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August 13, 2001

Ms. Dorothy Wideman
Executive Secretary
Michigan Public Service Commission
6545 Mercantile Way
P.O. Box 30221
Lansing, MI 48909

Re: Case No. U-12488

Dear Ms. Wideman:

Enclosed for filing in the above-referenced matter are an original and four copies of the "**Exceptions of Consumers Energy Company**" to the Proposal For Decision. This document was filed electronically as part of the Commission's Electronic Filings Program. I have also enclosed a Proof of Service.

Sincerely,

Jon R. Robinson

CC: Parties per Attachment 1
to Proof of Service

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STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the rates, terms, and Conditions for retail customers of CONSUMERS ENERGY COMPANY to choose an alternative electric supplier	)))))	Case No. U-12488

EXCEPTIONS OF CONSUMERS ENERGY COMPANY

The Proposal for Decision ("PFD") in this case was issued July 30, 2001. The Administrative Law Judge ("ALJ") did a commendable job addressing the numerous issues raised by the parties to this complicated case. In these exceptions, Consumers Energy Company ("Consumers Energy") has attempted to minimize the number of remaining controversies by accepting the recommendation of the PFD wherever possible. These exceptions have been prepared using the same numbering system used by the ALJ in the PFD; i.e., paragraph 1 of these exceptions addresses what the ALJ designated paragraph 1 in the PFD.

1. Resale/ROA Customers

Consumers Energy takes no exception to this recommendation.

2. Rate DA Closure

Consumers Energy takes no exception to this recommendation.

3. Definitions

The ALJ recommended that the Staff change to Section 1.4(c) be adopted, and that Section 1.4(h) be made to conform to that change. Consumers Energy assumes the ALJ means that Section 1.4(h) should be modified to read as follows:

> "~~Company's~~ **Applicable** FERC Open Access Tariff" means the ~~Company's~~ Open Access Transmission Tariff on file with the

> Federal Energy Regulatory Commission (FERC) as it may be amended from time to time, ~~or any comparable tariff should the Company's FERC Open Access Tariff cease to exist~~.**that applies to the transmission service provided to deliver power to the Company's distribution system.**"

If this (or some similar) change is made to Section 1.4(h), then Consumers Energy accepts the remaining recommendations of the ALJ in this paragraph.

Consumers Energy notes that any changes to the definitions will require corresponding changes throughout the ROA tariff.

4. <u>Section F1.6 Reciprocity Requirement</u>

Consumers Energy takes no exception to this recommendation.

5. <u>Liability and Indemnification</u>

Consumers Energy takes no exception to this recommendation.

6. <u>Capacity Bidding Procedures</u>

Consumers Energy takes no exception to this recommendation.

7. <u>Customer Loads Below 1 MW</u>

The ALJ appears to have recommended approval of inconsistent changes to Section 3.7C(1). First, the ALJ recommended adoption of the Staff change to this section, which would delete the phrase, "as required by the Company's FERC Open Access Tariff." Then the ALJ also recommended adoption of Energy Michigan's proposed change, which would delete the reference to "one MW." Making both of these changes would leave the sentence incomplete and reading as follows: "Hourly scheduled Power supplied at the Point of Receipt from outside the Michigan Electric Coordination System shall be made in increments of . . . ." Consumers Energy believes the appropriate change to this sentence (and that is consistent with the modifications identified above in paragraph 3), is as follows: "Hourly scheduled Power supplied at the Point of Receipt from outside the Michigan Electric Coordination System shall be made in the increments required by the applicable FERC Open Access Transmission Tariff."

8. Retailer's Obligations

Consumers Energy will accept these recommendations. Consistent with the ALJ's recommendation concerning the 10-day period, the first sentence of the second paragraph of Section F3.1(C) should read as follows: "Consumers Energy shall provide Customers with pending enrollments with a Retailer a ten-day notice period (beginning with the day the Company receives the enrollment from the Retailer) in which the Customer may cancel the enrollment before the switch is executed."

