proposed delivery. Nominations made after the 2:00 PM deadline shall be accepted at the sole discretion of the Company.

C. The Company, at its sole discretion, may require that each Group Administrator shall be responsible for delivering a Minimum Daily Quantity of gas for the Group for the period November through March. This Group Minimum Daily Quantity (GMinDQ) may vary by month and shall be posted on the Company's Informational Posting Website (IPW) as a percentage of the GMDQ by April 1 of each year to be effective for the following November through March period. A Group Administrator that falls short of the GMinDQ shall pay a per MMBtu group failure fee for all shortages in the amount of \$6/MMBtu (\$10.00/MMBtu during periods of Company-declared supply emergency in accordance with Rule C3, Curtailment of Gas Service) plus the higher of (a) the cost of gas billed to sales customers pursuant to the Company's Rule C7, Gas Cost Recovery Clause and Standard Refund Procedures, or (b) the current highest spot price paid for gas delivered to ANR Pipeline Company, Trunkline Gas Company, Panhandle Eastern Pipe Line Company,

or at Chicago city gate for the corresponding date as published in Gas Daily, plus associated firm pipeline delivery costs.

- D. The Group Administrator may transfer all or any portion of their gas balance to another Group. The Group Administrator of the Group 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. The Company may, at its sole discretion, allow one transfer of gas per month between Groups. The Group Administrator of the Group to whom the gas is transferred shall be charged a \$500 fee. Such transfers shall be received by the Company prior to 2:00 PM Eastern Clock Time, one business day prior to the last business day of that month.

(Continued on Sheet No. G-3.00)

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M.P.S.C. No. 2 - Gas
Consumers Energy Company

Sheet No. G-3.00

(Continued From Sheet No. G-2.00)

G3. GAS QUALITY

G3.1 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. G-4.00)

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M.P.S.C. No. 2 - Gas
Consumers Energy Company

Sheet No. G-4.00

(Continued From Sheet No. G-3.00)

G4. SERVICE REQUIREMENTS

G4.1 Quantities.

- A. The Group Administrator may deliver, or cause to be delivered, and the Company shall, subject to other provisions in the Company's Gas Rate Book, accept quantities of gas up to the GMDQ specified in the Group transportation service contract.
- B. Deliveries to the Company may be made by or on behalf of the Group Administrator at existing interconnections between the gas transmission facilities of the Company and other pipeline systems. These points of receipt shall be those that are agreed to from time to time by the Group Administrator and the Company.
- C. The Company shall retain 2.24 percent of all gas received for transportation customers in the Group to compensate it for the Company's use and lost and unaccounted for on the Company's system ("Allowance for Use and Loss"). This volume shall not be included in the quantity available for delivery to transportation customers in the Group.
- D. The amount of gas available for use by the Group will be calculated as the amount of gas received by the Company less the allowance for gas-in-kind, plus the net effect of any balance transfers, plus any withdrawals from the Group's storage balance. For purposes of this calculation, gas transferred to or from another Group or transportation customer during the billing month shall not be considered.

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

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

(Continued on Sheet No. G-5.00)

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M.P.S.C. No. 2 - Gas
Consumers Energy Company

Sheet No. G-5.00

(Continued From Sheet No. G-4.00)

G4. SERVICE REQUIREMENTS (Contd)

G4.2 Delivery Pressure.

All deliveries of gas by the Group Administrator and the Company shall be made at a pressure sufficient to effect same, provided that neither party shall directly or indirectly cause the other to make such deliveries at a pressure in excess of that which would be a reasonably expected maximum.

G4.3 Shutoff of Service.

The Company shall not be required to perform service under a Group transportation service contract if the Group Administrator has failed to comply with any and all terms of the Group Administrator's contract and the Company's Gas Rate Book.

G5. BILLING

On or before the last Business Day of each calendar month, the Company shall endeavor to render a statement to the Group Administrator for service during the prior calendar month. Such statement will also include any Unauthorized Gas Usage Charges, failure fees, or Load Balancing Charges incurred by the Group.

G6. UNAUTHORIZED GAS USAGE CHARGE

If, in any month, the Group exceeds the amount of gas available for use by the Group, the excess amount will be treated as unauthorized use and be subject to the Unauthorized Gas Usage Charge as designated under the Monthly Fees Applicable to the Group Administrator section of the Group Transportation Service Pilot Program.

