FraserTrebilcock®
LAWYERS

124 West Allegan Street, Suite 1000
Lansing, Michigan 48933
T (517) 482-5800 F (517) 482-0887
www.fraserlawfirm.com

jheston@fraserlawfirm.com
(517) 377-0802

October 23, 2018

Ms. Kavita Kale, Executive Secretary
Michigan Public Service Commission
7109 W. Saginaw Hwy.
Lansing, MI 48917

RE: MPSC Docket No. U-17941-R

Dear Ms. Kale:

Enclosed herewith for filing in the above-referenced matters, please find the ***Initial Brief of Retail Energy Supply Association*** and corresponding Certificate of Service.

If you have any questions, please feel free to contact my office. Thank you.

Very truly yours,

Fraser Trebilcock Davis & Dunlap, P.C.

Jennifer Utter Heston

Digitally signed by Jennifer Utter Heston
Date: 2018.10.23 15:53:40 -04'00'

Jennifer Utter Heston

JUH/ab
Enclosures
cc: All parties of record.

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the application of DTE GAS COMPANY for a Gas Cost Recovery Reconciliation proceeding for the 12-months ending March 31, 2017	)))))	Case No. U-17941-R

INITIAL BRIEF OF
RETAIL ENERGY SUPPLY ASSOCIATION

Dated: October 23, 2018

FRASER TREBILCOCK DAVIS & DUNLAP, P.C.
Jennifer U. Heston (P65202)
Fraser Trebilcock Davis & Dunlap, P.C.
124 W. Allegan, Suite 1000
Lansing, MI 48933
Telephone: (517) 482-5800
E-mail addresses: jheston@fraserlawfirm.com

TABLE OF CONTENTS

NOW COMES the Retail Energy Supply Association ("RESA")[1], by and through its attorneys, Fraser Trebilcock Davis & Dunlap, P.C., and pursuant to the schedule adopted by the Administrative Law Judge ("ALJ"), hereby respectfully submits this Initial Brief on DTE Gas Company's ("DTE's") application for approval of a gas cost recovery ("GCR") reconciliation for the 12-month period April 1, 2016 – March 31, 2017.

I. INTRODUCTION.

RESA is a broad and diverse group of retail energy suppliers who share the common vision that competitive retail energy markets deliver a more efficient customer-oriented outcome than a regulated utility structure. RESA members are licensed to sell natural gas to retail customers in Michigan as Alternative Gas Suppliers ("AGSs"), including to customers in DTE's gas customer choice ("GCC") program. As a result, RESA is keenly interested in DTE's proposed capacity reservation charge that GCC customers must pay to compensate DTE for the pipeline capacity that it holds.

This proceeding involves an application by DTE for approval of a GCR reconciliation for the 12 months ended March 31, 2017. DTE alleged a total net under-recovery of approximately $12.3 million, inclusive of interest through March 31, 2017.[2] Under its new reconciliation methodology, the GCR and the Supplier of Last Resort ("SOLR") Reservation revenues and expenses for GCR customers are reconciled separately from the SOLR Reservation revenue and expenses for GCC customers. DTE alleged a net under-recovery of

[1] The comments expressed in this filing represent the position of the Retail Energy Supply Association (RESA) as an organization but may not represent the views of any particular member of the Association. Founded in 1990, RESA is a broad and diverse group of twenty retail energy suppliers dedicated to promoting efficient, sustainable and customer-oriented competitive retail energy markets. RESA members operate throughout the United States delivering value-added electricity and natural gas service at retail to residential, commercial and industrial energy customers. More information on RESA can be found at www.resausa.org.
[2] DTE's Application, ¶ 4.

$1.5 million inclusive of interest through March 31, 2017 for the GCC SOLR Reservation revenues and expenses.[3]

RESA intervened in this 2016-2017 GCR reconciliation proceeding to address the true-up of DTE's SOLR capacity reservation charge. In connection with this proceeding, RESA utilized Mr. Brian Earhart to analyze DTE's proposals. Mr. Earhart is employed by Interstate Gas Supply, Inc. ("IGS") in the position of Manager, Gas Supply & Risk.[4] Mr. Earhart holds a bachelor's degree in business administration with a specialization in transportation and logistics from The Ohio State University.[5] After graduating, Mr. Earhart went to work for IGS where he has worked continuously for 16 years in roles of increasing responsibility.[6] In 2015, Mr. Earhart was promoted to Gas Supply & Risk Manager and "is responsible for managing the scheduling and trading group for part of IGS' service territory which includes all of Michigan, including DTE."[7]

