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May 24, 2006

Ms. Mary Jo Kunkle
Executive Secretary
Michigan Public Service Commission
6545 Mercantile Way
P.O. Box 30221
Lansing, MI 48909

Re: Dominion Midwest Energy and Dominion Reserves, Inc. v. MichCon Gathering Company and Michigan Consolidated Gas Company, MPSC Case No. U-14754

Dear Ms. Kunkle:

Enclosed for electronic filing on behalf of Complainants in the above-captioned case is the Rebuttal Testimony and Exhibits of Frank M. Murray. Also enclosed is a Proof of Service

Should you have any questions, please kindly advise.

Very truly yours,

**LOOMIS, EWERT, PARSLEY,
DAVIS & GOTTING, P.C.**

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Enclosures
cc w/ enc.: Parties of Record
Mark D. Eyster, A.L.J.

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STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the complaint of

DOMINION MIDWEST ENERGY, INC
and DOMINION RESERVES, INC.
Complainants

vs.

MPSC NO. U- 14754

MICHCON GATHERING COMPANY and
MICHIGAN CONSOLIDATED GAS COMPANY
Respondents

PROOF OF SERVICE

STATE OF MICHIGAN)
) ss.
INGHAM COUNTY)

Karen Culton, being duly sworn, deposes and says that on the May 24, 2006, she served a true copy of the **REBUTTAL TESTIMONY AND EXHIBITS OF FRANK M. MURRAY** upon the attached service list by electronic mail.

 **Karen Culton**
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Karen M. Culton

Subscribed and sworn to before me on
the 24st day of May, 2006.

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Jennifer L. Ottney
Ingham County, Michigan
Acting in the County of Ingham
My commission expires: 10/02/10

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MPSC Case No. U14754

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**REBUTTAL TESTIMONY OF
FRANK M. MURRAY
MPSC CASE NO. U-14754**

1 Q. Please state your name and address for the record.

2 A. My name is Frank M. Murray. My business address is One Energy
3 Plaza, Jackson, MI 49201.

4 Q. Are you the same Frank M. Murray who presented direct testimony in
5 this case?

6 A. Yes, I am.

7 Q. What is the purpose of your rebuttal testimony in this case?

8 A. The purpose of my rebuttal testimony is amend my originally filed
9 direct testimony and to rebut certain aspects of Mr. Persells' and Mr.
10 Lyle's testimony.

11 Q. Mr. Murray, in your direct testimony, you had discussed, and
12 sponsored as an Exhibit the Capacity Agreement and other
13 agreements between MichCon and CMS. Do you wish to withdraw that
14 testimony and exhibits?

15 A. Yes. It is clear that MichCon and CMS have a significant disagreement
16 over the terms of the Capacity Agreement. While that disagreement
17 may be of importance to the parties to it, that disagreement is outside
18 the scope of, and a distraction from, the issues in this case. At the
19 outset of this case, MichCon successfully argued that CMS should not
20 be granted leave to intervene in this case by asserting that CMS was
21 not within the zone of protected interest, and was not asserting any
22 injury, within the scope of the Complaint filed by Dominion. The ALJ
23 agreed.

24 Per MichCon, the treating contracts between MichCon and CMS are
25 only tangential to the issues at hand under this case filed by Dominion.
26 Thus, it is both unnecessary, and inappropriate to address in this case

1 interpretation of the language and meaning of the Capacity
2 Agreement. CMS is not a party to this case. Although CMS strongly
3 disagrees with the characterization of the Capacity Agreement by
4 MichCon, that dispute is not properly addressed here for the reasons
5 stated above. Therefore, to properly focus on the real issues in this
6 case, it is necessary for me to remove any reference to the Capacity
7 Agreement from my testimony so as to eliminate the issue of
8 interpretation of the language of the Capacity Agreement from
9 contention in this case. Accordingly, I am amending my previously
10 submitted direct testimony:

- 11 1) Strike Page FMM-2, lines 22-23.
- 12 2) Strike Page FMM-3, Lines 23-30.
- 13 3) Strike Page FMM-4, Lines 1-27.
- 14 4) Strike Page FMM-5, Beginning with "Furthermore," on line
15 26 and ending with "paragraph 3." On line 30.
- 16 5) Strike Page FMM-6, Line 1 "and Amendment #3"
- 17 6) Strike Page FMM-7, Beginning with "CMS Antrim" on line
18 23 ending with "During this time," on Line 24.
- 19 7) Strike Page FMM-8, Line 13.
- 20 8) Strike Page FMM-8, Line 14, the words "Agreement. First
21 is blending".
- 22 9) Replace Page FMM-8, Line 16, "aforementioned Capacity
23 Agreement specification of 0.75% CO2" with "Antrim gas treated
24 below 2%".
- 25 10) Replace Page FMM-8, Line 20, "under the Capacity
26 Agreement" with "asserted by MichCon in its Revised Answer to this
27 complaint dated February 23, 2006".
- 28 11) Strike Page FMM-8, Line 23, beginning with "Pursuant to
29 the terms" through line 30.
- 30 12) Strike Page FMM-9, Lines 1-3.

