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April 4, 2018

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

RE: MPSC Docket N. U-18424

Dear Ms. Kale:

Enclosed herewith for filing in the above-referenced matter, please find **Revised Testimony of John Mehling** and Certificate of Service of same.

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

JUH/ab  
Enclosures  
cc: All counsel of record

STATE OF MICHIGAN  
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

\*\*\*\*\*

In the matter of the application of )  
CONSUMERS ENERGY COMPANY for )  
authority to increase its rates for the ) MPSC Case No. U-18424  
distribution of natural gas and for other )  
relief. )

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**REVISED DIRECT TESTIMONY AND EXHIBITS OF  
JOHN MEHLING**

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On behalf of the Retail Energy Supply Association

~~February 28~~ April 4, 2018

1 **I. INTRODUCTION**

2 **Q. Please state your name and business address for the record.**

3 A. My name is John Mehling. My business address is 300 North Meridian St., Suite 1220,  
4 Indianapolis, Indiana 46204

5 **Q. By whom are you employed and in what capacity?**

6 A. I am employed by Direct Energy Business (“Direct Energy”) as Senior Regional  
7 Operations Manager.

8 **Q. On whose behalf are you testifying in this proceeding?**

9 A. I am testifying on behalf of the Retail Energy Supply Association (“RESA”).<sup>1</sup>

10 **Q. Briefly describe your educational experience and relevant qualifications.**

11 A. I have 20 years of experience in the energy industry. In 1997, I began my career with  
12 LG&E Energy Marketing as an Energy Coordinator scheduling pipelines and local  
13 distribution companies, as well as some power scheduling. Due to LG&E Energy  
14 Marketing’s decision to exit the unregulated natural gas marketing business, I joined  
15 Sigcorp Energy Services, LLC as a Gas Trader/Scheduler in 1999. My responsibilities  
16 included trading and scheduling various Midwest pipelines and markets. In 2002, Sigcorp  
17 Energy Services, LLC and ProLiance Energy LLC were merged by their parent companies.

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<sup>1</sup> 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 more than 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](http://www.resausa.org).

1 While at ProLiance Energy, I held the positions of Gas Trader, Director of Commercial &  
2 Industrial (“C&I”), Retail Services and ultimately, Director of Gas Operations. In my role  
3 as the Director of Gas Operations at ProLiance Energy, LLC, I was responsible for the  
4 Pipeline Scheduling group, the C&I Services group, and the Utility Services group. In this  
5 position, I oversaw the scheduling, balancing, reconciling, billing, and regulatory and tariff  
6 review of all wholesale and retail natural gas activity. I was also actively involved in a  
7 collaborative team that handled the structuring of asset management transactions and the  
8 procurement of capacity to manage the C&I portfolio. In 2012, I left ProLiance Energy to  
9 join Hess Energy Marketing as the Senior Regional Operations Manager of the  
10 Midcontinent region. Hess Energy Marketing was acquired by Direct Energy in November  
11 2014 and I maintained the same role at Direct Energy. As the Senior Regional Operations  
12 Manager, I am responsible for all retail operations related to this office. My primary  
13 oversight is related to the scheduling, balancing, & pricing of all activity related to  
14 industrial, commercial & residential load portfolios. I have 20 years’ experience related to  
15 industrial and commercial gas operations and over 10 years’ experience related to  
16 operations management related to small commercial and residential gas operations. I hold  
17 a Bachelor of Arts Degree in Business Administration from Bellarmine University in  
18 Louisville, KY and a Master Degree in Business Administration from the University of  
19 Louisville.

20 **Q. What are your responsibilities at Direct Energy?**

21 A. I am responsible for managing Direct Energy’s Midcontinent regional pricing and  
22 scheduling team. I am responsible for ensuring that all scheduling functions (i.e.  
23 forecasting, nominating, volume balancing, pool reconciliation, transportation invoice

1 approval, etc.) take place in an accurate and timely manner. I manage a scheduling team  
2 that provides 24x7 support, as required, to monitor Direct Energy’s positions with utilities  
3 and customers. I am also responsible for developing and maintaining a competitive pricing  
4 structure for all of Direct Energy’s Midcontinent markets including the Michigan markets.  
5 I manage a pricing team that produces timely competitive pricing while taking into account  
6 all supply costs and balancing costs. As Senior Regional Operations Manager, my  
7 functions also include strategic growth planning in conjunction with our Sales & Trading  
8 teams. I also work closely with maintaining relationships with local distributions  
9 companies in my region which includes Consumers Energy Company (“Consumers” or  
10 “Company”).

