

SECTION F
CUSTOMER CHOICE (Rate CC)

GENERAL TERMS AND CONDITIONS OF THE TARIFF

F1. GENERAL PROVISIONS

A Supplier desiring to supply gas to customers under Gas Customer Choice (GCC) Rate CC must receive a license from the Commission, register with the Staff of the Commission and execute an "Authorized Gas Supplier Agreement" with the Company prior to any solicitation of the Company's customers. Such agreement shall require compliance with all of the terms of this Rule F1 through F5.

Alternative Gas Supplier (AGS) or Supplier means a marketer, broker, producer, or other entity that has received a license from the Commission and executed an Authorized Gas Supplier Agreement with the Company to deliver gas supplies to customers under Rate CC.

Program means the Gas Customer Choice Program approved by the Commission.

Enrollment:

- (1) Customers may elect to participate in the Program and Suppliers may solicit customer participation at any time.
- (2) A customer who is a transportation or sales customer of the Company must comply with any minimum term requirements of those tariffs before being permitted to switch to Rate CC. **If a Customer is in arrears with the Company, the customer is not eligible to participate in the Program until arrearages have been paid in full to the Company.**
- (3) The customer's selection of a Supplier shall remain in effect until (i) terminated by the customer or the Supplier, or (ii) the Supplier becomes disqualified from participating in the Program, or (iii) the Company receives an enrollment for that customer from another Supplier. The Company shall incur no liability for relying on information from a customer or a Supplier which the Company believes to be genuine.
- (4) **Supplier Deposits:** A Supplier shall provide the Company, by the last day of the calendar month prior to the month in which the Supplier's customer commences service, a cash deposit in the amount of \$10.00 per Mcf for 10/365ths of the Company-estimated total annual load for those customers selecting that Supplier. The cash deposit shall be adjusted if the Company-estimated total annual load for those customers changes. As an alternative to a cash deposit, the Supplier 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, as well as any price reconciliation liabilities, or liabilities associated with Supplier default. Cash deposit amounts not so applied shall be refunded to the Supplier if the Supplier ceases to serve customers under the Program.

The Company shall pay simple interest to each Supplier who makes a cash deposit for the time the deposit is held. The interest rate shall be the average monthly short-term borrowing rate available to the Company for each month, or months in which the deposit is held. Payment of the interest to the Supplier shall be made at least semi-annually. The deposit shall cease to draw interest on the date the deposit is returned, on the date service is terminated, on the date the deposit is applied against any unpaid charges, fees or liabilities or the date that notice that the deposit is no longer required is sent to the Supplier's last known address.

Continued on Sheet No. F-2.00

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F1. GENERAL PROVISIONS (Contd.)

- (5) **Supplier Pricing:** A Supplier shall be limited to no more than a total of ten (10) Pricing Categories, until such time as the Company's billing system can accommodate additional categories. A Supplier will not be permitted to add more than two (2) Pricing Categories per month, unless prior approval is obtained from the Company. Each month, all customers within a Pricing Category shall be billed the same price, as designated by the Supplier. A Supplier shall pay a monthly Administrative Fee of \$100.00 per Supplier-designated Pricing Category. A "Pricing Category" shall be defined as a pricing pool that assesses the same rate for each of the Company's five operating districts. The Company reserves the right to require additional pools to meet operational requirements.
- (6) **Daily Delivery Obligations (DDO):** The Company will provide each Supplier with a **daily** schedule of quantities for delivery of gas into the Company system on behalf of the Supplier's customers for each Pricing Category and delivery pools behind each of the Company's five operating districts. The DDO will establish the anticipated daily quantity of gas to be delivered to the Company at the Point(s) of Receipt designated by the Company. **The DDO shall be calculated using the Company's estimation procedure. This procedure incorporates the unique heating and non-heating factors for each customer in the Pool and Heating Degree Days.** This schedule may be updated by the Company on a **daily** basis. The Company reserves the right to take into consideration the Supplier's cumulative imbalance in determining each month's DDO. **During the calendar month, on the business day prior to the day of flow, the Company shall notify each Supplier by 8:30 A.M. Central Time of the DDO for the next five days of flow. If the Company has, for any reason, not posted on its electronic bulletin board (EBB) or otherwise notified the Suppliers of the DDO on or before 8:45 A.M. Central Time on any business day, the Supplier shall deliver a quantity within the previously forecasted DDO.** The Company shall issue such notices in a non-discriminatory manner. Scheduled daily volumes for GCC customers for electric peakers, greenhouses, grain dryers, asphalt plants and large loads without consistent or historical load information may be determined by the Company on a different basis than set forth above.