1 13) Strike Page FMM-9, Line 6, strike "This is a true statement
2 for two reasons. First,".

3 14) Strike Page FMM-9 Line 15, strike "No such provision exists
4 in the Capacity Agreement".

5 15) Strike Page FMM-9, Line 16 strike "Second, ".

6 16) Strike Page FMM-9, Line 24, strike "while the Capacity
7 Agreement was curtailed by"

8 17) Strike Page FMM-9, Line 25, strike "23.6%".

9 18) Strike Page FMM-9, Line 28, strike "and the Capacity
10 Agreement being curtailed".

11 19) Strike Page FMM-9, Line 29, "by 10.2%".

12 20) Strike Exhibit FMM-1

13 21) Strike Exhibit FMM-2

14 22) Strike Exhibit FMM-3

15 23) Strike Exhibit FMM-4

16 Attached as Rebuttal Exhibit FMM-1 is my Amended Direct Testimony
17 reflecting the changes specified above.

18
19 Q. What portions of Mr. Persells' Testimony will you be addressing
20 through your rebuttal testimony?

21 A. Although there are several points to which rebuttal testimony may be
22 provided to clarify the record regarding Mr. Persells' Testimony, I will
23 address those matters which are significant to the issues of CO2
24 standards and dedications.

25 Q. What portions of Mr. Lyle's testimony will you be addressing through
26 rebuttal testimony?

27 A. Mr. Lyle's testimony provides several representations which are
28 inaccurate and introduces many subjects, which are not germane to
29 the two basic issues at question under this case, 1) CO2 content of
30 Gas at Kalkaska and 2) Dedication of reserves.

1 Q. With regards to Mr. Persells' testimony, does any historical information
2 exist which contradicts Mr. Persells' testimony that "All deliveries into
3 MichCon's system must be made in accordance with the gas quality
4 standards set forth in its MPSC Tariff, Section F3.1, Quality." TFP page
5 5, Lines 15-16.

6 A. Please see attached Rebuttal Exhibit FMM-2. This Rebuttal Exhibit
7 FMM-2 is a historical summary of the volumes and CO2 content
8 reported by the MichCon TIPS report for the outlet of the Merit
9 hydrocarbon treating plant ("Merit Plant"). The outlet of this plant
10 flows into the MichCon transmission system at Kalkaska. As the
11 historical MichCon data shows, there is a clear trend of increasing CO2
12 content into the MichCon transmission system from the Merit Plant,
13 which primarily receives gas from the Wet Header system.

14 Q. Does this gas require a treating agreement or some type of assurance
15 that it will be less than 2% when it enters the MichCon transmission
16 system?

17 A. Yes, pursuant to MichCon's response to the MPSC Staff's First
18 Discovery Request, number 5, (Rebuttal Exhibit FMM-3) MichCon has
19 stated that "The Wet Header specifications are that shippers must
20 demonstrate either that the volumes transported are at 2% or less
21 CO2 into the system or that they have treating agreements to provide
22 service to those levels."

23 Q. With regards to Mr. Persells' assertion that there are only three
24 alternatives to blending, TFP Page 13, Line 18-24, is there another
25 option available?

26 A. Yes. The other option is for MichCon to ensure that those parties
27 contracted to provide treating services, like the DTE affiliate of
28 MichCon, are in fact providing them. The gas entering the MichCon
29 transmission system from the Wet Header has had a rising CO2
30 content from a simple average of 2.5% in 2003 to 2.9% for 2006. The

1 DTE affiliate of MichCon is receiving treating fees to reduce the content
2 of the CO₂ to 2% or below; however, the DTE affiliate does not have
3 any treating facilities on the Wet Header, nor does it appear that the
4 MichCon DTE affiliate has any contracts with third party providers to
5 provide this service and remove sufficient CO₂ from a gas stream to
6 meet a 2% or less standard into the MichCon transmission system.

