

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

QUICKSILVER RESOURCES, INC., and
TERRA ENERGY, LTD.,

Complainants,

Case No. U-14821

v

Hon. Mark D. Eyster

MICHCON GATHERING COMPANY and
MICHIGAN CONSOLIDATED GAS COMPANY

Respondents.

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REBUTTAL TESTIMONY OF FRANK M. MURRAY

ON BEHALF OF

**QUICKSILVER RESOURCES, INC. and
TERRA ENERGY, LTD.**

**Rebuttal Testimony Of Frank M. Murray
On Behalf Of
Quicksilver Resources, Inc. and Terra Energy, LTD.**

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 Plaza,
3 Jackson, MI 49201.

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

5 A. Yes, I am.

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

7 A. The purpose of my rebuttal testimony is to rebut certain aspects of Mr. Persells'
8 and Mr. Lyle's testimony.

9 Q. Mr. Lyle is supporting an Exhibit MGAT-3 (ARL-1) which purports to be the
10 Capacity Agreement between MichCon and CMS along with Executed
11 Amendments, whether the provisions of those Executed Amendments expires or
12 not. Is this an accurate and complete record of the Capacity Agreement and
13 executed amendments.

14 A. No it is not. Mr. Lyle failed to include the Residual Capacity Agreement dated
15 November 23, 1998 between CMS and MichCon Gathering, which provisions are
16 expired, but amended the Capacity Agreement. This agreement is attached as
17 Exhibit FMM-8. The Residual Capacity Agreement treated ASATT gas for
18 MichCon Gathering at the CMS treating facility to an outlet CO2 specification of
19 2%.

20 Q. Mr. Lyle states that MGAT was the sole CMS treating customer at that the time
21 the Capacity Agreement was executed, Page 2, Line 23. Is there anything
22 misleading about that statement?

23 A. Yes. Although MichCon was the sole customer at the time of execution of the
24 Capacity Agreement, it was contemplated in the Capacity Agreement that there
25 would be third party contracts, Capacity Agreement Page 3, Section 2.02, and
26 MichCon appears to be attempting to breach the provisions of Section 2.02 of the
27 Capacity Agreement and Section 3 of Amendment #3 through this Case No. U-

1 14821, by imposing terms and conditions of treating services provided by CMS to
2 parties other than MichCon.

3 Q. Does the Residual Capacity Agreement conflict with the testimony of Mr.
4 Persells?

5 A. Yes. Mr. Persells testified in his direct testimony on Page 13 Lines 9-11 that
6 "This is the same treating service provided under the ASATT agreements, for all
7 gas delivered to the South Chester Facility". The Residual Capacity Agreement
8 also contradicts Mr. Persells testimony on Page 17, line 3, Page 17, lines 13-14,
9 and Page 18 lines 6-7. MichCon and MichCon Gathering have testified under
10 cross examination in Case No. U-14754, gas is a fungible commodity and
11 MichCon Gathering does not track individual molecules of gas, yet this is what
12 Mr. Persells is now claiming MichCon Gathering is in fact doing.

13 Q. Does Mr. Lyle's testimony accurately portray the treating services which have
14 been provided to MichCon Gathering by CMS under the Capacity Agreement and
15 executed amendments for ASATT agreements?

16 A. No. Mr. Lyle, at Page 10 line 16-20, asserts that the only standard for treating
17 services is based on the Capacity Agreement for treating ASATT gas to a level of
18 0.75% at the treating facility. Based on the terms of the Residual Capacity
19 Agreement, a 2% standard for gas treated by MichCon Gathering under an
20 ASATT is acceptable, thereby making Mr. Lyle's testimony false. The Residual
21 Capacity Agreement also directly contradicts Mr. Lyle's testimony at Page 11,
22 Lines 21-25. Mr. Lyle's assertion on Page 13, Lines 16-17 that MGAT signed the
23 Capacity Agreement with CMS is also incorrect. Mr. Lyle also makes reference
24 to the 0.75% treating level on Page 15, Line 12-14, Page 19 lines 15-16, Page
25 19, line 25 through Page 20, Line 1, Page 20 lines 5-8, Page 22, Lines 2-4, and
26 Page 22 Lines 23-25.

27 Q. Mr. Lyle talks about treating services provided by the Turtle Lake CO2
28 processing plant owned by an affiliate of MichCon Gathering on Pages 16 and 17
29 of his testimony. Is this an accurate description of the services which have been
30 provided by the Turtle Lake Plant?

