

Continued from Sheet No. E11.00

E5. TRANSPORTATION SERVICE AND RATES

E5.1 AVAILABILITY.

This service is available to any customer that could otherwise purchase gas under any of the Company's existing sales tariffs.

The customer must contract for delivery to a specific metering point(s) where the gas will be consumed. Gas transported under this rate may not be resold.

The Customer has agreed to provide a separate telephone line and such other facilities as may be required for the specialized metering equipment needed to be installed by the Company. The Customer has also agreed to provide 24 hour per day access to the specialized metering equipment located on the Customer's premises.

Upon request, the Company will make available to the Customer the daily volumetric data collected from the specialized metering equipment. However, such requests do not relieve the customer of the responsibility to balance its gas usage compared to deliveries of supplies into the Company's distribution system when an OFO has been instituted. Should a customer seek real time volumetric flow data, the Company will work with that customer, at the customer's expense for the equipment, to install the appropriate equipment to duplicate invoice quality data.

The Company does not have the obligation to provide GCR sales service until 30 days after notification of the customer's intention to become a sales customer.

The Company makes no guarantee against, and assumes no liability for, interruptions caused by third parties, including suppliers, marketers, producers, and pipelines.

E5.2 NATURE OF SERVICE.

The Company will accept on a firm basis, gas delivered to it on behalf of a transportation customer. The Company will redeliver an amount of gas to the customer containing the equivalent British thermal unit (BTU) content of the gas delivered to the Company on behalf of the customer.

Bills will be rendered on a monthly basis.

Service will be rendered under the terms and conditions contained in this rate schedule and consistent with the Company's Rule E1 - GAS TRANSPORTATION SERVICE RULES.

E5.3 AGGREGATION OF ACCOUNTS OPTION.

A customer receiving gas service at multiple facilities under 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 Service account (TR-1, TR-2 or TR-3).

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Issued: **November 17, 2021**
By: **Theodore Eidukas**
VP Regulatory Affairs
Milwaukee, Wisconsin

Effective for Service
On and After: **January 1, 2022**
Issued Under Authority of
Michigan Public Service Commission
Dated: **September 9, 2021**
In Case No: **U-20718**

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E5. TRANSPORTATION SERVICE AND RATES (Contd)

E5.3 AGGREGATION OF ACCOUNTS OPTION

- (b) Only the subsidiary accounts will be eligible for aggregation with the master account. To qualify as a subsidiary account a facility must be served under any of the Sales Service Rates or Transportation Service Rates. The customer, or the customer’s agent, must specify which of the other facilities will be designated as a subsidiary account. The customer may designate some or all of its other facilities as subsidiary accounts.
- (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 each subsidiary account will pay the customer charge, distribution charge and all applicable Supplemental charges as set forth on Sheet Nos. D-1.00 and D-1.01 in effect for its designated sales or transportation rate, rather than the customer charge and transportation charge in effect for the master account.
- (d) Each subsidiary account will be required to have remote metering installed and will be subject to the Daily Balancing provisions contained in Section 5.8 below. Each subsidiary account will be subject to a monthly telemetering charge of \$21.50, which is in addition to the charges specified in Section E5.3 (c) above.

E5.4 RATES AND CHARGES

Monthly Charges:	Transportation Service Rate		
	TR-1	TR-2	TR-3
Customer Charge -			
Each Meter	\$ 850.00 / meter	\$ 2,250.00 / meter	\$ 3,050.00 / meter
Each Subsidiary Account	\$ 21.50 / meter	\$ 21.50 / meter	\$ 21.50 / meter
Transportation Rates:			
Peak (November to March)	\$ 0.7733 per Mcf	\$ 0.4811 per Mcf	\$ 0.4643 per Mcf
Off-Peak (April to October)	\$ 0.6233 per Mcf	\$ 0.3311 per Mcf	\$ 0.3143 per Mcf

Service Category

- TR-1 Usage between 0 and 57,500 Mcf annually**
- TR-2 Usage between 57,500 and 572,400 Mcf annually**
- TR-3 Usage greater than 572,400 Mcf annually**

Optional Discount Rates - The Company, at its discretion, may negotiate lower rates for individual customers, down to a minimum of \$0.20 per Mcf.