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

12 A. The purpose of my testimony is to propose that Consumers change its operational tariff  
13 rules to allow transport end-users to be combined into groups or pools under each supplier’s  
14 discretion. Pooling is a common industry practice; most utilities, including several in  
15 Michigan, permit marketers to pool their transportation customers into groups in order to  
16 achieve greater efficiencies. My experience has been that there are many utilities that are  
17 monthly balanced that offer pooling along with storage banking.

18 I will also respond to Consumers’ witness Elizabeth Curtis’ testimony that the Commission  
19 could consider reducing the Authorized Tolerance Level (“ATL”) to 4% as an alternative  
20 to implementing daily balancing.

1 **II. POOLING FOR END USE TRANSPORTATION CUSTOMERS**

2 **Q. What is pooling?**

3 A. At its most basic level, pooling is simply the grouping of transportation service customers  
4 that are all being supplied by the same supplier. It allows suppliers to make a single supply  
5 nomination to a group of customers instead of numerous individuals nominations. The  
6 customers' usage is then offset by the pool supply. It is an industry concept that has been  
7 in place for a few decades now. Many gas transportation programs and Customer Choice  
8 programs utilize the pooling concept, including Consumers with respect to its Choice  
9 program.

10 **Q Do you have experience with pooling in other gas transportation markets?**

11 A. Yes. Nicor Gas Company ("Nicor") and Peoples Gas Light and Coke Company  
12 ("Peoples") in Illinois are two good examples of other gas transportation markets that have  
13 similarities to Consumers' transportation program and both offer pooling. They are good  
14 examples because they are also Midwest utilities. They too have monthly balancing under  
15 Nicor's Rider 34 Supplier Firm Transportation Service without telemetry required and  
16 under Peoples' Rider FST for Full Standby Transportation Service without telemetry  
17 required which is similar to both Consumers and DTE Gas. Nicor and Peoples both offer  
18 storage banks similar to Consumers and DTE Gas. They are good comparisons because  
19 they have similarities in their operating systems. They are all served by multiple upstream  
20 pipelines. All have interconnects with ANR Pipeline Company. They have limited  
21 restrictions on which upstream pipelines can be utilized. All have on-system storage in

1 addition to their upstream assets. When you analyze seventeen of the larger Midwest  
2 utilities,<sup>2</sup> all but Consumers and DTE Gas offer pooling.

3 **Q. Are there benefits of pooling for the transportation customer?**

4 A. Yes. Transportation customers benefit from pooling through reduced costs and imbalance  
5 fees, expanded flexibility, and increased supplier options.

6 **Q. How does pooling reduce costs?**

7 A. Pooling reduces costs for the supplier and ultimately the customers. Today, because there  
8 is no pooling, it could require one full time scheduler or up to several schedulers to manage  
9 all of the scheduling and balancing of the supplier's customers depending on the number  
10 of customers being supplied. With pooling a single scheduler is often able to manage  
11 several utilities. For example, if a supplier has 50 transportation customers, without  
12 pooling, that supplier will need to submit 50 separate nominations to a utility according to  
13 the utility nomination deadlines. If all those customers elect to be grouped into a single  
14 pool, then that supplier is able to submit a single nomination to the utility. By reducing the  
15 overhead to accomplish the scheduling and balancing functions, then that cost savings will  
16 ultimately trickle down to the customers in the form of more competitive pricing.

17 Further, due to the efficiencies of pooling, customers will experience reduced balancing  
18 costs associated with the ATL. For instance, keeping with the example of the 50

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<sup>2</sup> Nicor, Peoples, North Shore Gas, Ameren Illinois, Vectren Energy Delivery of Indiana -North, Citizens Gas Fuel Company, Vectren Energy Delivery of Indiana - South, Northern Indiana Public Service Company, Duke Energy Ohio, Vectren Energy Delivery of Ohio, Columbia Gas of Ohio, Dominion East Ohio Gas, Consumers Energy Company, DTE Gas Company, SEMCO Energy Gas Company, Michigan Gas Utilities, & Wisconsin Gas Company.