7 Q. Based upon available information, has the AEP in recent years
8 exceeded 2%?

9 A. Based upon information since January 2003 from the MichCon TIPS
10 report summarized in Rebuttal Exhibit FMM-4, the AEP, on average,
11 has not exceeded 2%. Although this information is a monthly average
12 of the CO₂ content, there are daily, even hourly, fluctuations, which
13 may cause the CO₂ content to be above or below the average. Based
14 upon the data averaged from the MichCon TIPS report, the AEP has
15 been consistently below 2%, while the Wet Header for the same time
16 period has been consistently above 2%. The blended stream
17 downstream of the AEP and the Wet Header has, for the most part,
18 been below 2%.

19 Q. Mr. Persells testifies about the risks to MichCon and the requirement
20 for dedications on Page 8, Lines 6-23 and Page 9 line 1-4. Has
21 MichCon ever released any reserves dedicated to the AEP for
22 transportation and associated treating at the CMS treating facility?

23 A. Yes. In December 1997, two years after the AEP was placed in
24 service, MichCon released from dedication to transportation on the AEP
25 and treating at the CMS treating facility seven (7) production facilities
26 referred to as the Hillman 7, so that the Hillman 7 could be dedicated
27 to and treated at the Caledonia 13 plant owned and operated by an
28 affiliate of MichCon.

1 Q. Mr. Lyle states in his testimony that "MGAT owned the treating plant at
2 South Chester in partnership with CMS" Page 6, lines 6-7. Is this
3 correct?

4 A. Yes, CMS and MichCon jointly owned the treating facilities at South
5 Chester. Subsequent to the dedication made by Wolverine, CMS
6 purchased MichCon's interest in the treating facilities, just as
7 Dominion, acquired its underlying reserves from Wolverine.

8 Q. Mr. Lyle addresses the issue of blending in detail in his testimony on
9 Pages 10 and 11, lines 13-25 and lines 1-23 respectively. Is this
10 testimony exclusive to the AEP?

11 A. No. As Mr. Lyle indicates in this testimony, in order to maintain 2% or
12 less into the MichCon transmission system, MichCon "...tracks the
13 requirements at Kalkaska to maintain the required delivery
14 specification, which includes the volume and CO2 content from the
15 Merit hydrocarbon treating plant" Page 11, lines 2-6. The Merit
16 hydrocarbon treating plant is a reference to gas received into the
17 MichCon transmission system from the Wet Header, owned and
18 operated by an affiliate of MichCon.

19 Q. Mr. Lyle asserts that MichCon has sufficient blending capacity on Page
20 15, lines 19-25 of his testimony. Do you believe he has accurately
21 portrayed MichCon's blending capability?

22 A. No. First, Mr. Lyle refers to an extended outage, which CMS took to
23 rehabilitate Plant 1. Plant 1 is used as standby treating capacity and is
24 not required for daily operations. Second, Mr. Lyle refers to the fact
25 that MichCon is subject to "...operational issues that MGAT does not
26 currently have the authority to control" Page 15, Lines 21-22. Mr. Lyle
27 goes on to talk about deliveries at Goose Creek and how those
28 deliveries to Goose Creek adversely impact Kalkaska. The Goose
29 Creek delivery point was required as part of the Commission Order in
30 Case No. U-10547. If MichCon were to evaluate the CO2 content of

1 only the AEP, it would appear that MichCon has sufficient blending
2 capacity, but MichCon has extended the blending authority granted in
3 the Commission Order in Case No. U-10547 to the Wet Header and is
4 attempting to require Dominion to strip more CO₂ from the system
5 than should be required in order for the DTE affiliate of MichCon to
6 continue collecting treating fees on the Wet Header.

7 Q. Mr. Murray, is the treating service provided by CMS to Dominion more
8 reliable than the service Dominion had received from MichCon?

9 A. Yes it is more reliable than other available services. The agreement
10 between CMS and Dominion provides for redundant capacity, which
11 reduces curtailments. The agreement between CMS and Dominion
12 also provides for redundant treating capacity as requested of MichCon
13 by the MPSC staff pursuant to Mr. Persells' Exhibit TFP-2. A recent
14 example of the benefit of redundant capacity to all Antrim producers,
15 not just Dominion, is the avoided loss of 30,000 Mcf/d of production
16 while CMS' Plant 2 was down for maintenance. This outage lasted
17 approximately 10 days, and without the redundant capacity made
18 available by the Dominion agreement, approximately \$2.1 million
19 worth of production at an assumed value of \$7 / Mcf would have been
20 shut in.

21 Q. MichCon has repeatedly asserted that it has treated Dominion's gas to
22 a specification of 0.75%. Do you agree with this assertion?