9. ROA Standby Rate

Consumers Energy takes no exception to this recommendation.

10. Optional Billing Charges

Consumers Energy will accept these recommendations.

11. Customer Service Shut-off

Consumers Energy takes no exception to this recommendation.

12. Return to Service

In perhaps the most important issue in this proceeding, the ALJ recommended the least desirable resolution with respect to the Return to Full Service provisions of the ROA tariffs. The recommendation of the ALJ, unless modified by the Commission, will result in shareholders subsidizing ROA customers and their Retailers during the rate freeze period, and other full service customers subsidizing ROA customers and their Retailers thereafter. This is grossly unreasonable, and should not be permitted by the Commission.

This issue concerns a proposal made by Consumers Energy regarding the terms and conditions under which customers who switch to ROA service are able to return to full service provided by Consumers Energy. See Exhibit A-1, Sheet No. F-10.10. The corresponding tariff reference on Staff Exhibit S-15 is Sheet Nos. F-8.00 and F-9.00. This is an important issue because of the cost and planning problems that are presented when the distribution utility is unable to predict what customers and associated load it is responsible for serving. Mr. Ronk discussed this issue in his direct and rebuttal testimony. He first testified that Consumers Energy was proposing that ROA customers who wish to return to Company full service be required to give 9 months notice of that desire. He explained that the notice requirement serves two purposes:

> "The first purpose is to provide the company with sufficient time to secure adequate resources to serve the returning customer's load. The second purpose is to encourage customers electing to take service from alternative electric suppliers to select reliable suppliers that will provide cost effective service over periods of one year or more." 2 TR 53

With respect to the first purpose, Mr. Ronk explained that the Company must secure resources in the fall to serve load during the following summer. The Commission realizes this, and therefore has been requiring the Company to submit its capacity plan for meeting summer demand at the end of the preceding calendar year. For example, in Case No. U-12720, the Commission directed Consumers Energy to file its plan for meeting summer 2001 demand on or before December 15, 2000. Obviously, an important factor in developing and implementing the plan is the amount of generation load that is expected to be served. Without adequate notice from ROA customers of their intent to return to being full service customers of Consumers Energy, the Company is unable to develop a reasonably accurate plan, and is therefore unable to acquire the necessary resources. 2 TR 54. Thus, the 9 month notice requirement is directly related to reliability of service. As Mr. Ronk explained, the Company attempts to estimate its peak load and then acquire resources necessary to provide an adequate reserve margin. Fifteen percent is the current reserve margin target. This reserve margin is supposed "to provide operating reserve, provide sufficient reserves to cover unexpected, or forced, generating plant outage, unexpected transmission interruptions, and the variance experienced in current load forecasts." Id. If ROA customers fail to provide adequate notice of their desire to return to full service, "<u>Consumers margins may not be adequate to provide reliable service to all of its full service customers</u>." Id. Emphasis added. The problems that could occur if the ALJ's recommended resolution of this issue is adopted by the Commission have been highlighted by the recent stretch of hot weather this summer. Although Consumers Energy was able to maintain service despite a series of new record peak demand days, the situation could have been different if a significant amount of ROA load had attempted to switch back to full service on short notice.

With respect to the second purpose of the 9 month notice requirement, Mr. Ronk explained that customers should be encouraged to select suppliers that have resources adequate to avoid service interruptions. Encouraging a situation where suppliers never have to develop sufficiently reliable resources because they are able to constantly lean on the distribution utility will not produce the overall competitive cost savings which are the premise for open access in the first place because the distribution utility will be forced to maintain resources adequate to serve the ROA load as well as its expected full service load.