1 transportation customers for simplicity, let's assume that for each unit of imbalance,  
 2 whether positive or negative, a utility charges \$1 per unit. In this example, the following  
 3 imbalances occur:

| Number of Customers | Imbalance per Customer | Total Units of Imbalance | Total Unpooled Cost | Cumulative Net Pool Imbalance | Cumulative Pooled Cost |
|---------------------|------------------------|--------------------------|---------------------|-------------------------------|------------------------|
| 5                   | 3 units over           | 15                       | \$15                | +15                           | \$15                   |
| 10                  | 2 units over           | 20                       | \$20                | +35                           | \$35                   |
| 10                  | 1 unit over            | 10                       | \$10                | +45                           | \$45                   |
| 10                  | 1 unit under           | 10                       | \$10                | +35                           | \$35                   |
| 10                  | 2 units under          | 20                       | \$20                | +15                           | \$15                   |
| 4                   | 3 units under          | 12                       | \$12                | +3                            | \$3                    |
| 1                   | 4 units under          | 4                        | \$4                 | -1                            | (\$1)                  |
| <b>50</b>           |                        | <b>91</b>                | <b>\$91</b>         | <b>1</b>                      | <b>\$1</b>             |

4  
 5 Thus, without any pooling permitted, the total imbalance cost for this group of 50  
 6 customers would be \$91. However, if these same 50 customers were part of a pool, the  
 7 marketer is able to net the 45 units of imbalance that are above or over the nomination  
 8 against the 46 units of imbalance that are under or less than the nomination, resulting in a  
 9 net imbalance of only one unit at a cost of \$1. In this example, the supplier would be able  
 10 to reduce its imbalance costs from \$91 to \$1 through pooling.

11 Today, because there is no pooling, any charges for being over the customer's ATL or for  
 12 withdrawing too much gas are directly assessed to the customer. With pooling those  
 13 charges would no longer appear directly on the customer's utility invoice, but instead  
 14 would be significantly reduced through the netting of impacts with other customers in the

1 pool. Further, with pooling these charges would be assessed to the supplier and not on the  
2 customer's utility invoice.

3 **Q. How does pooling provide benefits through expanded flexibility?**

4 A. Today, Consumers' transportation customers are required to be standalone customers using  
5 one or more suppliers. Pooling will give customers increased flexibility by allowing them  
6 to not only remain as a standalone customer utilizing one or more suppliers, but will also  
7 give them an additional option to join a supplier's pool and the benefit of sharing balancing  
8 risks with a larger group of customers. The option belongs to the customer.

9 **Q. How does pooling increase supplier options for the customer?**

10 A. It is likely that there are suppliers who simply do not participate in the Consumers gas  
11 transportation program today because pooling is not allowed. Without pooling more  
12 scheduling resources are necessary because of the number of individual nominations  
13 required and because of the number of individual storage banks/ATLs that are required to  
14 be individually balanced. By adopting the practice of pooling, the scheduling and  
15 balancing requirements could be more easily managed and therefore this market could be  
16 more enticing to suppliers who currently chose not to serve customers behind Consumers.  
17 A pooling option could benefit customers through increased competition and more supplier  
18 options.

19 **Q. How does pooling affect gas storage banks?**

20 A. Pooling creates the potential for more storage value. The total amount of storage remains  
21 the same. However, when the storage is aggregated and managed under pooling the

1 supplier can then optimally manage the storage because just like balancing you will have  
2 customers offsetting each other's imbalances. Managing all the storage banks individually  
3 makes it more difficult to fully utilize storage resource allocated to transportation  
4 customers. Through pooling, suppliers can extract more value from the same amount of  
5 assets and then pass that value back to the customer via pricing discounts. The Nicor and  
6 Peoples markets have evolved over numerous years of pooling nominations and storage.

7 **Q. Would pooling result in an increase in costs to other customers?**

8 A. Pooling should not impact other, non-pooling customers in any way.

9 **Q. Does pooling adversely affect system reliability?**

10 A. No. Pooling should have no adverse impact on system reliability. Pooling does not change  
11 the supplier's commitment to match supply with customers' demands.

12 **Q. Are there any benefits to the utility from pooling?**

13 A. Yes. The utility should see reduced administrative costs from pooling. Rather than  
14 monitor each customer account individually, the utility would be able to monitor fewer  
15 accounts that contain one or more individual pooled customer accounts. Consumers would  
16 need to verify fewer nominations and storage banks even though the total volumes remain  
17 the same under pooling. Pooling would also simplify the tracking of imbalance  
18 nominations. After the initial start-up costs to implement pooling, the utility should  
19 experience reduced manpower costs and lower invoicing costs.