23 A. No. Per the terms of the ASATT 1, Exhibit D Section VI(e), the gas:
24 "At each Delivery Point the carbon dioxide content of the Gas shall not
25 exceed two (2%) mole percent". No where in the ASATT does it specify
26 that the production would be treated to 0.75%. What Mr. Lyle fails to
27 state is that the gas may have, at times, been physically treated to
28 0.75% but MichCon blended other high CO₂ gas with the Dominion
29 gas, thereby treating the Dominion gas to the 2% specification of the
30 ASATT agreement.

1 Q. Do you agree with Mr. Lyle that MichCon can impose a “different
2 standard” on Dominion for treating than other shippers?

3 A. No MichCon does not have the unilateral right to impose a “different
4 standard” (Mr. Lyle’s testimony at Page 9 line 4), upon Dominion than
5 that applied to other transporters on the AEP. MichCon has claimed
6 that it has the right to impose a different standard. However, I do not
7 believe that such discrimination is contemplated or permitted by Act 9
8 or the Commission’s orders relative to the AEP. MichCon has also
9 alleged that it is requiring the 0.75% standard for all ASAT
10 agreements, which is not the case. Paxton and Chevron both have a
11 2% standard in their ASAT agreements and these agreements were
12 amended by MichCon after December 1, 2005 in order to add
13 additional receipt point(s), without changing the 2% standard. Thus, it
14 appears that as recently as January 2006, MichCon was willing to allow
15 other shippers to maintain their more lenient specification, while
16 demanding that Dominion comply with a much more restrictive one.

17 Q. Do you have any comment on MichCon’s position relative to the
18 dedication under ASATT 1?.

19 A. Yes, contrary to discovery responses which MichCon submitted in this
20 case, MichCon has in practice released other gas, specifically the
21 Hillman 7, on the AEP from dedication in the past. It has also, in
22 instances where it desired to have the terms of the dedication letter
23 agreement extend past the term of an ASATT, specifically amended
24 the terms of the ASATT agreement to ensure the dedication letter
25 agreement survived termination of the ASATT agreement (Shell ASATT
26 5 dated September 12, 1994, Page 21, Section 19.7). Finally, to the
27 extent that the dedication is for treating as well as transportation, I
28 would point out that MichCon sold its interest in the treating facilities
29 at South Chester after it received the dedication for treating, just as
30 Wolverine sold its reserves to Dominion after Wolverine made the

1 dedication for treating. Accordingly, if in fact, the terms of the
2 dedication agreement extend past the term of the Dominion ASATT 1
3 agreement, such a dedication would be specific to the South Chester
4 Plant and would inure to the benefit of the current plant owner, CMS.

5 Q. Does this conclude your rebuttal testimony?

6 A. Yes.

REBUTTAL EXHIBIT FMM -1

**AMENDED DIRECT TESTIMONY OF
FRANK M. MURRAY
MPSC CASE NO. U-14754**

1 Q. Please state your name and address for the record.

2 A. My name is Frank M. Murray. My business address is One Energy
3 Plaza, Jackson, MI 49201.

4 Q. Mr. Murray, where are you currently employed and in what capacity?

5 A. I am employed by CMS Enterprises Company ("CMS Enterprises"),
6 Jackson Michigan, the indirect parent company of CMS Antrim Gas
7 LLC. I hold the position of Commercial Director.

8 Q. What are your current duties and responsibilities in your position?

9 A. I am responsible for the operations and commercial arrangements of
10 various CMS Enterprises' natural gas businesses in Michigan, including
11 CMS Antrim Gas LLC, a carbon dioxide treating service provider which
12 provides the majority of the carbon dioxide treating for natural gas
13 flowing on the Michigan Consolidated Gas Company ("MichCon")
14 Antrim Expansion Project ("AEP"). CMS Antrim Gas LLC owns and
15 operates a complex of five gas treating plants located in Chester
16 Township, Otsego County Michigan ("CMS Antrim Facilities").

17 Q. Would you please summarize your educational background and work
18 experience?

19 A. I have a Bachelors of Science in Electrical Engineering from Lawrence
20 Technological University in Southfield, Michigan. I worked for ANR
21 Pipeline Company, Detroit, Michigan, from 1985 to 1994. While with
22 ANR Pipeline, I held various positions in the Facility Planning, Gas
23 Control and Operations Management Departments. My responsibilities
24 in those various departments included; the design of natural gas
25 facilities, nominations, scheduling and allocation of natural gas,
26 development and implementation of Federal Energy Regulatory

Commission ("FERC") tariff provisions and analyzing other interstate and intrastate pipeline operations and tariffs. From 1994-1995 I was employed as a Plant Engineer for US Gypsum Company, River Rouge Michigan. From 1995 to present I have been employed by CMS Enterprises, either directly or indirectly through wholly owned subsidiaries. I have held various positions of increasing responsibility with CMS. These responsibilities include pipeline design work, Michigan Public Service Commission ("MPSC") filings for Act 9 pipelines, development of FERC Gas Tariffs for interstate natural gas transportation, analysis of the design and operation of various interstate and intrastate pipeline systems, including those of MichCon, construction and repair of pipeline and plant facilities, design of intrastate and interstate pipeline facilities, analysis of pipeline and plant operations in conjunction with optimizing performance, mergers and acquisitions, economic evaluation of businesses in association with optimization of performance, mergers and acquisitions, state and federal regulatory compliance issues, local, state and federal environmental permitting/compliance, negotiation of transportation contracts and negotiations of treating contracts.