A second element of Consumers Energy's proposal is that ROA customers who do return to full service must remain full service customers for at least 12 months. This feature of Consumers Energy's proposal was adopted by the ALJ.[1]

Under Consumers Energy's proposal, if a customer fails to provide 9 months notice, the Company will not deny them service; rather, the Company merely proposes that they be required to pay a rate that is based upon the greater of either the full service tariff rate or a price based upon the market conditions being experienced at that time. Mr. Ronk explained that the components of the market price are the following:

> "the customer's applicable Retail Open Access Rate Schedule, the Company's highest hourly incremental cost of generation or purchase of Power, allocated capacity costs associated with capacity purchases made to serve the Customer's peak load, and transmission costs." 2 TR 55.
>
> He explained the justification for each of these components:
>
> "The <u>applicable Retail Open access Rate Schedule</u> is the same rate schedule that the customer was required to pay to the Company when the customer was taking service from the Alternate Electric Supplier. The Customer's election to discontinue service from the Alternate Electric Supplier does not diminish the customer's obligation to continue to pay that rate for the service the Company provides. The Company's <u>highest hourly incremental cost of generation or purchase of power</u> recognizes that the returning customer is adding to the incremental load to be served and thus for the period provides recovery to the company of the incremental cost incurred. During periods when the Company is required to incur <u>capacity costs</u> in order to serve the peak load of the returning customer, such costs will be allocated to the returning customers based on the customer's peak load for that monthly period. To the

[1] The purpose of this requirement is again twofold. The first reason is to provide some stability to the planning process. If customers who return to full service can quickly switch back to ROA, then Consumers Energy's ability to predict its load and thereby plan and acquire adequate (but not excessive) resources is significantly impaired. The second reason is to prevent customers and suppliers from "gaming" the ROA program, by switching back and forth between Company full service and ROA service depending upon the market price of power. In addition to the planning and reliability problems this causes for the Company, it also exposes the Company to significant costs. It is simply not fair to expose the Company and other customers to high market prices in order to serve ROA customers who wish to return, and also expose the Company to stranded costs when it acquires resources needed to serve ROA customers who have returned, but then decide to quickly leave again.

> extent that such capacity is located in areas served by Transmission systems other than Consumers any <u>incremental transmission costs</u> associated with such capacity purchase will also be allocated to the returning customer based on the Customer's peak load. Such an allocation will keep the existing full service customers from being exposed to such costs." 2 TR 55-56. Emphasis added.

Mr. Ronk further explained how the "highest hourly incremental cost" would be calculated. Id.

The MPSC Staff proposal, which was recommended for adoption by the ALJ, rejected most of the important elements of the Company's proposals on this issue. The Staff states that one month notice, instead of the nine months notice advocated by Consumers Energy, is sufficient. The Staff also rejected the market pricing requirement for customers who fail to provide adequate notice. The Staff did accept the requirement that customers who return to Company full service must remain full service customers for 12 months. See Exhibit S-15, Sheet Nos. F-8.00 and F-9.00, Section F2.5C. <u>The Staff offered no evidence in support of any of these positions.</u> In the absence of any evidence, adoption of the Staff proposal is unlawful and unreasonable. This proposed resolution of this issue is simply not supported by any competent, material and substantial evidence, as is required by law.

ABATE did offer testimony on this subject. ABATE witness Nicholas Phillips testified that the 9 month notice requirement proposed by Consumers Energy was too long. As an alternative, he proposed adoption of the current Detroit Edison return to service provision. That provision offers customers two options. Option 1 allows customers to return to distribution company full service at tariff rates, but the customer must remain a full service customer for 12 months. Option 2 allows customers to return to distribution company full service with only a

3 month obligation to stay, but the pricing for this option is a market-based price. Mr. Phillips did not state what period of notice was required under this design.

As presented, the Staff proposal clearly should not be adopted. For the reasons expressed by Mr. Ronk and discussed above, a one month notice is simply inadequate given the potential cost and reliability impacts that could occur if a significant number of ROA customers decided to return to full service at approximately the same time. Furthermore, the Staff failed to present any evidence supporting its position on this issue. Indeed, in the Detroit Edison ROA tariff proceeding (U-12489), the Staff is supporting the Return to Full Service provision that was described in this case by Mr. Phillips. Yet, in this proceeding, the Staff proposes a different and even more one-sided resolution of the issue. Its proposal must be rejected because there is no substantial record evidence which supports that proposal, and because the Staff acted capriciously in accepting the Detroit Edison proposal in U-12489 while making a different and grossly unreasonable proposal in this case.