1 A. No it is not. Mr. Lyle asserts that this plant is only used for out of spec ("OOS")
2 treating services. This plant has historically been used to treat ASATT gas for
3 MichCon Gathering and deliver the treated gas directly into the AEP. It is only in
4 the recent history of the operation of the Turtle Lake Plant that it has been
5 switched to a pre-treating service. Gas that had been treating at the Turtle Lake
6 Plant for ASATT shippers, and put directly into the AEP was not treated to a
7 0.75% standard. It is only since the Turtle Lake Plant has been switched from a
8 treating service provider putting gas into the AEP at CO2 contents in excess of
9 0.75%, but less than 2% to a strictly pre-treat service that MichCon Gathering is
10 asserting the ASATT gas had always been treated to a level of 0.75%.

11 Q. On Page 16, Line 11 through Page 17, Line 20, Mr. Lyle is attempting to explain
12 why directing gas from the Turtle Lake Plant directly into the AEP would not
13 benefit MichCon Gathering's blending. Is this accurate?

14 A. No it is not accurate. Mr. Lyle on Page 17, Line 16-17, contradicts his own
15 testimony and that of Mr. Persells that all gas treated at South Chester, which
16 would include the Turtle Lake Plant since it has a common fence line with the
17 CMS plants is and has been treated to 0.75% by stating "if the Turtle Lake outlet
18 is greater than 0.75%". This statement reflects the fact that MichCon has given
19 preferential and discriminatory treating requirements to the owner/operator of the
20 Turtle Lake Plant, an affiliate of MichCon, vis-à-vis CMS. If Mr. Lyle were to
21 perform the calculations as required by the Capacity Agreement, as amended,
22 and required the affiliate of MichCon Gathering to perform to the 0.75% standard
23 which Mr. Persells and Mr. Lyle have asserted, there would be a net reduction in
24 the volume of CO2 being transported on the AEP from South Chester.

25 Q. Please summarize the impact of these apparent misrepresentations of fact by Mr.
26 Persells and Mr. Lyle.

27 A. Mr. Persells and Mr. Lyle's inaccurate statements and representations about the
28 treating services provided by CMS and by the affiliate of MichCon Gathering at
29 the Turtle Lake Plant demonstrate their lack of knowledge with respect to the
30 current and historical operations of AEP. MichCon and MichCon Gathering are
31 attempting to give a false representation of their historical actions with regards to

1 CO2 content of the gas physically treated and transported on the AEP in order to
2 justify their current discriminatory practice of requiring treatment to a 0.75% CO2
3 standard for ASAT agreements while allowing gas being treated under an ASATT
4 agreement to maintain a 2% standard.

5 Q. Mr. Lyle asserts on Page 5, lines 1-2, that the Commission Order in Case U-
6 10547 does not specify that treating gas upstream at a location upstream of a
7 delivery point to a 2% specification meets the requirements of the Order in Case
8 No. U-10547. Is this accurate?

9 A. No. The Commission Order in Case No. U-10547 explicitly states 2% or less.
10 To state the Commission Order in U-10547 as a mathematical equivalent, it
11 would be less than or equal to 2%. It is unambiguous and simple math that 2
12 equals 2. Given that 2% is less than or equal to 2%, it is impossible that 2%
13 does not meet the requirements of the Commission Order.

14 Q. Mr. Lyle disagrees with your statement that “2% CO2 content is a standard”,
15 Page 7, line 16. Is this a valid disagreement?

16 A. No it is not. Mr. Lyle’s testimony contradicts that of the MichCon Gathering’s own
17 witness Mr. Persells, Page 6 line 8, whereby Mr. Persells testifies to the “**2%**
18 **standard**” (emphasis added), and again at Page 12, line 13, “the **2% standard**
19 at the delivery point”,(emphasis added).

20 Q. Mr. Lyle has throughout several portions of his testimony asserted that CMS is
21 not able to provide better service to producers than that offered by MichCon
22 Gathering through an ASATT agreement. Is this correct?

23 A. No it is not correct. When a curtailment of treating has been required at the CMS
24 plants for routine maintenance or force majeure, CMS has historically curtailed
25 interruptible and overrun services first, then prorated firm services based upon
26 the lesser of MDQ or flowing volume. This is clearly demonstrated on Exhibits
27 FMM-6 and FMM-7. Furthermore, and more importantly, CMS has a contract
28 with Dominion which is the subject of Case No. U-14754, which is before the
29 Commission. As part of the agreement between CMS and Dominion, if CMS
30 achieves certain levels of firm service obligations, CMS will maintain
31 operationally redundant capacity, which will benefit all producers. This redundant

1 capacity is exactly what the MPSC Staff requested of MichCon, but did not
2 receive, in Mr. Persells Exhibit TFP-2. CMS invested over \$700,000 to make
3 improvements to Plant 1 to meet the obligations under the Dominion agreement.
4 Without sufficient firm obligations to meet the requirements specified in the
5 Dominion contract, CMS may remove and sell a treating plant providing the
6 redundant capacity in order to recover its investment.