1 **Q. How should pooling program start-up costs be recovered?**

2 A. The costs to implement and administer pooling should be borne by pooling suppliers.  
3 RESA supports a reasonable monthly administrative fee to compensate the utility for any  
4 actual and reasonable incremental costs incurred to implement pooling.

5 **Q. Do you have any examples of pooling fees imposed by other utilities?**

6 A. Yes, my experience has been that the utilities pooling fees typically ranges between \$100  
7 to \$200 per pool per month. Of course, any pooling charge needs to be supported with  
8 reasonable cost data. The following table shows a few examples:

|   |   |
|---|---|
| Nicor Gas                                   | \$95 per pool per month   |
| Peoples Gas                                 | \$200 per pool per month plus <del>\$6.974.18</del><br>per customer |
| Ameren Illinois                             | No Charge   |
| Vectren Energy Delivery<br>of Indiana North | \$100 per pool per month  |
| Columbia Gas of Ohio                        | No Charge   |

9

10 **Q. Are you proposing that pooling be mandatory for gas transportation customers?**

11 A. No. Consumers should permit customers and suppliers to have the option to aggregate  
12 customers into a pool. While pooling will reduce costs, and simplify the process for  
13 customers, there may be customers who prefer to keep their supply management separate.  
14 RESA proposes that the customer have the option of being aggregated into a pool or

1 maintaining individual service. The customer can elect whether to remain a standalone  
2 customer or a pooled customer as part of its agreement with its supplier. The supplier  
3 would then designate the customer's decision in the customer enrollment provided to the  
4 utility. This would give customers even greater flexibility than they have today.

5 **Q. Would the Commission need to adopt daily balancing to permit pooling?**

6 A. No. Daily balancing is not necessary to implement pooling. Several utilities allow pooling  
7 today and are monthly balanced, such as Nicor and Peoples. Monthly versus daily  
8 balancing is more correlated with a utility's ability to manage daily swings related to  
9 imbalances through the use of their upstream assets and on-system assets. Consumers has  
10 maintained significant assets historically to manage the daily operations of their system.  
11 This allows Consumers to offer monthly balancing along with the ATLS for their  
12 customers. They have also rarely put on restrictions for their system. Pooling is a way to  
13 simplify the nomination process. Pooling should not in any way impact the monthly  
14 balancing program that is in place today.

15 **Q. Does pooling restrict the pooled transportation customer's ability to switch suppliers**  
16 **mid-month?**

17 A. Yes. To implement pooling, a transportation customer would need to remain in the same  
18 pool, i.e. with the same supplier, for the entire month that it is in a pool. However, the  
19 customer is making a choice whether or not to be part of a pool. In so doing, the customer  
20 needs to determine if the benefit of being able to switch suppliers mid-month exceeds the  
21 benefits of being part of a pool.

1 **Q. Would pooling restrict a customer’s ability to purchase gas from multiple suppliers?**

2 A. Yes. For any month during which a customer is a member of a pool, the customer would  
3 not be able to purchase gas from multiple suppliers. However, a customer would be  
4 allowed to leave a pool at the end of the month and switch back to standalone service if  
5 this is a concern. Again, let me reinforce that the option remains with the customer. If the  
6 customer values being able to purchase gas from multiple suppliers during a month more  
7 than pooling, it would elect to be a standalone customer. But if the customer’s preference  
8 to be part of a pool is greater than having the ability to purchase gas from multiple suppliers  
9 during the month, it would elect to be in a supplier pool. The choice lies with the customer.  
10 It has been my experience in multiple pooling markets that most customers prefer being a  
11 part of pools versus being a standalone account. Customers should be provided that option  
12 rather than have this decision dictated to them.

13 **Q. Would pooling require significant restructuring of transportation contract terms and**  
14 **conditions?**

15 A. No. The same contracting process should be in place with most suppliers. Further, if for  
16 some reason an individual supplier did not want to offer pooling to its customers, the  
17 supplier would not be required to pool its customers. Customers would decide if the  
18 availability of pooling is or is not a good competitive strategy by selecting or rejecting that  
19 supplier in the marketplace. A primary difference in how things work under pooling is in  
20 how customers are billed. With pooling, any imbalance between the volumes delivered  
21 and consumed by the pool are billed by the utility to the pool operator, who then invoices  
22 the customer based on actual usage. In contrast, under the current non-pooling

1 arrangement, customers are billed directly by the utility for any imbalance without any  
2 offset due to the netting effect of offsetting imbalances from other customers.