The alternative proposed by ABATE appears, on the surface, to be viable. Unfortunately, it apparently lacks any notice requirement, thus impeding planning and causing cost and reliability concerns as explained by Mr. Ronk. It also fails to state what happens if the returning customer fails to either provide notice or to elect one of the two available options.

The lack of adequate notice in the proposals of the Staff and ABATE is a critical defect. Mr. Ronk elaborated on this issue in his rebuttal testimony. He reiterated that the 9 month period is necessary to adequately plan and obtain needed resources. Mr. Ronk testified that,

> "With supplies being most in demand during the three summer months, it is reasonable to expect that economic return to full service requests will be timed to occur during the summer months and thus exacerbate the need for sufficient planning time. Absent

> adequate notice of the amount of customer load planning to return to full service, the Company may not reserve sufficient generation and transmission resources to maintain the level of reliability that the Company has historically provided. As a result, reserve margins will diminish and reliability of full service will decline." 2 TR 60.

Mr. Ronk acknowledged that generation/transmission reserves could, in theory, be increased to allow for the contingency of significant ROA customers returning en masse:

> "Conceivably reserves could be increased to cover such a contingency. However, as the volume of ROA increases, the cost of maintaining such a reserve will become a significant additional cost for full service customers. In an extreme case, the cost of reserves to cover the return of a portion of all ROA customers might not have any full service customers to provide revenue recovery." 2 TR 60-61.

What is at issue is the allocation of the market risk associated with allowing ROA customers to return to utility full service with little or no notice. As Company witness Mr. Bearman testified, "[a]llowing customers to return to Company Full Service from ROA service without adequate notice places all risk of rising power supply costs to serve that load squarely on the Company, or its other customers, and places no risk on the ROA customers and/or their retailers." 2 TR 41. Mr. Bearman explained that this was not an idle or merely hypothetical concern. Rather, the Company has considerable experience with customers returning from choice programs with little or no notice. Mr. Bearman described a situation that occurred in the context of the Gas Customer Choice ("GCC") program:

> "During the GCC program to date, approximately 3,500 customers totaling about 2 Bcf of annual load have suddenly dropped from GCC and returned to purchasing natural gas from the Company. This was caused, in some cases, by the individual customer's decision to drop GCC service and return to Company Full Service. More significantly, this was also caused by two gas suppliers withdrawing suddenly from the GCC program and "dumping" their customers back to the company during the year 2000 at the same time gas prices were rising significantly to unprecedented

> levels. The Company had the obligation, as supplier of last resort, to serve this load, regardless of the price to acquire the supply to serve these returning customers. The existing experimental GCC program contains a market-price provision in its tariffs which allows the Company to charge a market price to these returning customers. This market-price provision ensured that market risks are the responsibility of GCC participants." 2 TR 41-42.

Mr. Bearman testified that the problem of significant load suddenly returning to full service without adequate notice was not a concern which was limited to the GCC program, but had also already occurred in the ROA program:

> "Nordic Electric commenced ECC [Electric Customer Choice] service to 16 customers in Mid-November 2000 with a load of approximately 8400 kW. On December 22, 2000 the Company was unexpectedly notified by Nordic that they were ceasing deliveries to these ECC customers on December 31, 2000 and that effective January 1, 2001, these customers would be returning to Company Full Service as Nordic no longer desired to serve them. The Company in conformance with its existing ROA tariffs honored that request, notwithstanding the fact that any rising power supply costs would be absorbed by its shareholders, in light of its frozen electric rates. Especially in light of its actual experience with alternative gas and electric suppliers, Consumers Energy believes it is critical that the return to service provisions allocate market risk where it belongs-on voluntary ECC participants. Failure to do so inappropriately allocates market risk to the Company, its shareholders, and ultimately its other customers. It further sends the misguided market signal that ROA customers and their retailers can participate in ECC free from the risk of increasing market prices." 2 TR 43.