7 Q. On Page 6, lines 13-25 and Page 7, Lines 1-4, Mr. Lyle talks about the difficulties
8 in maintaining 2% or less at the delivery points. Does this testimony address
9 only the CO2 content at the delivery points of the AEP?

10 A. No it does not. Mr. Lyle specifically refers to gas entering Kalkaska from the Wet
11 Header, via the Merit Hydrocarbon Plant, owned and operated by an affiliate of
12 MichCon, and the Saginaw Bay Pipeline, which is also owned and operated by
13 an affiliate of MichCon.

14 Q. Referring to Mr. Lyle's testimony at Page 8, lines 16-25 and lines 1-7 on Page 9,
15 is Mr. Lyle providing complete information?

16 A. No he is not. Mr. Lyle specifically refers to an interruptible treating agreement
17 which MichCon Gathering and CMS have entered into. Mr. Lyle fails to state that
18 service under this agreement was suspended by CMS in the first week of
19 February 2006 due to MichCon Gathering's failure to pay for the services
20 provided under this agreement.

21 Q. Mr. Lyle states on Page 9, lines 18-19 that "MGAT has nominated additional
22 services for treating under the Interruptible Agreement, when CMS is able to
23 provide such service." Mr. Lyle also asserts that MichCon Gathering has
24 sufficient blending capacity. Are these accurate?

25 A. No. MichCon Gathering has not nominated any service under this agreement
26 since April 2006, while CMS has had capacity available. Furthermore, CMS had
27 offered to make this a firm service for MichCon Gathering, but MichCon
28 Gathering failed to respond to the offer, Exhibit FMM-9. Additionally, if you refer
29 to the output of the gas chromatograph for the AEP delivery point at the
30 Consumers Energy system at Goose Creek for March 18, 2006, the CO2 content
31 of the AEP at Goose Creek was in excess of 2% (Exhibit FMM-10). Mr. Lyle

1 implies in his testimony at Page 8, lines 16-22, that upsets at the delivery points
2 on the AEP are a result of CMS treating plant operations, this allegation is not
3 supported by any facts. During the period of time shown on Exhibit FMM-10,
4 there were upsets or abnormal operations at the CMS plants and CMS was
5 providing the interruptible treating service for MichCon Gathering, yet MichCon
6 Gathering exceeded 2% at Goose Creek. Another example of this occurred on
7 February 18, 2006, Exhibit FMM-11. CMS was treating gas to its contractual
8 specifications and the CO2 content of the gas on the AEP at Goose Creek was in
9 excess of 2%. During this time period, CMS had restricted the amount of gas
10 that was entering the treating facility due to high oxygen content of gas being
11 delivered to CMS by MichCon Gathering under the Capacity Agreement via the
12 North Chester Pipeline system, which part of the AEP. These examples clearly
13 show that MichCon does not have sufficient blending capacity.

14 Q. On Page 15, Lines 4-5, Mr. Lyle states "MGAT did not choose blending for
15 production downstream of the treating facilities." Is this accurate?

16 A. No. The Commission Order in U-10547 authorized the blending of gas in order
17 to minimize the infrastructure costs, it did not require blending. MichCon chose
18 to collect treating revenues for the production downstream of treating facilities
19 without contracting for sufficient CO2 removal to accommodate such blending
20 while maintaining 2% or less at the downstream take away points. This was an
21 economic choice by MichCon in order to maximize revenue while minimizing their
22 costs.

23 Q. Are the CMS treating contracts with parties other than MichCon exacerbating the
24 problems with maintaining 2% or less at the delivery points from the AEP as
25 asserted by Mr. Lyle on Page 15, Lines 13-14?

26 A. No. CMS treats gas to a 2% specification for parties other than MichCon, and
27 has per the terms of the Residual Capacity Agreement, treated some of the
28 MichCon gas to a specification of 2%. This 2% meets the requirements of 2% or
29 less ordered by the Commission in U-10547. It is the choice made by MichCon
30 and its affiliate to collect treating fees for production downstream of treating
31 facilities which is not physically treated that is the cause of MichCon's problems.

1 Furthermore, and contrary to Mr. Lyle's testimony on page 17, lines 24-25, the
2 Wet Header shippers had, up until April 2006, long term agreements with an
3 affiliate of MichCon for treating. It is only since April 2006, that these are month
4 to month agreements. The affiliate of MichCon collected treating fees from the
5 Wet Header shippers without facilities or contracts to provide the service. The
6 affiliate of MichCon relied upon the Capacity Agreement between MichCon and
7 CMS to provide the services, without cost.

8 Q. Would you please expand upon Mr. Lyle's assertion that MichCon is merely
9 attempting to revert to the originally approved ASAT agreements requiring 2% or
10 less at the receipt and delivery points on the AEP, Page 18, Lines 11-13?