RESA's expert, Mr. Earhart, reviewed the pipeline reservation charge reconciliation put forth by DTE and identified several issues with the proposed charge. Mr. Earhart's examination shows that DTE failed to comply with the Commission's November 22, 2016 Order and January 31, 2017 Order Denying Rehearing in Case No. U-17691.[8] In its January 31, 2017 Order Denying Rehearing in MPSC Case No. U-17691, the Commission made clear that it approved RESA's proposed reconciliation of DTE's SOLR Reservation charge costs and revenues as

---

[3] *Id.*
[4] 2 Tr. 178.
[5] *Id.*
[6] *Id.*
[7] *Id.,* ln. 11-13.
[8] 2 Tr. 178-179.

reflected in Exhibit RES-1 in that case and “Example A” to DTE’s petition for rehearing.[9] In its May 30, 2018 Order in DTE’s 2015-2016 GCR reconciliation case, MPSC Case No. U-17691-R, the Commission reaffirmed its prior orders and approved RESA’s proposed reconciliation of DTE’s Reservation Charge costs and revenues.[10] Because DTE’s reconciliation as filed with its Application in this proceeding violates the Commission’s orders, Mr. Earhart prepared and presented a capacity reservation charge reconciliation that implements the Commission’s directives.

II. **BACKGROUND**.

RESA intervened in DTE’s 2015-2016 GCR plan proceeding to address DTE’s SOLR capacity reservation charge. RESA’s expert Daniel Dishno reviewed the pipeline reservation charge put forth by DTE in its 2015-2016 GCR plan case and identified several issues with the proposed charge. Mr. Dishno’s examination showed that GCC customers were getting less benefit than GCR customers from the pipeline capacity that DTE holds while paying the same charge.[11] Mr. Dishno explained that GCR customers were getting significantly more value from DTE’s capacity assets than GCC customers, because DTE utilizes the capacity assets to deliver gas to GCR customers only—whereas AGSs must obtain and recover the cost of their own capacity assets through their competitive rates and charges to GCC customers.[12] To address the inequity, Mr. Dishno presented a model that quantified the value that GCR

[9] Order Denying Rehearing dated January 31, 2017, MPSC Case No. U-17691-R, p. 10. “Second, because the Commission approved of the adjustment that RESA recommended and proposed, it adopted RESA’s proposed calculation of the separate reservation charges, consistent with DTE Gas’ ‘Example A’ in its petition, which is found in Exhibit RES-1.”
[10] Order dated May 30, 2018, MPSC Case No. U-17691-R, p. 2. “The Commission finds the ALJ’s findings and conclusion regarding those issues to be well-reasoned and therefore adopts the ALJ’s findings, analysis, and conclusions on those issues.”
[11] 4 Tr. 521, MPSC Case No. U-17691.
[12] *Id.*

customers receive from the capacity assets that DTE holds. Using this information, Mr. Dishno recommended an adjustment to DTE's capacity reservation charge to reflect the reduced gas supply costs that GCR customers receive from the capacity assets that GCC customers do not receive under DTE's proposal.[13]

On November 22, 2016, the Commission issued an order in Case No. U-17691, DTE's 2015-2016 GCR plan case, approving RESA's proposal to adjust DTE's SOLR capacity reservation charge.[14] In so doing, the Commission agreed with RESA's finding that GCR customers realize a gas commodity cost savings from utilization of DTE's pipeline capacity resources that GCC customers are not able to likewise receive.[15] Consequently, it is not just and reasonable for GCC customers to pay the exact same capacity reservation charge as GCR customers when they receive different benefits. Although the exact amount of the calculated disparate benefit was disputed in that case, the Commission found that the record supported a 30% adjustment and directed DTE to apply a discount for GCC customers of 30% of the reservation charge.[16] The Commission determined, "Using this 30% discount to the GCC customers resolves the complexities presented by RESA's proposed flat fee reservation charges."[17]

On December 22, 2016, DTE filed a petition for rehearing of the Commission's November 22, 2016 Order in the GCR plan proceeding. In its petition, DTE claimed that the Commission should grant rehearing for primarily two reasons. First, DTE argued that the Commission should grant rehearing for requiring a 30% capacity reservation charge discount

[13] 4 Tr. 522, MPSC Case No. U-17691.
[14] Order dated November 22, 2016, MPSC Case No. U-17691, p. 24.
[15] *Id.*
[16] *Id.*
[17] *Id.*

for GCC customers claiming that there is no record evidence to support the 30% figure in violation of Michigan's Administrative Procedures Act.[18] Second, DTE argued that rehearing should be granted because DTE's due process rights had been violated because the Commission's November 22, 2016 Order is impermissibly vague.[19] In support of its vagueness claim, DTE identified primarily three concerns: 1) how to calculate the 30% discount; 2) when the discount goes into effect; and 3) how to reconcile the discount. Absent this information, DTE claimed that it would not know how to implement future GCR rates.