Daily Delivery Obligation (DDO) means the daily quantity of gas to be delivered by the Supplier to the Company at the Point(s) of Receipt designated by the Company.

A Supplier that fails to deliver the required DDO quantity on any day, shall pay a per MMBtu "Failure Fee" for the difference between the required DDO and the actual amount delivered in the amount of \$6.00 per MMBtu (\$10.00 per MMBtu during periods of Company-declared OFO conditions in accordance with Rule C3.2, Curtailment of Gas Service) plus the higher of (a) the cost of gas billed to sales customers pursuant to the Company's Rule C9 or (b) the current highest spot price paid for gas delivered to ANR Pipeline Company, Panhandle Eastern Pipe Line Company, Trunkline Gas Company, the MichCon index or at Chicago city gate for the corresponding date as published in Gas Daily, plus associated firm pipeline delivery costs. In addition, the Company may assess up-stream penalties to the Supplier to the extent that the Company has identified the Supplier as the cause of the penalty. (Failure Fees collected by the Company shall be reflected as a reduction to the GCR Cost of Gas Sold and identified separately on annual reconciliation reports under Rule C9.)

A Supplier who fails to deliver gas on successive days such that its Failure Fee liability exceeds its cash deposit, letter of credit or surety bond, shall be subject to having its Authorized Supplier status revoked. Subject to Rule C2, Controlled Service, the Supplier's customers shall become sales rate customers of the Company.

Continued on Sheet No. F-3.00

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Continued From Sheet No. F-2.00

F1. GENERAL PROVISIONS (Contd.)

- (7) **Proof Of Capacity:** The Supplier shall be responsible for obtaining sufficient pipeline capacity to meet its delivery obligations.
- (8) Gas delivered into the Company's system shall comply with Rule B1, Technical Standards for Gas Service, Part 8 Gas Quality.
- (9) **Nominations:** Each Supplier shall notify the Company's Gas Transportation Services Department of the daily quantity of gas (in MMBtu) that the Supplier is nominating for delivery on behalf of each Supplier-designated monthly Pricing Category and each associated geographic delivery pool. Such nominations shall be submitted **in accordance with the deadlines of the North American Energy Standards Board (NAESB) Standard 1.3.2.**
- (10) **Customer Billing:** All customer billing and remittance processing functions for services provided under Rate CC will be performed by the Company. The Supplier will be charged a monthly fee equal to the First Class postage rate for each customer account. The Company will be responsible for credit and collection activities for the amounts billed directly to the customer by the Company. The Supplier must, at least three business days prior to the start of each billing month, furnish to the Company, in a format acceptable to the Company, the price per Mcf or Ccf to be billed to each Supplier-designated Pricing Category on its behalf or the most recently supplied price will be used.
- (11) **Buy/Sell:** The Company shall remit to the Supplier, approximately 21 business days from the end of each calendar month, an amount for the cost of gas equal to the MMBtu quantities for each Supplier's DDO by pricing pool, multiplied by the price per Mcf converted to MMBtu, billed to the Supplier's customers that month. The amount to be remitted shall be reduced for any applicable Administrative Fees, Billing Fees, and Failure Fees, amounts owed under the annual price reconciliation per Paragraph (12) below and/or other amounts owed to the Company pursuant to the Company's tariff.
- (12) **Annual Reconciliation:** Within 60 working days after the end of the March billing cycle, or upon revocation of a Supplier's Authorized Supplier status, the Company will determine if a reconciling adjustment is necessary, both price and volume will be reviewed.