11 A. Yes. The outlet of the CMS treating facility is a receipt point into the AEP.
12 Therefore, any party that contracts with CMS for treating services would be
13 putting gas into the AEP at the contractually specified CO2 content, which is
14 typically 2% CO2.

15 Q. Do you agree with Mr. Lyle's assertion that treating to a 0.75% standard is
16 consistent with the treating services provided under ASATT agreements on
17 Pages 19-20?

18 A. No. MichCon has testified in Case No. U-10547 that gas is a fungible commodity
19 and it does not differentiate between gas that is upstream or downstream of a
20 treating facility. MichCon is now attempting to force this distinction upon AEP
21 shippers for one or both of the following economic reasons:

22 1) Shippers will have their gas treated to a specification of 0.75%, in
23 order to maintain the Wet Header treating revenues to the affiliate of MichCon
24 without cost; or

25 2) Shippers will contract with MichCon under an ASATT agreement in
26 order to maintain the \$0.02 per Mcf subsidy gained by MichCon treating gas as
27 overrun with CMS at \$0.09 per Mcf while collecting \$0.11 per Mcf for a firm
28 service from those same AEP shippers.

29 Q. Do you agree with Mr. Lyle's assertion on Page 22, line 7 that CMS is
30 discriminating in its treating services being offered?

1 A. No, CMS is not discriminating. First, CMS offered a similar, but more reliable
2 service to Quicksilver, which is to treat its gas to a standard of 2%, the same
3 specification as contained in the ASATT agreement offered by MichCon.
4 Second, the service offered to Quicksilver is similar to the services provided
5 under the Residual Capacity Agreement between MichCon and CMS, a firm
6 service paying a commodity charge of \$0.11 per Mcf with an outlet specification
7 of 2% CO₂. Third, MichCon currently receives treating to a level of 0.75% CO₂
8 because it pays a demand charge, which producers are not typically inclined to
9 contract for. This new standard or this supposed "reversion" to the original
10 standard of an ASAT is simply a means by which MichCon is attempting to divert
11 revenue to its affiliate or capture a \$0.02 per Mcf margin by selling a firm service
12 under an ASATT backed up by an overrun service purchased from CMS.

13 Q. With regards to Mr. Persells testimony that 'All deliveries into MichCon's system
14 must be made in accordance with the gas quality standards set forth in its MPSC
15 Tariff, Section F3.1, Quality. The specific standard for deliveries is a CO₂
16 content of no more than 2%" Page 5, Lines 14-16, does MichCon enforce this
17 provision on those shippers from the Merit Hydrocarbon plant referenced by Mr.
18 Lyle in his testimony?

19 A. No. Shippers on the Wet Header, which enters the MichCon transmission
20 system from the Merit Hydrocarbon Plant, have been required to sign treating
21 agreements with an affiliate of MichCon before they are allowed to transport gas.
22 The affiliate of MichCon simply collects treating revenues from these shippers,
23 but does not provide a physical treating service. The affiliate of MichCon does
24 not have treating contracts with any other party capable of removing the requisite
25 quantity of CO₂ from the gas either. MichCon knowingly accepts untreated gas
26 from its affiliate in excess of the 2% standard in its tariff, while trying to impose a
27 0.75% standard on unaffiliated companies.

28 Q. Does MichCon turn back any gas streams, which would include the affiliated
29 MichCon pipelines Mr. Lyle talks about in his testimony, that contain more than
30 2% CO₂ as alleged by Mr. Persells on Page 9, lines 17-18?

1 A. No. As evidenced by Exhibits FMM-1, FMM-3, FMM-10 and FMM-11, MichCon
2 accepts into the MichCon system, downstream of the AEP, gas in excess of 2%
3 CO2 content from the AEP, the MichCon affiliated Wet Header and Saginaw Bay
4 Pipeline systems.

5 Q. Mr. Persells testifies on Page 12, lines 11-14, that gas will be accepted by
6 MichCon Gathering for transportation on the AEP if a producer/shipper can
7 demonstrate a contractual relationship with a treater to physically remove CO2
8 so that the 2% standard is not compromised. Is this a complete and accurate
9 description?

10 A. No it is not. First, although Mr. Persells limits his answer to the AEP, MichCon
11 allows gas to enter the AEP downstream of any physical treatment facilities and
12 collects treating fees for doing so. Second, MichCon has refused to allow
13 Dominion, with an executed treating agreement with CMS to an outlet CO2
14 specification of 2%, which by its very terms cannot itself compromise the 2%
15 standard at the delivery points, to utilize its contract as executed. It is MichCon's
16 actions to allow untreated high CO2 gas into the AEP and other systems, without
17 facilities or sufficient contracted CO2 removal capacity, in order to maximize
18 revenues for itself and the affiliate of MichCon that compromises the 2% delivery
19 point standard.