Mr. Bearman explained that allocating market risk away from ROA participants was especially unfair to the Company during the rate freeze period imposed by Act 141. If the Commission wishes to make the policy decision that the ROA program must be subsidized by allowing customers unrestricted rights of return to full service, then all customers should absorb the market risks inherent in that policy decision. To only allocate those risks to the Company, however, is grossly unfair, as Mr. Bearman explained:

> ". . . during the rate freeze period, a requirement that Consumers Energy accept returning customers at tariff prices requires Consumers Energy to absorb all of the market risks associated with the supply of electricity for those customers. This would place Consumers Energy in exactly the position the electric utilities in California have found themselves; i.e., being required to purchase at potentially high wholesale prices and resell at low fixed retail prices. With respect to customer load that has elected to acquire electricity suppliers from another source, such a situation is unfair. In addition, it would send grossly distorted market signals to retailers and retail customers. The Commission should ensure that the mistakes of the California experience are not repeated in Michigan." 2 TR 42-43.

The California experience has highlighted for the entire country the importance of sound energy planning. Customers need to be aware of the cost and reliability consequences of their actions or inactions. Sending the correct market signals by requiring adequate notice of the customer's intent to return to full service, and properly pricing the cost of power in the absence of such notice is absolutely essential to a sensible energy policy.

In its reply brief, the Company attempted to offer a compromise position on this notice issue. The Company proposed that an acceptable alternative to the nine month notice condition would be to require ROA customers who wish to return to full service during the May-August period to provide notice of their desire to do so no later than February 1 of that year (i.e., 3-6 months notice). Customers who wish to return to full service during September-April would only have to provide one month notice. This approach is feasible under conditions of fairly low ROA participation, and would be fair to <u>all</u> customers. The ALJ did not address this alternative in the PFD. Consumers Energy urges the Commission to, at a minimum, adopt this reasonable alternative.

13. <u>Dispute Resolution Procedures</u>

Consumers Energy takes no exception to this recommendation.

14. Nuclear Decommissioning Surcharges

Consumers Energy takes no exception to this recommendation.

15. Shared Phone Line

Consumers Energy takes no exception to this recommendation.

16. Third Party Costs

Consumers Energy takes no exception to this recommendation.

17. Termination of Service

The tariff provisions recommended by the ALJ in this paragraph are directly related to the Return to Full Service issue addressed above. For the reasons explained above, Consumers Energy urges the Commission to reject the proposal to include language allowing customers and Retailers to terminate ROA service on only one month's notice. This will lead to significant abuses, as Retailers and customers play the market, with the Company and its other customers left holding the bag.

Consumers Energy notes again that the ROA tariff provisions regarding termination do not apply to transmission service agreements that are governed by the FERC OATT.

18. Meter Errors, Billing Errors and Telephone Failures

In this paragraph, the ALJ recommends adoption of an Energy Michigan proposal that would modify Section 1.9 so that Consumers Energy would be liable for "imbalance penalties or additional power costs caused by inaccurate meter reads." Energy Michigan never proposed any specific language for this change, and so the ALJ had none to adopt. In fact, Energy Michigan never presented any testimony on this point, and never even mentioned the idea until its reply brief. In addition to the lack of evidence and a specific proposal, it is very difficult to determine how this concept would be administered. Imbalance penalties that result from a inaccurate meter read could readily be corrected. It is very difficult, however, to see how additional power costs that allegedly result from an inaccurate meter read could ever be accurately measured. Given the lack of any specific proposal and the lack of any evidence, the ALJ should not have recommended the adoption of this ill-defined proposal. There is simply no evidence in this record that describes a meter reading error problem such as Energy Michigan wishes to address, nor which proposes a solution to the non-existent problem. Consumers Energy therefore requests the Commission to reject this recommendation.