On January 31, 2017, the Commission issued its order on rehearing in Case No. U-17691. The Commission determined that DTE "failed to meet its burden of demonstrating legitimate grounds for granting rehearing on any of the issues presented in its petition."[20] As such, DTE's petition for rehearing was denied.[21]

The Commission did, however, provide clarifications. The Commission clarified that the reservation charges should be calculated consistent with "Example A" in DTE's petition for rehearing, which was consistent with RESA's reservation charge calculation entered into evidence in that case as Exhibit RES-1 (DDS-1).[22] The reservation charge adjustment calculation began with a single, uniform, overall-average reservation rate based on total GCC and GCR sales and total pipeline reservation costs (net of credits). The ordered 30% discount is then applied to the overall-average reservation rate to establish a 30% discounted SOLR reservation charge for GCC customers. The capacity costs associated with the 30% discount are then re-allocated to GCR customers to establish a separate reservation charge for GCR

---

[18] DTE's Petition for Rehearing, MPSC Case No. U-17691, pp. 1-2.
[19] *Id.*, pp. 2-9.
[20] January 31, 2017 Order Denying Rehearing, MPSC Case No. U-17691, p. 8.
[21] *Id.*
[22] Order Denying Rehearing dated January 31, 2017, MPSC Case No. U-17691, p. 10.

customers. The costs recovered via the SOLR reservation charge applied to GCC customers and the reservation charge applied to GCR customers equals DTE's total authorized pipeline capacity costs (net of credits).

The Commission further clarified that the 30% SOLR reservation charge reduction was to be effective beginning with the gas year April 1, 2015 and ending on March 31, 2016. Specifically, the Commission stated:

> With respect to the date the approved adjustment would become effective, RESA is correct that the Commission's decision was for the 12-month GCR plan year period ending March 31, 2016, as noted in the order's caption. <u>Accordingly, the effective date of its implementation would be the start of the GCR plan year, or April 1, 2015.</u> This cost allocation may be trued up during the GCR reconciliation proceeding for the 2015-2016 plan year.[23]

Thus, the Commission explicitly ordered that the 30% discount be applied during the 2015-2016 reconciliation proceeding.

Prior to when the Commission's orders were issued in Case No. U-17691, on June 30, 2016, DTE filed an application, testimony and exhibits in its 2015-2016 proceeding, MPSC Case No. U-17691-R, seeking approval of its proposed GCR reconciliation. In other words, the reconciliation case was filed before the plan case for the same gas year was fully resolved.

RESA intervened in DTE's 2015-2016 GCR reconciliation case and filed the testimony of its expert, Mr. Brian Earhart. Mr. Earhart testified in support of his proposed SOLR Reservation charge reconciliation for GCC customers in that case. His SOLR Reservation charge reconciliation followed the "Example A" methodology that was approved by the Commission in its January 31, 2017 order Denying Rehearing in MPSC Case No. U-17691-R.

Fraser Trebilcock LAWYERS

[23] *Id.* (emphasis added).

Mr. Earhart's GCC SOLR Reservation charge reconciliation was approved. The ALJ in that case determined that RESA's witness, Mr. Earhart's proposed reconciliation "most closely complies with the Commission directives from Case No. U-17691, is otherwise reasonable, and is adopted."[24] No party took exception with the ALJ's recommendation. In its May 30, 2018 Order, the Commission adopted the ALJ's findings and conclusions with respect to the SOLR Reservation charge reconciliation.[25] Mr. Earhart's SOLR Reservation charge reconciliation followed the "Example A" methodology approved by the Commission.

DTE's SOLR capacity reservation charge in this proceeding is the same SOLR capacity reservation charge at issue in prior DTE GCR proceedings, Case Nos. U-17961-R, U-17941, and U-17691.

