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December 17, 2015

Ms. Mary Jo Kunkle
Executive Secretary
Michigan Public Service Commission
7109 W. Saginaw Hwy.
Lansing, MI 48917

Re: MPSC Case No. U-17975

Dear Ms. Kunkle:

Enclosed herewith for filing in the above-referenced matter, please find the attached Statement of Objection from the Retail Energy Supply Association and 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

JUH/ab
Enclosures
cc: All parties of record.



December 17, 2015

Honorable John D. Quackenbush, Chairman
Honorable Sally A. Talberg, Commissioner
Honorable Norman J. Saari, Commissioner
Michigan Public Service Commission
7901 West Saginaw Highway
P.O. Box 30221
Lansing, MI 48909

RE: MPSC Case No. U-17975
In the Matter of the Application of SEMCO ENERGY GAS COMPANY for authority to revise and implement new tariff sheets updating curtailment and related provisions to better align the provisions with industry practice.

Dear Chairman and Commissioners,

On November 5, 2015 SEMCO Energy Gas Company ("SEMCO" or "Company") filed an application for authority to revise and implement new tariff sheets updating its curtailment policies in MPSC Case No. U-17975. In its application, SEMCO seeks to "revise and implement tariff Section C.3 and related Sections C.1, C.2, C3, C.5.13 and E to update, clarify and better align SEMCO Gas' curtailment policies with actual practice." In its application, SEMCO requested the Commission approve the proposed tariff revisions without notice or hearing.

The Retail Energy Supply Association ("RESA")¹ consists of gas suppliers who participate in both the Gas Customer Choice ("GCC") and End-Use Transportation ("EUT") Programs offered in the State of Michigan. 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 ("AGS") in GCC programs.

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 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.

RESA takes no position on many of the tariff changes proposed in the SEMCO filing. However, RESA objects to the revision proposed at First Revised Sheet No. C-12.00 D. 3, that requires that during curtailments, “Transportation Customers will be removed from their respective balancing pools and that all nominations must be made to their physical point of receipt (gate station) into the Company’s distribution system(s).” See also First Revised Sheet No. E-13.00 A. 9.

RESA does not object to Transportation Customers being removed from their respective balancing pools during curtailments. However, RESA understands that when removed from their respective balancing pool during a curtailment, each EUT customer will be treated by SEMCO as a standalone customer. In other words, if during a curtailment Supplier A has five EUT customers with the same physical delivery point of receipt (gate station) who have been removed from the Supplier’s balancing pool, each of those five EUT customers will be handled as a standalone customer, i.e. as a pool of one. SEMCO's proposal is not reasonable.

A reasonable approach that would not adversely impact system integrity is for EUT customers, during the curtailment, be removed from their usual balancing pool as SEMCO requires, however, when the physical delivery point of receipt (gate station) of EUT customers served by a single supplier is the same physical delivery point, then those EUT customers should be pooled together and not treated as standalone customers. It is reasonable to net any imbalances among customers served by a single supplier at the same physical delivery point, because doing so does not increase any risk to system integrity and the total penalty exposure to the entire group remains the same. Thus, the incentive to minimize imbalances remains just as strong.

Pooling of EUT customers with the same physical delivery point of receipt (gate station) during a curtailment better reflects the reality of the situation. For example, if five EUT customers each have the following imbalances on a single day curtailment, the net imbalance of the five EUT customers is 4 units and 4 units corresponds to the physical imbalance that this supplier’s five customers have at the delivery point of receipt (gate station).

Customer	Imbalance
A	10 under
B	5 over
C	4 under
D	2 under
E	7 over

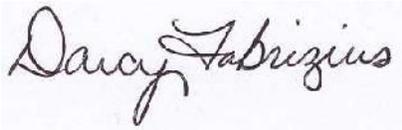
In contrast, to handle each of these five EUT customers as standalone customers results in a total under delivery imbalance of 16 units (Customer A at 10 units, Customer C at 4 units and Customer D at 2 units) for which SEMCO would assess penalties to these three EUT customers for all 16 units, while the physical imbalance at the delivery point is actually only 4 units for this

Supplier's customers. There is no cause for SEMCO to penalize the supplier's customers at a rate higher than the actual physical imbalance at SEMCO's delivery point of receipt as that does nothing to improve system integrity during the curtailment. The penalties associated with the 4 units of under delivery are then allocated on a pro rata basis to the three customers with an under delivery of gas.

If in the example above, all of the imbalances had been under deliveries, the net imbalance among this supplier's customers at the delivery point would have been 28 units and the total penalties would have been assessed on 28 units, so the total penalty exposure remains as high as if each customers was treated as a standalone customer.

RESA respectfully requests that the Commission reject a tariff that allows EUT customers to be penalized in excess of the actual physical imbalance during a curtailment and modify the proposed tariff language by adding the following statement "During the curtailment, when removed from their respective balancing pools, all such EUT customers with the same physical point of receipt (gate station) into the Company's distribution system(s) shall be pooled at that physical point of receipt (gate station)."

Sincerely,

A handwritten signature in black ink that reads "Darcy Fabrizious". The signature is written in a cursive style and is positioned above the typed name.

Darcy Fabrizious
Michigan State Gas Chair
Retail Energy Supply Association

STATE OF MICHIGAN

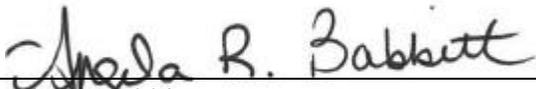
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the Application of)
SEMCO ENERGY GAS COMPANY for)
authority to revise and implement new tariff)
sheets updating curtailment and related)
provisions to better align the provisions)
with industry practice.)
_____)

Case No. U-17975

CERTIFICATE OF SERVICE

Angela R. Babbitt hereby certifies that on the 17th day of December, 2015, she served the attached Statement of Objection from the Retail Energy Supply Association and this Certificate of Service on the persons identified on the attached service list via electronic mail.



Angela R. Babbitt

Service List for U-17975

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