Q. What is the purpose of your testimony in this case?

A. The purpose of my testimony in this case is

- 1) Provide information about the CO₂ treating services provided by CMS Antrim to various producers.
- 2) Address the gas quality standards established by intrastate and interstate natural gas pipelines.
- 3) Provide information regarding the blending of high CO₂ gas with low CO₂ gas.
- 4) Address the flows of gas on the AEP and other pipelines in Northern Michigan, specifically in regards to the CO₂ content of the gas at Kalkaska and other take away points.

1 5) Address the difference in reliability of service when
2 producers contract directly with CMS Antrim rather than
3 MichCon.

4 Q. Please tell us what treating is and why it is necessary.

5 A. Treating, as used in the context of this case, is the removal of carbon
6 dioxide ("CO2") from natural gas in order to meet the gas quality
7 specification of 2% or less as specified in the Michigan Public Service
8 Commission ("Commission") Order in Case U-10547. Typical natural
9 gas entering the CMS Antrim Facilities contains about 84% methane,
10 2% ethane and 14% CO2. CMS Antrim treats the gas by removing
11 CO2 from the inlet natural gas stream such that the outlet natural gas
12 stream is approximately 97% methane, 2% ethane and 1% CO2. The
13 amount of CO2 removed in the treating process is typically specified as
14 removed CO2 and stated in thousand cubic feet ("Mcf").

15 Q. Please tell us what blending is.

16 A. Blending is the reduction in aggregate levels of CO2 by commingling
17 gas with high CO2 content, greater than 2% CO2, with gas that
18 contains low CO2, less than 2%, such that the entire gas stream
19 contains 2% or less CO2.

20 Q. Please describe the nature of CMS Antrim's contracts with Third
21 Parties.

22 A. CMS Antrim has several Third Party contracts for treating Antrim gas.
23 The rates charged by CMS Antrim for these contracts vary from \$0.10
24 per Mcf to \$0.11 per Mcf. These contracts all contain an outlet CO2
25 specification of 2%.

26 Q. Describe the contracts which CMS Antrim entered with Third Parties
27 around the same time as the Dominion Contract.

28 A. CMS Antrim entered into the following Third Party agreements:

29 i) Quicksilver Resources effective November 1, 2005 with a
30 2% CO2 outlet specification.

1 ii) Paxton Resources effective December 1, 2005 with a 2%
2 CO2 outlet specification.

3 iii) Dominion effective December 1, 2005 with a 2% CO2
4 outlet specification ("Dominion Agreement"). Since
5 February 1, 2006, CMS Antrim has temporarily amended
6 the Dominion contract to an outlet specification of 0.75%
7 CO2 in order to allow Dominion to continue producing gas
8 rather than be shut in by MichCon.

9 iv) CMS Antrim amended its contract with Chevron Production
10 effective January 1, 2006 to include Chevron's new Ess
11 Lake project. All the gas under the Chevron contract is
12 treated to a 2% CO2 outlet specification.

13 Q. Why did CMS Antrim enter into contracts with an outlet CO2
14 specification of 2%?

15 A. The Commission order in Case U-10547 which stated that the gas
16 must contain 2% or less, means that treating gas to a 2% specification
17 meets the requirements of the Commission Order. Based upon the
18 Commission Order in U-10547, it is clear to CMS Antrim that 2%
19 meets the standard for CO2 content for transportation on the AEP.

20 Q. Based upon your knowledge of the natural gas industry, is the 2%
21 standard to which you treat Third Party gas typical.

22 A. Yes. In my experience and in looking at several of the published FERC
23 gas tariffs for interstate pipelines operating in the State of Michigan,
24 2% CO2 content is the standard. This standard holds true for the ANR
25 Pipeline, Great Lakes Gas Transmission, Panhandle Eastern Pipeline,
26 Trunkline Pipeline and Vector Pipeline tariffs. The standard exists in of
27 the published tariffs for Consumers Energy, MichCon and MGU,
28 intrastate pipelines subject to MPSC jurisdiction.