III. DTE'S ORIGINALLY PROPOSED CAPACITY RESERVATION CHARGE RECONCILIATION VIOLATES THE COMMISSION'S ORDERS DIRECTING DTE TO RECONCILE THE GCC SOLR RESERVATION CHARGE USING RESA'S "EXAMPLE A" METHODOLOGY. THE COMMISSION SHOULD REJECT DTE'S ORIGINAL RECONCILIATION.

DTE filed its application to reconcile its gas costs for the 2016-2017 gas year on June 28, 2017, ***after*** the Commission issued its November 22, 2016 Order and January 31, 2017 Order Denying Rehearing in DTE's 2015-2016 GCR plan case, MPSC Case No. U-17691. DTE had a full five months between the time the Commission issued its January 31, 2017 Order in Case No. U-17691 directing DTE to utilize the "Example A" methodology for reconciling the SOLR Reservation charge and when DTE pre-filed its testimony and exhibits in this proceeding on June 28, 2017. Despite clear direction from the Commission on how to reconcile DTE's SOLR Reservation charge, DTE failed to comply.

[24] Proposal for Decision dated March 16, 2018, MPSC Case No. U-17691-R, p. 6.
[25] Order dated May 30, 2018, MPSC Case No. U-17691-R, p. 2.

The Commission reaffirmed its directive to apply the "Example A" methodology when it issued its May 30, 2018 Order in DTE's 2015-2016 GCR Reconciliation case, MPSC Case No. U-17691-R. DTE even subsequently filed revised testimony and exhibits of Ms. Sherri M. Moore on June 18, 2018 and still failed to file a SOLR Reservation charge reconciliation in compliance with the Commission-approved "Example A" methodology. Ms. Moore's revised reconciliation updated the beginning balance to reflect the Commission's May 30, 2018 Order but did not correct for the non-compliant reconciliation methodology. Ms. Moore's reconciliation methodology imputes a SOLR reservation charge to GCC customers that is 30% lower than the reservation charge assessed to GCR customers and allocates pipeline costs based on imputed revenues.[26] DTE's originally proposed reservation charge reconciliation is unjust and unreasonable, and in violation of the Commission's orders.

DTE has even further refused to comply with the Commission's orders when it filed it 2017-2018 GCR reconciliation case in MPSC Case No. U-20076. DTE filed its application in MPSC Case No. U-20076 seeking to reconcile its SOLR Reservation charge on June 20, 2018, nearly 17 months after the Commission ordered DTE to use the "Example A" methodology In MPSC Case No. U-17691 and nearly a month after the Commission reaffirmed its decision in MPSC Case No. U-17691-R. DTE's SOLR Reservation charge reconciliation filed in in MPSC Case No. U-20076 uses the same methodology DTE used in its reconciliation pre-filed in U-17691-R and this proceeding, U-17941-R.

DTE's repeated refusal to file SOLR Reservation charge reconciliations that comply with the Commission's orders is harmful to RESA and GCC customers. RESA and the Commission Staff should not have to incur the expense of filing expert witness testimony and

[26] See, 2 Tr. 113-114.

exhibits to implement the Commission's directives to reconcile the SOLR Reservation charge using the "Example A" methodology. RESA respectfully requests that the Commission: 1) reject DTE's originally proposed capacity reservation charge reconciliation as non-compliant; 2) again approve RESA's proposed SOLR Reservation charge reconciliation methodology; 3) adopt a SOLR Reservation charge reconciliation ending balancing that is no less than Staff's recommended $3,197,125; 4) find DTE in violation of the Commission's orders for its repeated refusal to submit the required reconciliation using the "Example A" methodology; 5) direct DTE to file a GCC SOLR Reservation charge reconciliation in compliance with the "Example A" methodology in its pending 2017-2018 GCR reconciliation case, MPSC Case No. U-20076; and 6) direct DTE to file a GCC SOLR Reservation charge reconciliation in compliance with the "Example A" methodology in all future GCR reconciliation cases.

A. RESA's proposed capacity charge reconciliation complies with the Commission's orders.

In light of the Commission's previous rulings, RESA presented substantial evidence reconciling DTE's capacity reservation charge. RESA's witness, Mr. Earhart, presents a capacity reservation charge reconciliation, as shown on Exhibit RES-1 (BEA-1).