3 **Q. Would pooling adversely affect GCR customers?**

4 A. No. Pooling should have no adverse impact on GCR customers. Imbalances should show  
5 no noticeable change. Because of pooling, there should be fewer nomination errors. More  
6 accurate nominations and balancing improves system reliability and benefits GCR  
7 customers.

8 **Q. Would pooling permit a supplier to maximize gas nominations when gas prices are  
9 low and minimize nominations when gas prices are high?**

10 A. No. Pooling reduces the number of nominations and allows pooled customers to offset  
11 each other's imbalances while the aggregated imbalance remains unchanged. Pooling  
12 should not permit suppliers to adjust their pool nomination in response to market prices. If  
13 that behavior occurs, just as Consumers can implement critical period restrictions today  
14 without pooling, it could also do so in a pooling environment to alleviate any such  
15 concerns.

16 **Q. Why should the Commission adopt pooling for Consumers now?**

17 A. Over time, more and more gas transportation programs have adopted pooling making  
18 Consumers increasingly among a minority of gas programs that do not have pooling.  
19 Pooling is the industry standard that should be available to Michigan transportation  
20 customers.

1 **Q. What do you recommend?**

2 A. I recommend that the Commission order Consumers to modify its tariffs to permit a pooling  
3 option for gas transportation customers. Pooling is a common industry practice that benefits  
4 competitive markets without causing harm to the utility. Specifically, Consumers should  
5 be required to:

- 6 1) Accept pooled nominations from suppliers;
- 7 2) Calculate and assess any load balancing charges based upon the net imbalance  
8 of a supplier's pool;
- 9 3) Calculate and assess any authorized and unauthorized gas usage charges based  
10 upon the net imbalance of a supplier's pool;
- 11 4) Calculate and assess excess pipeline costs surcharge based upon the net  
12 imbalance of a supplier's pool;
- 13 5) Establish the Pool Authorized Tolerance Level ("PATL") as the sum of all of the  
14 individual pool member Annual Contract Quantity ("ACQ") times 8.5% or, when  
15 appropriate, the percentage of ACQ Tolerance Level as selected by the pool  
16 member; and
- 17 6) Establish the pool monthly injection rights as the corresponding sum of the rights  
18 of the individual pool members under existing tariff limits.

19 **Q. Do you have any specific tariff recommendations?**

20 A. Yes. In Section E1.1 of Consumers' tariff, I suggest that the following definitions be added:

1 • “Pool” or “Pooling” shall mean the grouping together of transportation customers  
2 for the purposes of netting daily and monthly imbalances, nominations, and storage  
3 balances.

4 • “Pool Administrator” shall mean the person or entity whom the transportation  
5 customer has authorized to take actions and make decisions on their behalf with  
6 regard to the operation of a Pool.

7 • “Pool Authorized Tolerance Level” (PATL) shall mean the sum of the pool  
8 member ACQs times 8.5% (or times the percentage of ACQ Tolerance Level when  
9 a different value is selected by the pool member).

10 At Section E2.2, I would add the following statements:

11 • If the transportation customer has authorized a Pool Administrator, the Daily  
12 Nomination submitted by the Pool Administrator will be for the Pool as a whole.  
13 The Pool Administrator must notify the Company in writing three business days  
14 prior to the beginning of each calendar month as to which meters will be members  
15 of the Pool. A transportation customer must remain in a Pool for a period of one  
16 calendar month unless its transportation service is discontinued during that calendar  
17 month and cannot be a member of more than one Pool at any one point in time.

18 Third Revised Sheet No. E-12.00 of the Transportation Service Rate should be amended  
19 as follows:

20 • For any transportation customer that is part of a Pool, any Authorized Gas Usage  
21 Charges and Unauthorized Gas Usage Charges will be applied to the imbalance  
22 remaining after the netting of imbalances from all Pool members. The Pool

1 Administrator will be responsible for determining how any charges or credits  
2 remaining will be divided among Pool members. By the third working day of each  
3 month, the Company will provide the Pool Administrator with Pool member usage  
4 information from the prior month.