29 Q. Please describe the flows of natural gas on the pipelines flowing into
30 Kalkaska.

A. Please refer to Exhibit FMM-5, which represents a flow diagram of the pipelines flowing into Kalkaska. This flow diagram was derived from the MichCon TIPS report for November. As you can see on Exhibit FMM-5, the natural gas enters the AEP from the CMS Antrim Facilities at 0.95% CO₂. Between the CMS Antrim Facilities and the Goose Creek delivery point, untreated gas is commingled or blended with the low CO₂ gas from the CMS Antrim Facilities, raising the CO₂ content of the combined stream of gas on AEP from 0.95% to 1.68% CO₂. This low CO₂ gas on the AEP is then transported to Kalkaska where MichCon blends the low CO₂ gas on the AEP with high CO₂ gas from the other MichCon pipelines entering Kalkaska, the Wet Header at 2.74% CO₂ and the Saginaw Bay Pipeline at 2.01% CO₂. Once the three MichCon pipelines have been blended together, the CO₂ content of the gas leaving Kalkaska is 1.94% CO₂.

Q. The Commission order in Case U-10547, states "Maintaining the flexibility built into the system permits MichCon to take advantage of blending opportunities and to avoid the unnecessary construction of additional lateral pipelines." Order at Page 43. Please describe how this is reflected in Exhibit FMM-5.

A. With respect to the Saginaw Bay Pipeline, untreated high CO₂ gas (4.61% CO₂) is allowed to enter the pipeline from the MichCon Lovells Lateral. This high CO₂ gas is blended with low CO₂ gas produced from the Niagaran or Prairie du Chien formations and with low CO₂ gas from the MichCon Alpena system, creating an aggregate flow of 2.01% CO₂ gas. A similar process occurs on the Wet Header, wherein high CO₂ gas (10.76% CO₂), is blended with low CO₂ gas production resulting in 2.74% CO₂ gas entering Kalkaska. The natural gas from the Wet Header and the Saginaw Bay Pipeline are then blended with the low CO₂ gas on the AEP to meet the 2% or less specification. MichCon or its affiliate(s) receives treating revenues for blending the high CO₂ gas

1 with the low CO2 gas without incurring additional costs for treating or
2 the construction of additional lateral lines.

3 Q. With the aforementioned blending, do you believe that MichCon has
4 sufficient blending capacity to meet its obligation pursuant to the
5 Commission Order in Case U-10547 to maintain 2% or less at
6 Kalkaska?

7 A. No, I do not believe MichCon has sufficient firm blending capacity. The
8 basis for this belief is best demonstrated by example. During the first
9 week of February 2006, CMS Antrim was providing service under the
10 Dominion Agreement to an outlet specification of 0.75%, which
11 removes in excess of 300 Mcf per day of CO2 beyond the 2% CO2
12 content required by the Commission Order in U-10547. In spite of
13 Dominion providing additional CO2 removal, MichCon reported to the
14 MPSC that 2% was not maintained at Kalkaska on several occasions,
15 (see Exhibit FMM-6), stating the cause of the CO2 problem was the
16 CMS Antrim Plant 1 being down for repairs. Plant 1 had been down for
17 repairs in order to satisfy CMS Antrim's obligations under the Dominion
18 Agreement since early December 2005, and continued down until the
19 end of February 2006. Based upon the fact that MichCon was able to
20 maintain 2% or less during the other periods during which Plant 1 was
21 down, it is logical that the 2% specification at Kalkaska was not met
22 because MichCon does not have sufficient installed treating capacity or
23 firm treating contracts to meet its blending obligations, even with the
24 forced incremental CO2 removal under the Dominion Agreement.

25 Q. What financial impact do you believe the Dominion Agreement has on
26 MichCon?

27 A. MichCon, or its affiliate(s), has historically received treating fees for
28 blending gas. In utilizing the Antrim gas treated below 2% and the
29 low CO2 Niagaran and PDC production, there were no incremental
30 costs which offset the blending revenues. The difference between the

1 2% CO2 outlet specification under the Dominion Agreement and the
2 0.75% outlet specification asserted by MichCon in its Revised Answer
3 to this complaint dated February 23, 2006 results in reduced blending
4 opportunities for MichCon. In order to regain those blending
5 opportunities, MichCon would need to extract over 300 Mcf per day of
6 additional CO2.