Mr. Earhart carefully explained that his proposed capacity reservation charge reconciliation complies with the Commission's plan case orders. Mr. Earhart testified:

> My proposed GCC Reservation Charge reconciliation follows the "Example A" authorized by the Commission in its January 31, 2017 Order Denying Rehearing in the 2015-2016 GCR plan case and reaffirmed by the Commission in its May 30, 2018 Order in the 2015-2016 GCR reconciliation case. Specifically, as shown on Exhibit RES-1 (BEA-1), page 1 of 3, line A, I calculated DTE's total system sales by adding DTE's GCR volumes of 112,038,044 Mcf (as shown on DTE's Exhibit A-15 Revised, page 1 of 2, line 7) to DTE's GCC volumes of 27,873,611 Mcf (as shown on DTE's

> Exhibit A-19 Revised, page 1 of 3, line 6). DTE's total reported GCC and GCR sales in 2016-2017 were 139,911,655 Mcf.
>
> I then identified DTE's total incurred pipeline reservation costs net of credits, which were $42,233,982 (Exhibit RES-1 (BEA-1), page 1 of 3, line C). This figure is from DTE's Exhibit A-16, page 1 of 4, line 12.
>
> I then divided DTE's total pipeline reservation costs of $42,233,982 by DTE's total system throughput of 139,911,655 Mcf, to derive a uniform, overall-average Reservation Rate of $0.302 per Mcf (Exhibit RES-1 (BEA-1), page 1 of 3, line D). This is the rate that would have been necessary to recover DTE's capacity costs through a uniform charge applicable to both GCC and GCR customers.
>
> I then discounted the overall-average rate by 30% to $0.211 per Mcf to reflect the SOLR Reservation Charge that GCC customers should have paid to DTE based upon actual volumes of sales (Exhibit RES-1 (BEA-1), page 1 of 3, line E). Based upon actual GCC volumes multiplied by the discounted SOLR Reservation Charge, GCC customers should have paid $5,889,785. In actuality, GCC customers paid $6,723,427 in Reservation Charges in 2016-2017 (source: DTE's Exhibit A-19 Revised, page 1 of 3, line 11). Thus, GCC customers over paid DTE $3,316,454 when considering the prior-period over payment of $2,482,812.[27]

Thus, using the "Example A" methodology adopted by the Commission and the data presented in DTE's pre-filed Exhibit A-19 Revised, Mr. Earhart calculated a GCC capacity reservation charge over-recovery balance of $3,316,454 as of March 31, 2017, exclusive of interest. Mr. Earhart's "Example A" methodology focuses on annual data and is shown on Exhibit RES-1 (BEA-1), page 1 of 3.

To determine the interest amount consistent with DTE's interest calculation methodology, Mr. Earhart needed to produce a monthly capacity reservation charge calculation. To produce a monthly calculation, Mr. Earhart needed to determine the percent share of DTE's capacity costs that were attributable to GCC customers for the gas year. Mr. Earhart's allocation

[27] 2 Tr. 186, ln .6 – 187, ln. 8.

calculation is also shown on Exhibit RES-1 (BEA-1), page 1 of 3. Mr. Earhart testified:

> Line G of my Exhibit RES-1 (BEA-1), page 1 of 3, shows the total Reservation Charges as a percent of the Total Pipeline Reservation Cost (net of credits) for both GCC and GCR customers. These percentages are the annual allocated total pipeline cost responsibility for each class.[28]

Using annual data, Mr. Earhart's calculation determined that GCR customers should be allocated 86.05% of DTE's total pipeline capacity costs, while GCC customers should be allocated 13.95% of DTE's total pipeline capacity costs.

Once Mr. Earhart determined the GCC customers' pipeline cost responsibility, Mr. Earhart was then able to use that cost allocation figure to determine GCC customers' pipeline cost responsibility on a monthly basis. Mr. Earhart explained:

> Exhibit RES-1 (BEA-1), page 2 of 3, is a Reservation Charge reconciliation by month. This exhibit shows unbilled volumes by month for GCC and GCR customers from DTE's Exhibit A-19 Revised, page 1 of 3, and Exhibit A-15 Revised, page 1 of 2, respectively. Line 5 is DTE's reported Pipeline Reservation Costs (net of credits) by month from DTE's Exhibit A-16, page 1 of 4, line 12. I then apply the allocation percentages from my Exhibit RES-1 (BEA-1), page 1 of 3, line G, to DTE's reported Pipeline Reservation Costs (net of credits) on Line 5 to derive the Pipeline Reservation Cost responsibility for each class based on the application of the new, discounted SOLR Reservation Charge. Line 14 shows the actual Reservation Charges collected from GCC customers each month during the 2016-2017 gas year from DTE's Exhibit A-19 Revised, page 1 of 3, line 11. Line 17 is the difference between the actual demand charges recovered from GCC customers (Line 14) and the demand charges that should have been recovered from GCC customers using the discounted SOLR Reservation Charge (Line 8) by month.[29]

Mr. Earhart's monthly calculation shows that the total over-recovery of SOLR reservation charges from GCC customers as of March 31, 2016 was $3,316,454, exclusive of interest.