G7. CUSTOMER PARTICIPATION IN A GROUP

Transportation customers may elect to participate in the Group Transportation Service Pilot Program, and Group Administrators may solicit transportation customer participation at any time. However, transportation customer enrollments must be received by the Company, in a form acceptable to the Company, by the first business day of the calendar quarter preceding the customer's enrollment in the Group (January 1 for an April enrollment, April 1 for a July enrollment, July 1 for an October enrollment, or October 1 for a January enrollment). Enrollments shall be processed with an effective date corresponding to the first day of a calendar quarter (January 1, April 1, July 1 and October 1). Each Supplier will be limited to one Group with a maximum enrollment of 100 contract accounts. A customer who is a transportation customer of the Company must comply with all requirements of the Transportation Service Rate Schedule on which it takes service, excluding any penalties for Unauthorized Gas Usage Charges or Load Balancing Charges, which will be the responsibility of the Group Administrator.

The transportation customer's enrollment in a Group shall remain in effect for a period of at least twelve (12) months from the date of the enrollment. During that time, gas delivered to the transportation customer shall be provided to the Company by the Group Administrator of the Group in which the transportation customer is enrolled. A transportation customer enrolled in a Group cannot be enrolled in more than one Group at any time and is not eligible to designate receipts from any source other than the Group in which it is enrolled. The transportation customer's selection of a Group shall be effective until: (i) terminated by the transportation customer or the Supplier, (ii) the Supplier becomes disqualified from participating in the Group Transportation Service Pilot Program, or (iii) the Company receives an enrollment for that transportation customer in another Group. The Company shall incur no liability for relying on information received from a transportation customer or a Group Administrator which the Company believes to be genuine.

(Continued on Sheet No. G-6.00)

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M.P.S.C. No. 2 - Gas
Consumers Energy Company

Sheet No. G-6.00

(Continued From Sheet No. G-5.00)

G8. DEPOSIT REQUIREMENTS

A Group Administrator shall provide the Company a cash deposit in the amount of \$10.00 per Mcf for 10/365ths of the Group Annual Contract Quantity. The initial cash deposit shall be provided to the Company by the last business day of the calendar month prior to the month in which the Group Administrator's transportation customers commence service in the Group. Subsequent changes to the cash deposit will be included in the monthly bill to the Group Administrator. The cash deposit shall be adjusted if the Group Annual Contract Quantity changes due to underlying contractual changes of an individual Group member. As an alternative to a cash deposit, the Group Administrator may provide an irrevocable letter of credit from a financial institution, a surety bond, or a parental guarantee satisfactory to the Company in not less than the amount of the cash deposit. Any such letter of credit, surety bond, or parental guarantee shall be in a form acceptable to the Company. The amount of cash deposit, letter of credit, surety bond, or parental guarantee shall be applied against any unpaid charges and/or fees. Cash deposit amounts not so applied shall be refunded to the Group Administrator if the Group Administrator ceases to serve transportation customers under the Program.

G9. GROUP ADMINISTRATOR CONTRACT TERMINATION

A Group Administrator whose cumulative unpaid Group Administrative Fees, Customer Account Maintenance Fees, Unauthorized Gas Usage Charges, Load Balancing Charges, and Group failure fees exceed any cash deposit or alternative assurance shall have its Group transportation service contract terminated. In that event, transportation customers in the Group Administrator's Group will be removed from the Group but shall retain their individual status as transportation customers of the Company as specified in their individual transportation service contracts.

(Continued on Sheet No. G-7.00)

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M.P.S.C. No. 2 - Gas
Consumers Energy Company

Sheet No. G-7.00

(Continued From Sheet No. G-6.00)

G10. GROUP TRANSPORTATION SERVICE PILOT PROGRAM 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 Group 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, Group Administrator, or third parties that any advantage may accrue to such customer, Supplier, Group Administrator, or other third party in the use of the Company's services as a result of that customer, Supplier, Group Administrator, 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, Supplier, or Group Administrator, 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, Group Administrator, 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, Group Administrator, 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. G-8.00)

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M.P.S.C. No. 2 - Gas
Consumers Energy Company

Sheet No. G-8.00

(Continued From Sheet No. G-7.00)

G11. GROUP TRANSPORTATION SERVICE PILOT PROGRAM 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 G10, Group Transportation Service Pilot Program 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.

F. If a transportation customer has a complaint against a Group Administrator or Supplier, the transportation customer should try to resolve it first with the Group Administrator or Supplier. If the complaint is unresolved, the transportation customer may address the complaint to the Commission. The Company shall have no responsibility for resolving disputes between transportation customers and Group Administrators or Suppliers but shall provide information as requested by the transportation customer or the Commission.

