

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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

At the November 24, 2014 meeting of the Michigan Public Service Commission in Lansing,
Michigan.

PRESENT: Hon. John D. Quackenbush, Chairman
Hon. Greg R. White, Commissioner
Hon. Sally A. Talberg, 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 10, 2014, Consumers filed its thirteenth annual routine true-up adjustment report to reflect new surcharges for the period December 2014 through November 2015. On November 14, 2014, Consumers revised its filing to reflect surcharges that would terminate in September 2015. The revised filing aligns the company's cash collections with the funds required to make the final bond principal and interest payment in October 2015.

Consumers requested an increase in its bond principal and interest securitization surcharge from \$0.001385 per kilowatt-hour (kWh) to \$0.001708 per kWh for bills rendered on and after the December 2014 billing month. The company also requested an increase in the tax surcharge from \$0.000849 per kWh to \$0.000970 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.

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 effective for bills rendered on and after the December 2014 billing month.

THEREFORE, IT IS ORDERED that:

A. For bills rendered on and after the December 2014 billing month, Consumers Energy Company is authorized to increase the bond principal and interest securitization surcharge from 1.385 mills per kilowatt-hour to 1.708 mills per kilowatt-hour and to increase the tax surcharge from 0.849 mills per kilowatt-hour to 0.970 mills per kilowatt-hour.

B. Prior to its December 2014 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

John D. Quackenbush, Chairman

Greg R. White, Commissioner

Sally A. Talberg, Commissioner

By its action of November 24, 2014.

Mary Jo Kunkle, Executive Secretary

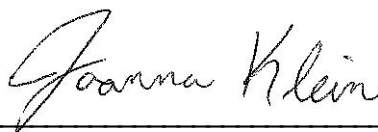
P R O O F O F S E R V I C E

STATE OF MICHIGAN)

Case No. U-12505

County of Ingham)

Joanna Klein being duly sworn, deposes and says that on November 24, 2014 A.D. she served a copy of the attached Commission order by first class mail, postage prepaid, or by inter-departmental mail, to the persons as shown on the attached service list.

A handwritten signature in cursive script that reads "Joanna Klein". The signature is written in black ink and is positioned above a horizontal line.

Joanna Klein

Subscribed and sworn to before me
This 24th day of November 2014

Lisa Felice
Notary Public, Eaton County, Michigan
My Commission Expires: April 15, 2020

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