[28] 2 Tr. 187, ln. 11-14.
[29] 2 Tr. 187, ln. 17 – 188, ln. 7.

Mr. Earhart's monthly calculation on page 2 of 3 of Exhibit RES-1 (BEA-1) produces the same result as Mr. Earhart's annual calculation shown on page 1 of 3 of Exhibit RES-1 (BEA-1).

Using the monthly data on Exhibit RES-1 (BEA-1), page 2 of 3, Mr. Earhart calculated interest using DTE's interest calculation methodology, as adjusted. Mr. Earhart made one adjustment to DTE's interest calculation.[30] Mr. Earhart's one adjustment was to use his monthly balances reflecting the application of the 30% discounted capacity reservation charges for GCC customers.[31] Mr. Earhart determined that the total amount of interest accrued for the 2016-2017 should be $264,627. This calculation is shown on Exhibit RES-1 (BEA-1), page 3 of 3.[32] Mr. Earhart's calculations reflect a total over-recovered GCC SOLR capacity reservation charge balance of $3,581,081 as of March 31, 2017, inclusive of interest.[33]

In rebuttal, DTE's witness Ms. Moore testified that she agrees with Mr. Earhart's methodology for calculating the GCC SOLR Reservation charge reconciliation but disputed his calculations because he did not have the correct data.[34] Mr. Earhart relied on the data provided by DTE in DTE's Exhibit A-19 Revised.[35] Ms. Moore explained that the GCC sales volumes reported by Staff witness Ms. Wagner are the correct GCC sales volumes.[36]

B. The Commission Staff's proposed capacity charge reconciliation differs from RESA's proposed reconciliation.

The Commission Staff witness, Ms. Gretchen M. Wagner, presented her own capacity reservation charge reconciliation. Ms. Wagner produced her own capacity reservation charge

---

[30] 2 Tr. 189.
[31] *Id.*
[32] *Id.*
[33] *Id.*
[34] 2 Tr. 121.
[35] In discovery, RESA questioned the accuracy of data reflected on DTE's Exhibits A-19 and A-19 Revised. DTE indicated the data shown on Exhibit A-19 Revised was correct and that is the data on which RESA's witness Mr. Earhart relied. RESA is entitled to rely on the data provided by the Company as admissions by a party opponent.
[36] 2 Tr. 121

reconciliation in compliance with the Commission's ordered "Example A" methodology. The Commission Staff calculated a total over-recovery ending balance of $3,197,125, inclusive of interest, for the 2016-2017 gas year.[37] Thus, the Commission Staff's recommended over-recovery ending balance is $383,956 ($3,581,081 - $3,197,125 = $383,956) less than RESA's recommendation.

The differences between RESA's SOLR Reservation charge reconciliation and Staff's SOLR Reservation charge reconciliation are explained by the adjustments that Ms. Wagner made to DTE's Exhibit A-19 Revised. Ms. Wagner describes her adjustments to DTE's calculations in her testimony.[38] The most significant of these adjustments is that Staff revised the February and March 2017 unbilled volumes for GCC customers. DTE had included unbilled volumes for GCC customers in its Exhibit A-19 Revised as zero. The inclusion of these unbilled volumes for GCC customers in February and March 2017 increases the allocation percentage for GCC customers for DTE's pipeline reservation costs (net of credits) from the percentage utilized by RESA's witness Mr. Earhart.

In her rebuttal testimony, DTE's witness Ms. Moore supports the Staff's reported February and March 2017 unbilled volumes for GCC customers.[39] As part of her rebuttal testimony, Ms. Moore filed a second revised Exhibit A-19 ('Exhibit A-19 Revised 2"). Ms. Moore's Exhibit A-19 Revised 2 reflects unbilled volumes for February and March 2017. RESA agrees that it does not make sense that GCC customers would have unbilled volumes of zero during February and March 2017, as reflected in DTE's pre-filed Exhibit A-19 and Exhibit A-19 Revised, but cannot independently verify that the revised volumes utilized by Staff in its

[37] See, Exhibit S-4 Revised, line 22, column n.
[38] 2 Tr. 212-213.
[39] 2 Tr. 121.