20 Q. Mr. Persells states MichCon Gathering is merely attempting to minimize installed
21 facilities as originally envisioned by the MPSC, Page 17, Lines 22-23. Is this an
22 accurate statement?

23 A. No. Mr Fogle was correct that the new standard is for the benefit of MichCon.
24 MichCon Gathering is collecting treating fees for gas downstream of processing
25 facilities. MichCon Gathering could simply utilize the interruptible treating
26 agreement referred to by Mr. Lyle in his testimony to ensure gas at the delivery
27 points meets a 2% or less standard. If MichCon Gathering were to utilize the
28 revenue received for treating gas which does not have access to physical
29 treatment facilities, to actually provide for CO2 removal from other gas streams,
30 no incremental facilities would be required. If, as Mr. Persells states, MichCon
31 Gathering is simply attempting to avoid the construction of facilities and not

1 attempting to retain the treating/blending fees for itself, MichCon Gathering
2 should be required to refund the treating/blending revenues it receives.

3 Q. Please explain how Mr. Persells denial of the "same" service, Page 17, line 15, is
4 misleading.

5 A. Mr. Persells is comparing two separate contracts. The original comparison made
6 was between the ASATT agreement and the proposed CMS treating agreement.
7 Each contract contains a 2% standard. Mr. Persells is attempting to redirect the
8 comparison of the ASATT agreement to the Capacity Agreement between
9 MichCon and CMS. Mr. Persells admits MichCon utilizes the low CO2
10 specification under the Capacity Agreement with CMS to blend downstream gas.
11 In doing this, the commingled gas stream of all ASATT gas is supposed to
12 achieve a 2% or less specification at the downstream delivery points, thereby
13 making the ASATT agreement and the CMS treating agreement the same in
14 terms of the CO2 standard.

15 Q. Does this conclude your rebuttal testimony?

16 A. Yes, it does.

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Signature
Not Verified

Frank M.
Murray

Digitally signed
by Frank M.
Murray
DN: cn=Frank
M. Murray, c=US
Date:
2006.07.06
11:29:06 -04'00'

CMS ANTRIM GAS COMPANY

November 23, 1998

Michcon Gathering Company
500 Griswold Street
Detroit, MI 48226

Attention: Jim Croce

Re: Residual Capacity Agreement

Dear Mr. Croce

This Residual Capacity Agreement ("Agreement") is a confirmation of the verbal agreement reached by CMS Antrim Gas Company ("CMS") and MichCon Gathering Company ("MGC"), pursuant to which CMS agrees to treat gas in excess of Demand Volumes, as defined in and pursuant to the Capacity Agreement dated April 18, 1995, between MGC's and CMS' predecessors, on the terms and conditions set forth herein. CMS agrees to provide MGC with firm treating service for Gas in excess of Demand Volumes, hereinafter called Residual Capacity. The maximum quantity of Residual Capacity shall be equal to the maximum capacity of the Treating Facility minus the following: (i) long term firm commitments to existing CMS customers, including MGC, and (ii) short term commitments to Miller Energy, Inc., J5 Inc., and Don Yohe Enterprises, Inc. Using the preceding formula, it is estimated that the initial Residual Capacity will be equal to 31,114 Mcf/d. It is understood and agreed that such Residual Capacity shall decrease as the production volume of existing firm customers increases and as overall inlet CO₂ rises. The rate for this Residual Capacity is \$0.11 per Mcf and will be charged on a commodity basis. CMS will treat the Residual Capacity gas from up to 14% inlet to 2% outlet CO₂ content.

This Agreement shall be effective on December 1, 1998 and shall terminate when no Residual Capacity is available or July 31, 1999, whichever occurs first. All other terms and conditions of the Capacity Agreement that do not conflict with this Agreement remain in force. All capitalized terms used without definition herein shall have the meaning assigned to such terms in the Capacity Agreement.

If you agree with the terms and conditions of this confirmation, please sign below. Unless acceptance of this offer is returned to CMS on or before November 25, 1998, this offer shall be deemed revoked at CMS' option and without further notice. If you have any questions, please call me at (313) 982-8815.

Sincerely,

CMS Antrim Gas Company

MichCon Gathering Company

By: Karl [Signature]

By: Wm. J. [Signature] J.B.

Title: Vice President

Title: President



Dennis A Lambert
<lambertda@cteenergy.com>

To "Frank M. Murray" <fmmurray@cmsenergy.com>

cc

03/16/2006 08:50 AM

bcc

Subject Re: 0.75% IT Treating Agreement

History:

✉ This message has been replied to.