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M.P.S.C. No. 2 - Gas
Consumers Energy Company

Sheet No. G-9.00

GROUP TRANSPORTATION SERVICE PILOT PROGRAM

Availability

Subject to any restrictions, participation in the Group Transportation Service Pilot Program is available to any Supplier who wishes to aggregate the receipts and deliveries of transportation customers taking service under Transportation Service Rate Schedules. All transportation customers in a particular Group must have the same Authorized Tolerance Level, as defined in Section E.1.1 of the Company's Gas Rate Book. Furthermore, all transportation customers in a Group shall be enrolled by the Supplier's Group Administrator, utilizing a form specified by the Company.

Under this Program, the Company shall transport gas for the Group from the interconnections between the Company's facilities and those of a third party that delivers gas to the Company for redelivery (points of receipt) to the interconnections between the Company's facilities and those of the transportation customers within the Group (points of delivery). Each Group shall have a Group Administrator who will be responsible for all penalties associated with the aggregation of receipts and deliveries of the Group. Each Supplier desiring to establish a Group shall make written application for such service on a form provided by the Company. The Company will convert the transportation customer's consumption from Mcf to MMBtu using monthly system-average Btu content. The Company, at its discretion, shall issue operation flow orders, or take other action which is deemed necessary, to ensure system reliability. The Company will act as supplier of last resort under the Program.

A transportation customer who is part of a Group remains subject to the obligations of both the Transportation Service Rate Schedule under which it takes service and the transportation service contract between the transportation customer and the Company. The transportation customer will continue to be billed under the Transportation Service Rate Schedule designated on its transportation service contract. Members of a Group will not be subject to the Unauthorized Gas Usage Charge or Load Balancing Charge as set forth in the Transportation Service Rate Schedule. A transportation customer whose account is in arrears shall not be eligible to be part of a Group. Enrollment in a Group is voluntary.

Monthly Fees Applicable to the Group Administrator

Group Administrative Fee	\$200/group
Customer Account Maintenance Fee	\$5.00/customer account enrolled

Unauthorized Gas Usage Charge

The Group Administrator shall be billed for unauthorized usage at the rate for service under Transportation Service Rate ST plus an Unauthorized Gas Usage Charge. Such Unauthorized Gas Usage Charge shall be the highest Midpoint price reported for Michigan or Chicago LDC's during the applicable month as reported by Gas Daily or, in the event that Gas Daily discontinues its reporting of such prices, any comparable reporting service, plus \$10 per Mcf for all gas taken by the Group in excess of the amount of gas available for use by the Group, as defined in Section G4.1D.

Monthly withdrawals from the Group's previous month-end storage balance during November through March will be limited to 3% of the Group's ACQ.

(Continued on Sheet No. G-10.00)

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M.P.S.C. No. 2 - Gas
Consumers Energy Company

Sheet No. G-10.00

(Continued From Sheet No. G-9.00)

Monthly Fees Applicable to the Group Administrator (Contd)

Load Balancing Charge

Should the amount of gas available for use by the Group at any month-end exceed the Group Authorized Tolerance Level, then the Company shall assess the Group Administrator a Load Balancing Charge of \$1.00 per MMBtu for the excess. In addition, there is a 2.0 percent gas-in-kind for fuel used for injection for any month-end balance of gas that exceeds the Group Authorized Tolerance Level and is in excess of the prior month-end storage balance.

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

Due Date and Late Payment Charge

The due date of the Group Administrator'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

All service under the Group Transportation Service Pilot Program shall require a written contract with a term of one year, and month-to-month thereafter, which must be approved by an officer of the Company or a duly authorized agent before it shall be binding upon the Company.

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STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the application of)
CONSUMERS ENERGY COMPANY)
for approval of a Group Transportation Service)
Pilot Program.)
_____)

Case No. U-20439

PROOF OF SERVICE

STATE OF MICHIGAN)
) SS
COUNTY OF JACKSON)

Crystal L. Chacon, being first duly sworn, deposes and says that she is employed in the Legal Department of Consumers Energy Company; that on January 25, 2019, she served an electronic copy of the **Application and Testimony and Exhibit of Consumers Energy Company witness Elizabeth A. Curtis** upon the persons listed in Attachment 1 hereto, at the e-mail addresses listed therein.

Crystal L. Chacon

Subscribed and sworn to before me this 25th day of January, 2019.

Wrae E. Loring, Notary Public
State of Michigan, County of Eaton
My Commission Expires: 03/25/20
Acting in the County of Jackson

ATTACHMENT 1 TO CASE NO. U-20439
(Parties to Case No. U-18424)

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