Exhibit S-4 Revised and now utilized by DTE in its Exhibit A-19 Revised 2 are correct. Ms. Moore then filed a revised interest calculation, which is reflected on Exhibit A-19 Revised 2, page 2 of 2.

C. Any adjustments to DTE's capacity costs should be incorporated into the approved capacity reservation cost reconciliation.

If the Commission approves any adjustments to DTE's capacity costs, then DTE's revised capacity reservation costs will need to be flowed through the approved GCC SOLR Reservation charge reconciliation. The revised reconciliation will result in changes to the monthly over- and under-recovery balances and corresponding interest calculations.

IV. CONCLUSION AND PRAYER FOR RELIEF.

For all the reasons explained in the preceding sections of this Initial Brief, RESA respectfully requests that the Honorable Administrative Law Judge issue a proposal for decision recommending that the Commission: 1) reject DTE's originally proposed capacity reservation charge reconciliation as non-compliant; 2) again approve RESA's proposed SOLR Reservation charge reconciliation methodology; 3) adopt a SOLR Reservation charge reconciliation ending balancing that is no less than Staff's recommended $3,197,125; 4) find DTE in violation of the Commission's orders for its repeated refusal to submit the required reconciliation using the "Example A" methodology; 5) direct DTE to file a GCC SOLR Reservation charge reconciliation in compliance with the "Example A" methodology in its pending 2017-2018 GCR reconciliation case, MPSC Case No. U-20076; and 6) direct DTE to file a GCC SOLR Reservation charge reconciliation in compliance with the "Example A" methodology in all future GCR reconciliation cases. DTE's repeated failure to file a GCC SOLR Reservation charge reconciliation in its reconciliation proceedings in compliance with the Commission's orders is harmful to RESA and the GCC customers that its members serve.

Respectfully submitted,

FRASER TREBILCOCK DAVIS & DUNLAP, P.C.
ATTORNEYS FOR RETAIL ENERGY SUPPLY ASSOCIATION

Date: October 23, 2018

By: Jennifer Utter Heston

Jennifer U. Heston (P65202)
Business Address:
124 W. Allegan, Suite 1000
Lansing, MI 48933
Telephone: (517) 482-5800
E-mail:jheston@fraserlawfirm.com

Jennifer Utter Heston

Digitally signed by Jennifer Utter Heston
Date: 2018.10.23 15:54:19 -04'00'

Fraser Trebilcock LAWYERS

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the application of DTE GAS COMPANY for a Gas Cost Recovery Reconciliation proceeding for the 12-months ending March 31, 2017	)))))	Case No. U-17941-R

CERTIFICATE OF SERVICE

Angela R. Babbitt hereby certifies that on the 23rd day of October, 2018, she served the ***Initial Brief of Retail Energy Supply Association*** and this Certificate of Service on the persons identified on the persons identified on the attached service list via electronic mail.

Angela R. Babbitt

Angela R. Babbitt

Angela R. Babbitt
Digitally signed by Angela R. Babbitt
Date: 2018.10.23 15:54:35 -04'00'

Service List for U-17941-R

Administrative Law Judge
Hon. Jonathan F. Thoits
Michigan Public Service Commission
7109 W. Saginaw Hwy.
Lansing, MI 48917
ThoitsJ@michigan.gov
rogersd8@michigan.gov

Counsel for DTE Gas Company
Andrea E. Hayden
David S. Maquera
Lauren Donofrio
One Energy Plaza, 1635 WCB
Detroit, MI 48826
andrea.hayden@dteenergy.com
maquerad@dteenergy.com
lauren.donofrio@dteenergy.com
mpscfilings@dteenergy.com

Counsel for the MPSC Staff
Amit Singh
Michigan Public Service Commission
7109 W. Saginaw Hwy., 3rd Floor
Lansing, MI 48917
Singha9@michigan.gov

Counsel for Attorney General
Joel B. King
525 W. Ottawa St.
PO Box 30755
Lansing, MI 48909
kingj38@michigan.gov
ag-enra-spec-lit@michigan.gov

Sebastian Coppola
sebcoppola@corplytics.com