7 Q. Dominion has stated that by contracting with CMS service will be more
8 reliable. Please explain how this is true.

9 A. Pursuant to the Dominion Agreement, CMS Antrim rehabilitated Plant
10 1. The cost of refurbishing Plant 1 exceeded \$700,000. Under normal
11 operations, CMS Antrim has been able to process all gas delivered to
12 the CMS Antrim facility with its four other treating plants, Plant 1 is not
13 required. In the event of required maintenance to one of the four
14 other plants, pursuant to the Dominion Agreement, the stand by
15 capacity made available by Plant 1 is to be utilized to avoid the
16 curtailment of approximately 30 million cubic feet per day of
17 production. CMS Antrim has curtailed service, when necessary, by
18 first curtailing interruptible services and overrun. If additional
19 quantities of gas needed to be curtailed, CMS Antrim would prorate the
20 additional required quantities to its firm contracts based upon the
21 lesser of MDQ or flowing volumes. The last such curtailment occurred
22 in January 2006. A copy of the curtailment notice sent out by CMS
23 Antrim is Exhibit FMM-7, which required the curtailment of 48,000 Mcf
24 per day. As a result of the curtailment notice, the Dominion
25 Agreement was curtailed by 8.8%. Since Plant 1 has been refurbished
26 pursuant to the Dominion Agreement, a similar curtailment scenario
27 would result in a required curtailment of only 18,000 Mcf per day, with
28 the Dominion Agreement not being curtailed at all.

29 Q. Does this conclude your testimony?

30 A. Yes.

REBUTTAL EXHIBIT FMM -2

**CMS Antrim Gas LLC
Case U-14754
MERIT OUTLET FOM METER 44511**

Rebuttal Exhibit FMM - 2

MCF @ 15.025

	<u>2003</u>			<u>2004</u>			<u>2005</u>			<u>2006</u>		
	<u>Monthly</u>	<u>Daily</u>	<u>CO2 %</u>	<u>Monthly</u>	<u>Daily</u>	<u>CO2 %</u>	<u>Monthly</u>	<u>Daily</u>	<u>CO2 %</u>	<u>Monthly</u>	<u>Daily</u>	<u>CO2 %</u>
Jan	1977300	63,784	2.52	1547626	49,923	2.67	1609741	51,927	2.65	1530065	49,357	2.94
Feb	1733905	61,925	2.37	1551726	55,419	2.48	1511544	53,984	2.65	1363077	48,681	2.96
Mar	1967570	63,470	2.27	1704985	55,000	2.48	1680947	54,224	2.58	1569625	50,633	2.73
Apr	1775271	59,176	2.4	1577700	52,590	2.55	1636719	54,557	2.62	1520636	50,688	2.83
May	1829897	59,029	2.38	1626120	52,455	2.65	1673014	53,968	2.71			
Jun	1771757	59,059	2.35	1626418	54,214	2.67	1611159	53,705	2.79			
Jul	1831429	59,078	2.44	1707302	55,074	2.69	1657220	53,459	2.94			
Aug	1906764	61,509	2.47	1686086	54,390	2.77	1628195	52,522	2.95			
Sep	1823497	60,783	2.49	1662201	55,407	2.75	1570588	52,353	2.94			
Oct	1701161	54,876	2.54	1672744	53,959	2.62	1635704	52,765	2.83			
Nov	1617630	53,921	2.62	1644390	54,813	2.81	1532609	51,087	2.74			
Dec	1648797	53,187	2.61	1595059	51,454	2.65	1518354	48,979	2.87			

MCF @ 14.65

	<u>Monthly</u>	<u>Daily</u>	<u>CO2 %</u>	<u>Monthly</u>	<u>Daily</u>	<u>CO2 %</u>	<u>Monthly</u>	<u>Daily</u>	<u>CO2 %</u>	<u>Monthly</u>	<u>Daily</u>	<u>CO2 %</u>
Jan	2,027,913	65,417	2.52	1,587,241	51,201	2.67	1,650,946	53,256	2.65	1,569,230	50,620	2.94
Feb	1,778,288	63,510	2.37	1,591,446	54,877	2.48	1,550,235	55,366	2.65	1,397,968	49,927	2.96
Mar	2,017,934	65,095	2.27	1,748,628	56,407	2.48	1,723,975	55,612	2.58	1,609,803	51,929	2.73
Apr	1,820,713	60,690	2.4	1,618,085	53,936	2.55	1,678,615	55,954	2.62	1,559,560	51,985	2.83
May	1,876,737	60,540	2.38	1,667,744	53,798	2.65	1,715,839	55,350	2.71			
Jun	1,817,109	60,570	2.35	1,668,050	55,602	2.67	1,652,400	55,080	2.79			
Jul	1,878,309	60,591	2.44	1,751,004	56,484	2.69	1,699,640	54,827	2.94			
Aug	1,955,572	63,083	2.47	1,729,245	55,782	2.77	1,669,872	53,867	2.95			
Sep	1,870,174	62,339	2.49	1,704,749	56,825	2.75	1,610,791	53,693	2.94			
Oct	1,744,706	56,281	2.54	1,715,562	55,341	2.62	1,677,574	54,115	2.83			
Nov	1,659,037	55,301	2.62	1,686,482	56,216	2.81	1,571,840	52,395	2.74			
Dec	1,691,002	54,548	2.61	1,635,888	52,771	2.65	1,557,220	50,233	2.87			
Average			2.46			2.65			2.77			2.87