Frank,

Unable to open the attachments which you had included in your note. Please resend?

thanks

-----"Frank M. Murray" <fmmurray@cmsenergy.com> wrote: -----

To: lambertda@cteenergy.com
From: "Frank M. Murray" <fmmurray@cmsenergy.com>
Date: 03/14/2006 05:22PM
cc: Tauny L Histed <lhisted@cmsenergy.com>
Subject: 0.75% IT Treating Agreement

Dennis,

Since CMS has not received a response to the February 16, 2006 e-mail about making the proposed 0.75% IT treating agreement a firm service, CMS is proceeding on the basis that MichCon desires to keep this as interruptible. As such, please find attached a clean version and a redline version against MichCon's proposed changes. The following is a summary of the major changes requested by MichCon that CMS is unable to accept.

- 1) Gas Quality - CMS is not willing to enter a treating contract that does not contain gas quality standards. Section 1.06 and Section 10.
- 2) Shrinkage - CMS is not willing to enter a treating contract that necessarily has incremental fuel & shrinkage without it being contained in the contract. If MichCon is willing to provide an indemnification against any and all claims regarding fuel and shrinkage, existing, future, known or unknown, CMS will consider it. Sections 1.18, 2.05, 3.02.
- 3) Treat - Proposed changes to the definition are unacceptable. CMS is not willing to allow any third party to dictate our plant operations. Section 1.20, 2.06
- 4) Section 2 - Capacity Delivery and Reporting Obligations.
 - 2.01 CMS is requiring that MichCon nominate as it had for December 2005 and January 2006. This is a new service which requires the information being requested.
 - 2.02 CMS is not willing to accept the liability associated with MichCon's failure to properly nominate and schedule gas.
 - 2.03 This is an interruptible service.
 - 2.05 This section needs to remain as is.
- 5) Curtailment - CMS will not agree to a contract that does not have enforcement rights. Other ideas will be entertained, but enforcement must exist in the contract. Section 3.03
- 6) Section 4.06 - CMS must have a guarantee of payment in a form acceptable to CMS.
- 7) Possession/Warranty/Indemnification - MichCon's changes are unacceptable.

Please provide comments back on how MichCon would like to proceed with respect to paragraphs 2, 5 & 6 above, along with any other comments you may have on the agreement

PLEASE NOTE: CMS WILL NOT CONTINUE SERVICE PAST MARCH 31, 2006 WITHOUT AN EXECUTED CONTRACT.

Thanks

Frank

(517) 768-7370 phone
(313) 617-2650 cell
(517) 788-0136 fax

CMS Gas Transmission Company
One Energy Plaza
Jackson, MI 49201

[attachment "IT-CMS -MichCon-Treating-below2%- 031206.doc" removed by Dennis A Lambert/Employees/dteenergy]

[attachment "IT-CMS-MichCon-below2%-redline-MichCon-comments-031206.doc" removed by Dennis A Lambert/Employees/dteenergy]

Case No. U-14821
Goose Creek Gas Chromatograph Readings

Exhibit FMM-10

DATE	TIME	R152Co2ChGc
3/18/2006	8:40:00	2.08791
3/18/2006	8:42:00	2.09275
3/18/2006	8:44:00	2.0986
3/18/2006	8:46:00	2.09376
3/18/2006	8:48:00	2.08969
3/18/2006	8:50:00	2.07875
3/18/2006	8:52:00	2.07265
3/18/2006	8:54:00	2.07774
3/18/2006	8:56:00	2.08918
3/18/2006	8:58:00	2.08054
3/18/2006	9:00:00	2.07774
3/18/2006	9:02:00	2.07926
3/18/2006	9:04:00	2.09707
3/18/2006	9:06:00	2.09961
3/18/2006	9:08:00	2.09732
3/18/2006	9:10:00	2.11055
3/18/2006	9:12:00	2.11538
3/18/2006	9:14:00	2.11081
3/18/2006	9:16:00	2.11182
3/18/2006	9:18:00	2.10343
3/18/2006	9:20:00	2.09707
3/18/2006	9:22:00	2.10368
3/18/2006	9:24:00	2.10445
3/18/2006	9:26:00	2.10292
3/18/2006	9:28:00	2.09885
3/18/2006	9:30:00	2.1164
3/18/2006	9:32:00	2.12454
3/18/2006	9:34:00	2.11386
3/18/2006	9:36:00	2.10495
3/18/2006	9:38:00	2.09605
3/18/2006	9:40:00	2.09096
3/18/2006	9:42:00	2.08842
3/18/2006	9:44:00	2.0846
3/18/2006	9:46:00	2.08893
3/18/2006	9:48:00	2.09402
3/18/2006	9:50:00	2.10292
3/18/2006	9:52:00	2.10597
3/18/2006	9:54:00	2.09249
3/18/2006	9:56:00	2.08282
3/18/2006	9:58:00	2.07367
3/18/2006	10:00:00	2.07011
3/18/2006	10:02:00	2.08181
3/18/2006	10:04:00	2.10623
3/18/2006	10:06:00	2.11004
3/18/2006	10:08:00	2.11411
3/18/2006	10:10:00	2.11208
3/18/2006	10:12:00	2.11131