DAILY BALANCING SERVICE % Difference From Nomination	Effective Rate Per Mcf
>0.0% up to 8.0%	\$0.2291
>8.0%	\$0.4041

Applicable Daily Balancing Charges for Undertake Imbalances during High Flow Constraint Periods and Overtake Imbalances during Low Flow Constraint Periods

% Difference From Nomination	Effective Rate Per Mcf
>0.0% up to 10.0%	\$0.0000
>10.0%	\$0.6300

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Issued: **November 17, 2021**
By: **Theodore Eidukas**
VP Regulatory Affairs
Milwaukee, Wisconsin

Effective for Service
On and After: **January 1, 2022**
Issued Under Authority of
Michigan Public Service Commission
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E5. TRANSPORTATION SERVICE AND RATES (Contd)

The Company, at its option, may require the installation of a heating value measurement device and the payment by the customer of a \$250.00 monthly heating value measurement charge under the following conditions:

- (a) If the customer refuses to include in its gas transportation service contract a provision that holds the Company harmless for any damages resulting from measuring errors; or
- (b) If the customer demands that heating value measurement equipment be installed.

Main Replacement Program Rider

This rate is subject to the Main replacement Program Rider charges set forth on Sheet Nos. D-1.04, D-1.05, D-1.06 and D-1.07.

E5.5 GAS COST RECOVERY

Gas transported under this rate is not subject to adjustments for fluctuations in the cost of purchased gas as stated in Rule C9 of the Company's Rules, Regulations, and Rate Schedules, M.P.S.C. No. 2.

E5.6 SUPPLEMENTAL CHARGES

This rate may be subject to the Supplemental Charges set forth on Sheet No. D-1.00 and D-1.01.

E5.7 GAS-IN-KIND

The Company shall retain 0.31% of all gas received at the delivery point(s) to compensate it for the company-use and lost-and-unaccounted-for gas on the Company's system. This volume shall not be included in the quantity available for redelivery to the customer.

E5.8 DAILY BALANCING SERVICE

ANNUAL CONTRACT QUANTITY (ACQ) is defined as the quantity of gas, as specified in the transportation contract between the customer and the Company, that is based on the customer's maximum historical 12-month usage (determined from the customer's 36-month base period) plus adjustments for known or expected changes. The ACQ will be utilized in establishing the customer's Maximum Daily Quantity (MDQ), unless an alternative measure is agreed upon.

ADJUSTED SCHEDULED DELIVERED QUANTITY is defined as the quantity of gas to be delivered to the Company's system on behalf of the customer as reported by the interstate pipeline, adjusted for the difference in MGU's pressure base (14.73/14.65 psia, i.e. 1.0055).

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Issued: **November 17, 2021**
By: **Theodore Eidukas**
VP Regulatory Affairs
Milwaukee, Wisconsin

Effective for Service
On and After: **January 1, 2022**
Issued Under Authority of
Michigan Public Service Commission
Dated: **September 9, 2021**
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E5. TRANSPORTATION SERVICE AND RATES (Contd)

E5.8 DAILY BALANCING SERVICE (Contd.)

EXCESS DELIVERIES are defined as gas delivered to the Company, on behalf of the customer, less gas in kind and gas redelivered to the customer, on a **daily** basis.

(a) All customers taking service under this rate schedule must subscribe to the Company's Daily Balancing Service.

(b) All customers using the Daily Balancing Service that are not members of a Third Party Pool will be balanced on a stand-alone basis.