REBUTTAL EXHIBIT FMM -3

CMS Antrim Gas LLC
Case U-14754
KALKASKA MICHCON FOM 80155

Rebuttal Exhibit FMM - 3

MCF @ 15.025

	<u>2003</u>			<u>2004</u>			<u>2005</u>			<u>2006</u>		
	<u>Monthly</u>	<u>Daily</u>	<u>CO2 %</u>	<u>Monthly</u>	<u>Daily</u>	<u>CO2 %</u>	<u>Monthly</u>	<u>Daily</u>	<u>CO2 %</u>	<u>Monthly</u>	<u>Daily</u>	<u>CO2 %</u>
Jan	3,026,145	100,872	1.52	3,831,595	127,720	1.40	3,856,675	128,556	1.64	3,705,827	123,528	1.50
Feb	2,655,611	88,520	1.54	3,505,770	116,859	1.51	4,191,794	139,726	1.64	4,152,739	138,425	1.50
Mar	3,976,127	132,538	1.53	4,471,687	149,056	1.48	5,539,735	184,658	1.63	4,608,715	153,624	1.51
Apr	5,072,285	169,076	1.56	5,806,297	193,543	1.50	5,686,993	189,566	1.63	5,165,241	172,175	1.57
May	5,485,476	182,849	1.67	5,336,256	177,875	1.53	5,843,101	194,770	1.64			
Jun	5,044,161	168,139	1.69	4,361,651	145,388	1.57	5,351,693	178,390	1.64			
Jul	4,532,560	151,085	1.69	4,347,574	144,919	1.60	4,950,225	165,008	1.72			
Aug	4,653,493	155,116	1.67	4,198,598	139,953	1.49	4,836,763	161,225	1.65			
Sep	5,160,869	172,029	1.49	4,032,165	134,406	1.54	4,801,761	160,059	1.67			
Oct	4,553,849	151,795	1.60	4,550,881	151,696	1.51	4,885,424	162,847	1.67			
Nov	4,075,904	135,863	1.38	4,576,261	152,542	1.52	4,812,935	160,431	1.68			
Dec	4,421,552	147,385	1.34	4,448,766	148,292	1.54	3,771,980	125,733	1.51			

MCF @ 14.65

	<u>Monthly</u>	<u>Daily</u>	<u>CO2 %</u>	<u>Monthly</u>	<u>Daily</u>	<u>CO2 %</u>	<u>Monthly</u>	<u>Daily</u>	<u>CO2 %</u>	<u>Monthly</u>	<u>Daily</u>	<u>CO2 %</u>
Jan	3,103,606	103,454	1.52	3,929,673	130,989	1.40	3,955,395	131,847	1.64	3,800,686	126,690	1.50
Feb	2,723,587	90,786	1.54	3,595,508	119,850	1.51	4,299,092	143,303	1.64	4,259,038	141,968	1.50
Mar	4,077,905	135,930	1.53	4,586,150	152,872	1.48	5,681,537	189,385	1.63	4,726,686	157,556	1.51
Apr	5,202,122	173,404	1.56	5,954,922	198,497	1.50	5,832,564	194,419	1.63	5,297,457	176,582	1.57
May	5,625,889	187,530	1.67	5,472,850	182,428	1.53	5,992,668	199,756	1.64			
Jun	5,173,278	172,443	1.69	4,473,297	149,110	1.57	5,488,682	182,956	1.64			
Jul	4,648,581	154,953	1.69	4,458,860	148,629	1.60	5,076,937	169,231	1.72			
Aug	4,772,610	159,087	1.67	4,306,071	143,536	1.49	4,960,571	165,352	1.65			
Sep	5,292,973	176,432	1.49	4,135,377	137,846	1.54	4,924,673	164,156	1.67			
Oct	4,670,415	155,681	1.60	4,667,371	155,579	1.51	5,010,478	167,016	1.67			
Nov	4,180,236	139,341	1.38	4,693,401	156,447	1.52	4,936,133	164,538	1.68			
Dec	4,534,732	151,158	1.34	4,562,642	152,088	1.54	3,868,532	128,951	1.51			
Average			1.56			1.52			1.64			1.52