The ALJ recommended adoption of another ill-defined Energy Michigan proposal concerning Sections F2.6 and F3.5B(3). These sections concern the allocation of partial payments made by ROA customers whose Retailers have elected to have Consumers Energy do the billing and collection for those customers. Energy Michigan stated that the rule should "be modified to address situations where a customer has withheld a portion of payment due to billing disputes." Neither Energy Michigan nor the ALJ stated how these provisions should be so modified. Because of the lack of specificity, it is extremely difficult to respond. For this reason alone, the recommendation should be rejected. In addition, Consumers Energy points out that this is only an issue where the Retailer elects to have Consumers Energy do the billing and collection on their behalf. This is strictly an optional service being offered by Consumers Energy. The Retailer is always free to do their own billing for the service they are providing. Rather than accept burdensome administrative responsibilities, Consumers Energy would likely simply cease to offer this service.

19. Metering

Consumers Energy takes no exception to this recommendation.

20. Availability of Service

Consumers Energy takes no exception to this recommendation.

21. Commencement of Service

Consumers Energy takes no exception to this recommendation. However, for purposes of clarification, the ROA-S "Customer-Term and Form of Contract" provision also requires a change from 20 kW to 300 kW.

22. Partial Customer Payments

Consumers Energy takes no exception to this recommendation.

23. ROA Service Curtailment Procedures

The ALJ recommended adoption of an Energy Michigan proposal that arose out of tariff language which is in the current ROA tariffs concerning Consumers Energy's right to curtail ROA customers whose suppliers fail to deliver the power used by their customers. The Energy Michigan proposal is summarized as follows:

> "1. Where a retailer is out of balance but Consumers possesses sufficient supplies of capacity, the retailer should be billed for the necessary power at current OATT Schedule 4 penalty rates. This is the mechanism used at the wholesale level to deal with exactly the same imbalance situations.
>
> "2. Where energy supplies are not sufficient to serve all customers, Consumers should utilize mechanisms for imbalances that currently exist and are technically enforceable. The out of balance party is notified of the problem and required to resolve the imbalance within two hours or less. If the imbalance is not resolved, Consumers can invoke economic penalties under the OATT and move to revoke the retailer's license."

The first paragraph quoted above is a reasonably accurate statement of what happens currently pursuant to the terms of the Michigan Electric Transmission Company ("METC") OATT. Essentially, relying upon the OATT balancing provisions in this manner acts as a form of standby service. Consumers Energy believes that this may, in some situations, allow retailers to "game" the system by consistently delivering less than the scheduled amount of power. In those situations, Consumers Energy should be permitted to bill the retailer or its customers the higher of standby service charges or the OATT Schedule 4 imbalance charges

The second paragraph quoted above highlights the principal problem that Consumers Energy is attempting to address. This paragraph effectively states that, if an ROA supplier fails to deliver sufficient power to meet its customers load, and there are insufficient supplies available from Consumers Energy or some alternative supplier, Consumers Energy will begin interrupting all customers in an effort to balance the load and the supply. Thus, even if the immediate cause of the shortage is a defaulting ROA retailer, non-ROA customers would be interrupted to achieve the balancing that is required. In order to avoid the unfairness of such a result, Consumers Energy believes that the current language of the ROA tariff (see Exhibit S-15; Section F3.7D(1)) that allows Consumers Energy to curtail service to the affected ROA customers remains appropriate. It is correct to note, as did the ALJ, that for certain customers, Consumers Energy would be unable to interrupt service under these conditions. Nevertheless, to the extent it is physically able to do so, it is simply fairer to interrupt those customers before interrupting other ROA customers whose suppliers are not in default, or other non-ROA customers. The right to do so should therefore be preserved in the tariff.