5 The Load Balancing Charge section of Third Revised Sheet No. E-12.00 should be  
6 amended as follows:

7 • For any transportation customer that is part of a Pool, the \$.25 per MMBtu charge  
8 for any month-end balance of gas will be assessed based upon the gas that exceeds  
9 the Pool Authorized Tolerance Level (PATL) plus the sum of the contract storage  
10 quantities that Pool members have individually contracted for. For a Pool, for any  
11 monthly injections during the months of September and October that are in excess  
12 of the sum of the Pool members ACQ times 1.43%, plus the sum of the contract  
13 storage quantities that Pool members have individually contracted for, the Load  
14 Balancing Charge will be assessed.

15 **III. AUTHORIZED TOLERANCE LEVEL**

16 **Q. What is Consumers' Authorized Tolerance Level ("ATL")?**

17 A. Consumers' gas transportation customers make an election concerning the level of storage  
18 that the customer is allowed to utilize to balance supplies and usage before being assessed  
19 a Load Balancing Charge. The default ATL is 8.5%, but customers may choose imbalance  
20 levels of 6.5%, 7.5%, 8.5%, 9.5% or 10.5% of the customer's Annual Contract Quantity.  
21 (See, Second Revised Sheet No. E-13.00.) The Load Balancing Charge is \$0.25 per

1 MMBtu for any month-end balance of gas that exceeds the sum of its ATL plus its contract  
2 storage quantity. (See, Third Revised Sheet No. E-12.00.)

3 **Q. What is the significance of an 8.5% ATL?**

4 A. An ATL of 8.5% of the customer's Annual Contract Quantity represents one month of the  
5 customer's annual usage. The ATL is used primarily to assist transportation customers in  
6 balancing supplier and customer usage. So long as the customer's usage does not exceed  
7 its delivered monthly supply of gas plus the gas it has in storage available to withdraw  
8 under the ATL, the customer is in balance and does not incur the Load Balancing Charge.

9 **Q. Did Consumers' witness Elizabeth Curtis suggest changing Consumers' ATL?**

10 A. While Ms. Curtis does not explicitly recommend that the ATL be lowered, on page 16 of  
11 her pre-filed direct testimony, Ms. Curtis states that the ATL could be lowered by some  
12 amount, perhaps to 4%, as an alternative to daily balancing for consideration. In her  
13 testimony, Ms. Curtis includes an analysis of moving from monthly to daily balancing for  
14 gas transportation customers.

15 **Q. Why did Ms. Curtis suggest changing the ATL?**

16 A. Ms. Curtis makes this remark as an alternative to implementing daily balancing. Ms. Curtis  
17 suggests that reduced ATLs would force transportation customer to balance their supplies  
18 and deliveries more closely without incurring the expense of daily balancing. Ms. Curtis,  
19 however, is not recommending a change to Consumers' ATL. (See, Ms. Curtis' response  
20 to discovery request 18424-RES-CE-436, attached Exhibit RES-2 (JOM-1).)

1 **Q. Do you have any concerns with Ms. Curtis' suggestion?**

2 A. Yes. There is no evidence that the existing ATLs are ineffective at ensuring that sufficient  
3 quantities of gas are delivered to meet customer usage. The existing ATL elections are tied  
4 to specific quantities of gas storage. If the available ATLs were reduced, then  
5 transportation customers should not be allocated the same storage costs. Consumers,  
6 however, has not studied the necessary change in storage costs that would be required due  
7 to a change in the ATL. (See, Ms. Curtis' response to discovery request 18424-RES-CE-  
8 437, attached Exhibit RES-3 (JOM-2).)

9 **Q. What do you recommend?**

10 A. I recommend that Ms. Curtis alternative to daily balancing that reduces the ATL to 4% be  
11 rejected.

12 **Q. Does this conclude your testimony?**

13 A. Yes.

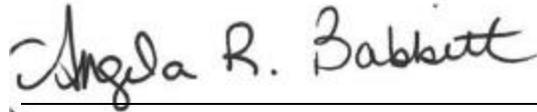
**STATE OF MICHIGAN**  
**BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION**

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

Case No. U-18424

**CERTIFICATE OF SERVICE**

Angela R. Babbitt hereby certifies that on the 4<sup>th</sup> day of April, 2018, she served the *Revised Testimony of John Mehling* and this Certificate of Service on the persons identified on the attached service list via electronic mail.



\_\_\_\_\_  
Angela R. Babbitt

## Service List for U-18424

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