(c) For each Third Party Pool, on a daily basis, the difference between the entire pool's Adjusted Scheduled Delivered Quantity and the entire pool's actual usage will be divided into two blocks as defined below. The number of Mcf's in each block will be multiplied by the respective rate for that block in accordance with the following table:

1. The Percent Difference From Adjusted Scheduled Delivered Quantity is calculated by taking the absolute value of the difference between the pool's actual daily usage and the pool's Adjusted Scheduled Delivered Quantity and dividing by the pool's Adjusted Scheduled Delivered Quantity.

2. Pool's Percent Difference Between Adjusted <u>Scheduled Delivered Quantity And Actual Usage</u>	<u>Rate Per Mcf</u>
>0.0% up to 8.0%	(See Sheet No. E-13.00
>8.0%	for current effective rates)

3. The total Daily Balancing charges for a Third Party Pool will be billed directly to the Pool Administrator.

(d) For Stand-Alone Customers, on a daily basis, the difference between each customer's Adjusted Scheduled Delivered Quantity and each customer's actual usage will be divided into two blocks. The number of Mcf's in each block will be multiplied by the respective rate for each block in accordance with the following table:

1. The Percent Difference from Adjusted Scheduled Delivered Quantity is calculated by taking the absolute value of the difference between the actual daily usage for each customer, and the Adjusted Scheduled Delivered Quantity for each customer and dividing by the Adjusted Scheduled Delivered Quantity for each customer.

2. Pool's Percent Difference Between Adjusted <u>Scheduled Delivered Quantity And Actual Usage</u>	<u>Rate Per Mcf</u>
>0.0% up to 8.0%	(See Sheet No. E-13.00
>8.0%	for current effective rates)

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Issued: **June 15, 2016**
By: **Theodore Eidukas**
VP - Regulatory Affairs
Milwaukee, Wisconsin

Effective for Service
On and After: **July 1, 2016**
Issued Under Authority of
Michigan Public Service Commission
Dated: **December 11, 2015**
In Case No: **U-17880**

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E5. TRANSPORTATION SERVICE AND RATES (Contd.)

E5.8 DAILY BALANCING SERVICE (Contd.)

- (e) In addition to Daily Balancing charges, all customers and pools taking service under the Company's Daily Balancing Service will be charged their prorated share of interstate pipeline penalties if any such penalties are charged to the Company. The proration of interstate pipeline penalties will not take place if the customer or pool is already paying the Surcharge For Unauthorized Use of Gas on High Flow Constraint Days or the pipeline penalty rate on Low Flow Constraint Days. Allocation of the charges will be based upon each customer's and/or pool's proportionate share of the imbalance that gave rise to the charges.
- (f) All revenues from the Daily Balancing Service will be reflected in each of the Company's annual Gas Cost Recovery Reconciliation as revenues to be credited to both GCR and GCC customers through the Reservation Charge.

DAILY CASH-OUT

1. When usage is more than the Adjusted Scheduled Daily Quantities, on a daily basis, the customer or Pool Administrator shall purchase from the Company the difference between the customer's or pool's actual usage, and the sum of the customer's or pool's Adjusted Scheduled Daily Quantities at each gate station.

When usage is less than the Adjusted Scheduled Daily Quantities, on a daily basis, the Company shall purchase from the customer or pool the difference between the customer's or pool's actual usage, and the sum of the customer's or pool's Adjusted Scheduled Daily Quantities at each gate station.

The rate for this purchase, by the Company, shall be the lesser of the GCR rate or the Daily Indexed Price of gas commodity as defined under the Indexed Price subsection below, for the day of purchase. The rate for the sale of this gas by the Company to the customer or pool administrator, shall be the greater of the GCR rate or the Daily Index Price of gas commodity as defined under the Indexed Price subsection below for the day of the sale.

The customer or pool administrator shall be allowed to net their imbalance volumes between all gate stations on a pipeline by pipeline basis on the Company's distribution system on a daily basis. The net imbalance volumes will be cashed out daily. Daily cash-out charges, on a pipeline by pipeline basis, will be netted together for purposes of monthly billing.

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Continued From Sheet No. E-14.02

E5. TRANSPORTATION SERVICE AND RATES (Contd.)

