

STATE OF MICHIGAN  
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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|                                                      |   |                  |
|------------------------------------------------------|---|------------------|
| In the matter of the application of                  | ) |                  |
| <b>CONSUMERS ENERGY COMPANY</b> for a                | ) |                  |
| financing order approving the securitization of      | ) | Case No. U-12505 |
| certain regulatory assets and other qualified costs. | ) |                  |
| _____                                                | ) |                  |

At the November 19, 2010 meeting of the Michigan Public Service Commission in Lansing,  
Michigan.

PRESENT: Hon. Orjiakor N. Isiogu, Chairman  
Hon. Monica Martinez, Commissioner  
Hon. Greg R. White, Commissioner

**OPINION AND ORDER**

In its October 24, 2000 order, the Commission authorized Consumers Energy Company (Consumers) to securitize up to \$468,592,000 of regulatory assets and other qualified costs. Among other issues addressed by the order, the Commission concluded that there must be periodic true-ups of the securitization bond and tax charges to ensure that the amounts collected are sufficient to service the securitization bonds and to recover the associated tax liability. The Commission stated:

The record clearly shows that not only are periodic securitization and tax charge true-ups necessary, but (to provide the certainty needed to obtain a AAA bond rating) they need to be undertaken in a way that allows for their swift and certain resolution. For this reason, the Commission finds that Consumers' proposal should be approved, but with two relatively minor changes. First, based on recent indications by the utility that annual true-ups would be sufficient until one year prior to the bonds' final maturity date (See, Consumers' initial brief, p. 9), the utility should be limited to undertaking no more than one routine true-up per year until the final year that securitization is in place. Moreover, during that final year,

true-ups shall be limited to no more than one per quarter. Second, Consumers should initiate each routine true-up by filing an application that (1) explains the basis for its proposed revision of the securitization and tax charges, (2) shows the computation of its revised charges, and (3) seeks Commission approval--on an expedited basis--of those new charges before they can be implemented. All proceedings must be completed and a final Commission order regarding the utility's request for a routine true-up must be issued within 45 days after Consumers files its application.

October 24, 2000 order, Case No. U-12505, p. 49 (footnote omitted).

On October 8, 2010, Consumers filed its ninth annual true-up adjustment report.

The company requested a decrease in its bond principal and interest securitization surcharge from \$0.001327 per kilowatt-hour (kWh) to \$0.001250 per kWh for the 12-month period beginning with the December billing month. The company also requested a decrease in the tax surcharge for the same period from \$0.000629 per kWh to \$0.000597 per kWh.

The Commission Staff (Staff) reviewed the proposed adjustments and concluded that the adjustments were routine, the calculations were accurate, and the proposed adjustments conform to the methodology approved by the Commission. The Staff thus recommended that the Commission approve the true-up adjustments effective for bills rendered on and after the December billing month.

After considering Consumers' filing and the Staff's review, the Commission agrees that the proposed adjustments are routine, the calculations are accurate, and the proposed adjustments conform to the approved methodology. Consumers should therefore be authorized to implement the adjustments as of the December 2010 billing month.

THEREFORE, IT IS ORDERED that:

A. For bills rendered on and after the December 2010 billing month, Consumers Energy Company is authorized to decrease the bond principal and interest securitization surcharge from

1.327 mills per kilowatt-hour to 1.25 mills per kilowatt-hour and to decrease the tax surcharge from 0.629 mills per kilowatt-hour to 0.597 mills per kilowatt-hour.

B. Prior to its December 2010 billing month, Consumers Energy Company shall file with the Commission tariff sheets essentially the same as those set forth in Exhibit A of its application.

The Commission reserves jurisdiction and may issue further orders as necessary.

Any party desiring to appeal this order must do so in the appropriate court within 30 days after issuance and notice of this order, pursuant to MCL 462.26.

MICHIGAN PUBLIC SERVICE COMMISSION

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Orjiakor N. Isiogu, Chairman

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Monica Martinez, Commissioner

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Greg R. White, Commissioner

By its action of November 19, 2010.

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Mary Jo Kunkle, Executive Secretary

M.P.S.C. No. 13 - Electric  
 Consumers Energy Company  
 (To reflect Securitization True-up)

Sheet No D-5.00

## SECURITIZATION AND SECURITIZATION TAX CHARGES

The actual Securitization Charge and Securitization Tax Charge are authorized pursuant to Rule C9., Securitization Charges, Tax Charges, Initial Implementation and True-up Methodology. The Securitization Charge and the Securitization Tax Charge are billed to all full service and ROA customers based upon usage. These charges shall be shown separately on the customer's bill.

The actual Securitization Charges applied to customers' bills are as follows:

| <u>Billing Month</u>                 | <u>Securitization<br/>Charge</u> | <u>\$/kWh<br/>Securitization<br/>Tax Charge</u> | <u>Total<br/>Securitization<br/>Charges</u> |
|--------------------------------------|----------------------------------|-------------------------------------------------|---------------------------------------------|
| December 2001 - November 2002        | \$0.001427                       | \$0.000250                                      | \$0.001677                                  |
| December 2002 - November 2003        | 0.001328                         | 0.000418                                        | 0.001746                                    |
| December 2003 - November 2004        | 0.001299                         | 0.000419                                        | 0.001718                                    |
| December 2004 - November 2005        | 0.001311                         | 0.000424                                        | 0.001735                                    |
| December 2005 - November 2006        | 0.001302                         | 0.000447                                        | 0.001749                                    |
| December 2006 - November 2007        | 0.001265                         | 0.000456                                        | 0.001721                                    |
| December 2007 - November 2008        | 0.001269                         | 0.000535                                        | 0.001804                                    |
| December 2008 - November 2009        | 0.001358                         | 0.000611                                        | 0.001969                                    |
| December 2009 - November 2010        | 0.001327                         | 0.000629                                        | 0.001956                                    |
| <i>December 2010 - November 2011</i> | <i>0.001250</i>                  | <i>0.000597</i>                                 | <i>0.001847</i>                             |

Issued XXXXXXXXXX, 2010 by  
 J. G. Russell,  
 President and Chief Executive Officer,  
 Jackson, Michigan

Effective for bills rendered on and after  
 the Company's December 2010 Billing Month

Issued under authority of the  
 Michigan Public Service Commission  
 dated XXXXXXXXXX, 2010  
 in Case No. U-12505

# P R O O F   O F   S E R V I C E

STATE OF MICHIGAN    )

Case No. U-12505

County of Ingham        )

Mignon Middlebrook being duly sworn, deposes and says that on November 19, 2010 A.D. she served a copy of the attached Commission orders by first class mail, postage prepaid, or by inter-departmental mail, to the persons as shown on the attached service list.

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Mignon Middlebrook

Subscribed and sworn to before me  
This 19<sup>th</sup> day of November 2010

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Gloria Pearl Jones  
Notary Public, Ingham County, MI  
My Commission Expires June 5, 2016

Service List\_U-12505

Consumers Energy Company  
Catherine M. Reynolds  
One Energy Plaza  
Jackson MI 49201