In addition, Consumers Energy notes that the reference to a two hour notice period is simply unreasonable. If the Company finds itself in a curtailment situation, it will obviously strive to provide as much notice as is possible, but it ultimately must take the actions necessary to maintain the integrity of the system. In this instance, the Emergency Electrical

Procedures Rule would apply to ROA and non-ROA customers alike, including the penalty provisions of that rule.

24. Credit Worthiness

Consumers Energy takes no exception to this recommendation.

25. Electronic Business Transactions

Consumers Energy takes no exception to this recommendation.

26. Section F3.4 Rates and Charges

Consumers Energy takes no exception to this recommendation.

27. System Operations

Consumers Energy takes no exception to this recommendation.

28. ROA-R, ROA-S and ROA-P Rate Schedules

Consumers Energy takes no exception to this recommendation.

29. ROA Sections 3.D(7) and (8)

Consumers Energy takes no exception to this recommendation.

30. ROA Sections 1.1(8) and (r)

Consumers Energy takes no exception to this recommendation.

31. Mandatory Enrollment Processing Deadlines

Consumers Energy takes no exception to this recommendation.

32. Load Profiling Service

Consumers Energy takes no exception to this recommendation.

33. Implementation 120 Days After Approval

The ALJ recommended rejection of Consumers Energy's request that it be provided with a 120 day period to implement the tariff changes that result from this proceeding.

The ALJ found that implementation of such changes should not be delayed beyond January 1, 2002. It appears that this case is on a schedule that will allow a final Commission order sometime in September. If this schedule is maintained, then the Company will probably have sufficient time to implement any billing, scheduling or other changes resulting from this case. In any event, Consumers Energy will do the best it can to expeditiously implement the changes. It has never been the Company's intent to delay implementing these changes; Consumers Energy simply wishes the Commission to know that some of these changes may take some time to be implemented.

34. Settlement of Energy Imbalances at the Retail Level

Consumers Energy takes no exception to this recommendation.

35. Profile Management Service Charge

Consumers Energy takes no exception to this recommendation.

36. Time-of-Use Meters

Consumers Energy takes no exception to this recommendation.

37. Retailers Handbook and Standard Contracts

Consumers Energy takes no exception to this recommendation.

Miscellaneous

There is an additional typographical error in the ROA tariff exhibit S-15 that Consumers Energy only recently identified. At Section F3.5(B) in the first sentence, the term "non-ROA services" should be "ROA services.

Conclusion

Consumers Energy again emphasizes that the ALJ did an excellent job of analyzing the dozens of issues presented by multiple parties in this case. For the most part, Consumers Energy believes it is acceptable to simply adopt the recommendations of the PFD. In several important respects set forth above, however, the Company believes the ALJ erred, and requests that the Commission adopt a different resolution.

Respectfully submitted,

CONSUMERS ENERGY COMPANY

Dated: August 13, 2001

By: ______________________

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(517) 788-0698

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the rates, terms, and Conditions for retail customers of CONSUMERS ENERGY COMPANY To choose an alternative electric supplier	)))))	Case No. U-12488

PROOF OF SERVICE

STATE OF MICHIGAN)
) SS
COUNTY OF JACKSON)

Sammie B. Dalton, being first duly sworn, deposes and says that she is employed in the Legal Department of Consumers Energy Company; that she served an electronic copy of the **"Exceptions of Consumers Energy Company"** to the Proposal For Decision upon the persons listed in Attachment 1 hereto, at the e-mail addresses listed therein. She further states that she also served a copy of the same document upon the persons listed on Attachment 1, by first-class mail, at the addresses listed therein by depositing the same on August 13, 2001, in the United States mail in the City of Jackson, Michigan with first-class postage thereon fully paid.

Sammie B. Dalton

Subscribed and sworn to before me this 13th day of August, 2001.

Kelly Fisher

Kelly Fisher
Notary Public, Jackson County, Michigan
My Commission Expires: 01/18/02

ps0801-1-83e

ATTACHMENT 1 -- TO CASE NO. U-12488

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