3/18/2006	10:14:00	2.11081
3/18/2006	10:16:00	2.10724
3/18/2006	10:18:00	2.10165
3/18/2006	10:20:00	2.09885
3/18/2006	10:22:00	2.10063
3/18/2006	10:24:00	2.10445
3/18/2006	10:26:00	2.08537
3/18/2006	10:28:00	2.08333
3/18/2006	10:30:00	2.09402
3/18/2006	10:32:00	2.10012
3/18/2006	10:34:00	2.10114
3/18/2006	10:36:00	2.1019
3/18/2006	10:38:00	2.09834
3/18/2006	10:40:00	2.09707
3/18/2006	10:42:00	2.09249
3/18/2006	10:44:00	2.09096
3/18/2006	10:46:00	2.08918
3/18/2006	10:48:00	2.08791
3/18/2006	10:50:00	2.06756
3/18/2006	10:52:00	2.06222
3/18/2006	10:54:00	2.07723
3/18/2006	10:56:00	2.08689
3/18/2006	10:58:00	2.09453
3/18/2006	11:00:00	2.09529
3/18/2006	11:02:00	2.08893
3/18/2006	11:04:00	2.08181
3/18/2006	11:06:00	2.09224
3/18/2006	11:08:00	2.10216
3/18/2006	11:10:00	2.10903
3/18/2006	11:12:00	2.11055
3/18/2006	11:14:00	2.10623
3/18/2006	11:16:00	2.10241
3/18/2006	11:18:00	2.08537
3/18/2006	11:20:00	2.08003
3/18/2006	11:22:00	2.09071
3/18/2006	11:24:00	2.09783
3/18/2006	11:26:00	2.1047
3/18/2006	11:28:00	2.1075
3/18/2006	11:30:00	2.11895
3/18/2006	11:32:00	2.13624
3/18/2006	11:34:00	2.11996
3/18/2006	11:36:00	2.11538
3/18/2006	11:38:00	2.10114
3/18/2006	11:40:00	2.093
3/18/2006	11:42:00	2.10292
3/18/2006	11:44:00	2.11589
3/18/2006	11:46:00	2.11259
3/18/2006	11:48:00	2.10953
3/18/2006	11:50:00	2.1047
3/18/2006	11:52:00	2.09402
3/18/2006	11:54:00	2.05662

3/18/2006	11:56:00	2.03068
3/18/2006	11:58:00	2.08232
3/18/2006	12:00:00	2.09961
3/18/2006	12:02:00	2.10038
3/18/2006	12:04:00	2.10928
3/18/2006	12:06:00	2.10928
3/18/2006	12:08:00	2.10928
3/18/2006	12:10:00	2.11615
3/18/2006	12:12:00	2.11971
3/18/2006	12:14:00	2.12098
3/18/2006	12:16:00	2.12149
3/18/2006	12:18:00	2.10368
3/18/2006	12:20:00	2.09325
3/18/2006	12:22:00	2.09402
3/18/2006	12:24:00	2.09402
3/18/2006	12:26:00	2.09351
3/18/2006	12:28:00	2.09198
3/18/2006	12:30:00	2.0696
3/18/2006	12:32:00	2.03907
3/18/2006	12:34:00	2.06756
3/18/2006	12:36:00	2.08308
3/18/2006	12:38:00	2.08435
3/18/2006	12:40:00	2.09046
3/18/2006	12:42:00	2.0902
3/18/2006	12:44:00	2.09224
3/18/2006	12:46:00	2.09453
3/18/2006	12:48:00	2.09783
3/18/2006	12:50:00	2.09503
3/18/2006	12:52:00	2.09275
3/18/2006	12:54:00	2.08206
3/18/2006	12:56:00	2.07214
3/18/2006	12:58:00	2.05255
3/18/2006	13:00:00	2.04772
3/18/2006	13:02:00	2.06044
3/18/2006	13:04:00	2.08333
3/18/2006	13:06:00	2.08537
3/18/2006	13:08:00	2.08969
3/18/2006	13:10:00	2.09427
3/18/2006	13:12:00	2.09961
3/18/2006	13:14:00	2.11081
3/18/2006	13:16:00	2.11538
3/18/2006	13:18:00	2.11411
3/18/2006	13:20:00	2.11488
3/18/2006	13:22:00	2.0986
3/18/2006	13:24:00	2.09249
3/18/2006	13:26:00	2.09707
3/18/2006	13:28:00	2.09987
3/18/2006	13:30:00	2.09707
3/18/2006	13:32:00	2.09707
3/18/2006	13:34:00	2.10343
3/18/2006	13:36:00	2.10495