The Company will compare:

- (i) the weighted average price per MCF billed the customer on behalf of the Supplier with the Company's actual weighted average cost of gas (WACOG), and
- (ii) the volumes delivered by the Supplier, converted to Mcf, with the billed customer consumption over the program year.

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F1. GENERAL PROVISIONS (Contd.)

A reconciling adjustment will only be made when:

- (i) the difference between the weighted average price per Mcf billed the customer on behalf of the Supplier and the Company's actual WACOG exceeds ten percent (10%) of the Company's actual WACOG, and
- (ii) the difference between the volumes delivered by the Supplier, converted to Mcf, and billed customer consumption exceeds ten percent (10%) of billed customer consumption.

The reconciling adjustment, if made, will be reflected on the next monthly remittance to the Supplier. (Amounts collected or remitted by the Company under the Annual Reconciliation mechanism shall be reflected as a component of the GCR Cost of Gas Sold and identified separately on annual reconciliation reports under Rule C9.) The following table enumerates the various pricing and supply conditions that will be considered in the annual reconciliation process:

Annual Reconciliation Pricing/Supply Conditions

- | | |
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| 1. Supplier's weighted average price billed is higher than the Company's actual WACOG and delivered volumes exceed billed customer consumption. | 2. Supplier's weighted average price billed is less than the Company's actual WACOG and delivered volumes exceed billed customer consumption. |
| 3. Supplier's weighted average price billed is higher than the Company's actual WACOG and billed customer consumption exceeds delivered volumes. | 4. Supplier's weighted average price billed is less than the Company's actual WACOG and billed customer consumption exceeds delivered volumes. |

Scenario #1: Remittance to Supplier will be reduced for volumes delivered in excess of billed customer consumption at the difference between the Company's actual WACOG and the Supplier's weighted average price.

Scenario #2: Remittance to Supplier will be increased for amounts delivered in excess of customer billed consumption at the difference between the Company's actual WACOG and the Supplier's weighted average price.

Scenario #3: Remittance to Supplier will be increased for amounts billed to customers in excess of the volumes delivered at the difference between the Company's actual WACOG and the Supplier's weighted average price.

Scenario #4: Remittance to Supplier will be reduced for amounts billed to customers in excess of the volumes delivered at the difference between the Company's actual WACOG and the Supplier's weighted average price.

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F1. GENERAL PROVISIONS (Contd.)

- (13) If the Commission or its Staff determines that a Supplier has not complied with the terms and conditions of the Program, The Commission or its Staff shall direct a utility or utilities to suspend the Supplier's Authorized status until the Commission or its Staff determines that necessary changes have been made to comply with the requirements. Failure to make the necessary changes, or further non-compliance with the requirements of the terms and conditions of the Program may result in the Supplier's termination from the Program. If a Supplier is terminated, subject to Rule C2, Controlled Service, its customers shall become sales rate customers of the Company.
- (14) For purposes of reconciling amounts owed between the Company and a Supplier, the Company will convert customer consumption from Mcf to MMBtu using daily system-average Btu content by billing cycle.
- (15) Where used in this rule, the term "month," unless otherwise indicated, means billing month when referring to customer consumption and calendar month when referring to deliveries by Suppliers.
- (16) The Company may disclose, at such times as requested by the Commission or its staff, the gas rates charged to Rate CC customers.
- (17) The Company shall have the authority to issue operational flow orders (OFO's), 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.
- (18) The Company will act as Supplier of last resort under the Program.
- (19) A Supplier must include the Company's required tariff language in all of its contracts.
- (20) 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.
- (21) The Transportation Standards of Conduct, Rules E4.2 and E4.3, shall apply to the GCC program
- (22) The annual load requirement, DDO's, delivery schedules, delivery shortfalls, Failure Fees and annual reconciliations shall apply separately to each Supplier designated Pricing Category.

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