E5.8 DAILY BALANCING SERVICE (Contd.)

Indexed Price

- a. This index price will be applicable to the daily cash out of imbalances on all pipelines serving the Company's service territory.
- b. The Daily Indexed Price will be the MichCon city-gate price as listed in Gas Daily plus associated firm pipeline delivery costs. In the event that Gas Daily discontinues its reporting of this price, the Company may substitute a comparable reporting service and/or city-gate pricing index.

Continued on Sheet No. E-16.00

Issued: **June 15, 2016**
By: **Theodore Eidukas**
VP - Regulatory Affairs
Milwaukee, Wisconsin

Effective for Service
On and After: **July 1, 2016**
Issued Under Authority of
Michigan Public Service Commission
Dated: **December 11, 2015**
In Case No: **U-17880**

Continued From Sheet No. E-15.00

E5. TRANSPORTATION SERVICE AND RATES (Contd)

E5.8 DAILY BALANCING SERVICE (Contd.)

POOLING OPTION:

Any customer or customer's agent that causes multiple deliveries at any receipt point to Michigan Gas Utilities may, for the purposes of **daily** balancing, pool those deliveries together under **the following** option:

Pooling by Pipeline

Deliveries under this option may be pooled, provided that each delivery into the pool is to a customer or customers that utilize(s) a common Up-stream transportation provider.

The customer, or an agent acting on the customer's behalf, may select this Pooling option for a month provided that it notifies the Company in writing at least thirty (30) days prior to the due date for nominations for the month of effective service. Such notifications must include a listing of the customers to be included in the pool. A customer decision to select this pooling option, as well as the allocation method, is binding for that entire month. This Pooling option does not excuse the customer from its obligations to make timely nominations.

A current transportation customer, or an agent acting on the customer's behalf, must provide supporting paperwork to enroll the customer thirty (30) days prior to the start with a new supplier. **Suppliers no longer servicing a customer must provide supporting paperwork thirty (30) days prior to last service date. Customer shall be responsible for notifying previous supplier of discontinued service. The Company shall incur no liability for relying on information from a customer or a Supplier which the company believes to be genuine.**

Deliveries are pooled together by adding the positive and negative imbalances for each customer in the pool. A fee of \$25.00 per month shall be imposed on each imbalance paper pool, with the fee billed to the marketer, broker, or aggregator that is designated as the pool's representative.

The Pool Administrator will be responsible for determining how any charges or credits will be divided among Third Party Pool members. As soon as the data becomes available to the Company, the Pool Administrator will be given individual Third Party Pool member usage information by the Company for the previous month. The Company will then bill the Pool Administrator. If the Pool Administrator defaults on the payment of any charges, the Company reserves the right to allocate charges to each Pool member and/or the Pool Administrator using its sole discretion.

Continued on Sheet No. E-17.00

Issued: **November 17, 2021**
By: Theodore Eidukas
VP Regulatory Affairs
Milwaukee, Wisconsin

Effective for Service
On and After: **January 1, 2022**
Issued Under Authority of
Michigan Public Service Commission
Dated: **September 9, 2021**
In Case No: **U-20718**

Continued From Sheet No. E-16.00

E5. TRANSPORTATION SERVICE AND RATES (Contd)

**E5.9 UNAUTHORIZED USAGE OR EXCESS DELIVERIES WHEN SERVICE IS INTERRUPTED,
CURTAILED, OR AN OFO IS IN EFFECT**

Penalties for unauthorized usage or excess deliveries by a customer during a period of curtailment, OFO or interruption of gas service shall be assessed charges and cashed-out in accordance with the provisions of the Company's Rule C3.2 - CURTAILMENT OF GAS SERVICE.

Issued: **June 15, 2016**
By: **Theodore Eidukas**
VP - Regulatory Affairs
Milwaukee, Wisconsin

Effective for Service
On and After: **July 1, 2016**
Issued Under Authority of
Michigan Public Service Commission
Dated: **December 11, 2015**
In Case No: **U-17880**