3/18/2006	13:38:00	2.10623
3/18/2006	13:40:00	2.10623
3/18/2006	13:42:00	2.10165
3/18/2006	13:44:00	2.09402
3/18/2006	13:46:00	2.08791
3/18/2006	13:48:00	2.08333
3/18/2006	13:50:00	2.08944
3/18/2006	13:52:00	2.09224
3/18/2006	13:54:00	2.08282
3/18/2006	13:56:00	2.08053
3/18/2006	13:58:00	2.07697
3/18/2006	14:00:00	2.0696
3/18/2006	14:02:00	2.07443
3/18/2006	14:04:00	2.07672
3/18/2006	14:06:00	2.07596
3/18/2006	14:08:00	2.07825
3/18/2006	14:10:00	2.07112
3/18/2006	14:12:00	2.0696
3/18/2006	14:14:00	2.07875
3/18/2006	14:16:00	2.08791
3/18/2006	14:18:00	2.08791
3/18/2006	14:20:00	2.08944
3/18/2006	14:22:00	2.08664
3/18/2006	14:24:00	2.08791
3/18/2006	14:26:00	2.08791
3/18/2006	14:28:00	2.08944
3/18/2006	14:30:00	2.08791
3/18/2006	14:32:00	2.08791
3/18/2006	14:34:00	2.08791
3/18/2006	14:36:00	2.08944
3/18/2006	14:38:00	2.08791
3/18/2006	14:40:00	2.08791
3/18/2006	14:42:00	2.08791
3/18/2006	14:44:00	2.08791
3/18/2006	14:46:00	2.08944
3/18/2006	14:48:00	2.08842
3/18/2006	14:50:00	2.08893
3/18/2006	14:52:00	2.08791
3/18/2006	14:54:00	2.08944
3/18/2006	14:56:00	2.08791
3/18/2006	14:58:00	2.08791
3/18/2006	15:00:00	2.08791
3/18/2006	15:02:00	2.08791
3/18/2006	15:04:00	2.08944
3/18/2006	15:06:00	2.08791
3/18/2006	15:08:00	2.08791
3/18/2006	15:10:00	2.08791
3/18/2006	15:12:00	2.08791
3/18/2006	15:14:00	2.08791
3/18/2006	15:16:00	2.08664
3/18/2006	15:18:00	2.08791

3/18/2006	15:20:00	2.08918
3/18/2006	15:22:00	2.08791
3/18/2006	15:24:00	2.08791

Case No. U-14821
Goose Creek Gas Chromatograph Readings

Exhibit FMM-11

DATE	TIME	R152Co2ChGc
2/18/2006	1:26:00	1.977
2/18/2006	8:48:00	2.00346
2/18/2006	8:50:00	2.06654
2/18/2006	8:52:00	2.11284
2/18/2006	8:54:00	2.14744
2/18/2006	8:56:00	2.18661
2/18/2006	8:58:00	2.24512
2/18/2006	9:00:00	2.31558
2/18/2006	9:02:00	2.3606
2/18/2006	9:04:00	2.22756
2/18/2006	9:06:00	2.1337
2/18/2006	9:08:00	2.11538
2/18/2006	9:10:00	2.10623
2/18/2006	9:12:00	2.11284
2/18/2006	9:14:00	2.11691
2/18/2006	9:16:00	2.14235
2/18/2006	9:18:00	2.15329
2/18/2006	9:20:00	2.16117
2/18/2006	9:22:00	2.17949
2/18/2006	9:24:00	2.17186
2/18/2006	9:26:00	2.1627
2/18/2006	9:28:00	2.18101
2/18/2006	9:30:00	2.23138
2/18/2006	9:32:00	2.24562
2/18/2006	9:34:00	2.26063
2/18/2006	9:36:00	2.18457
2/18/2006	9:38:00	2.14591
2/18/2006	9:40:00	2.16422
2/18/2006	9:42:00	2.18254
2/18/2006	9:44:00	2.18025
2/18/2006	9:46:00	2.17338
2/18/2006	9:48:00	2.20416
2/18/2006	9:50:00	2.23545
2/18/2006	9:52:00	2.20391
2/18/2006	9:54:00	2.18712
2/18/2006	9:56:00	2.10953
2/18/2006	9:58:00	2.03119
2/18/2006	10:00:00	2.06985
2/18/2006	10:02:00	2.0902
2/18/2006	10:04:00	2.08435
2/18/2006	10:06:00	2.05306