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Count on Us

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October 16, 2015

Ms. Mary Jo Kunkle
Executive Secretary
Michigan Public Service Commission
7109 West Saginaw Highway
Post Office Box 30221
Lansing, MI 48909

**RE: Case No. U-12505 – In the matter of the application of Consumers Energy Company for a financing order approving the securitization of its regulatory assets and other qualified costs**

Dear Ms. Kunkle:

Enclosed for electronic filing in the above-captioned case, please find Consumers Energy Company's **"Request for Adjustment of Securitization Bond Surcharges."** This is a paperless filing and is therefore being filed only in a PDF format.

Sincerely,

Bret Totoraitis
Digitally signed by
Bret A. Totoraitis
Date: 2015.10.16
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Bret A. Totoraitis

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

| | | |
|---|---|---|
| In the Matter of the Application of<br>Consumers Energy Company for a<br>Financing Order Approving the<br>Securitization of its Regulatory Assets<br>And Other Qualified Costs | )<br>)<br>)<br>)<br>) | Case No. U-12505 |

**REQUEST FOR ADJUSTMENT OF SECURITIZATION BOND SURCHARGES**

Consumers Energy Company ("Consumers Energy" or the "Company") respectfully requests that the Michigan Public Service Commission ("MPSC" or the "Commission") authorize Consumers Energy to set both the Securitization Charge and Securitization Tax Charge to $0.00/MWh on a bills-rendered basis effective with the October 2015 billing cycle. In support of this Request, Consumers Energy states:

On October 24, 2000 and January 4, 2001, the Commission issued Orders in Case No. U-12505 authorizing the Company to securitize $469 million of its after-tax qualified costs, pursuant to certain terms and conditions. Among other things, the Commission ordered that:

- The Company proceed with securitization for up to $469 million of its qualified costs.
- The Company create one or more special purpose entities to which it may transfer securitized property. In turn, each special purpose entity is authorized to issue securitization bonds in the manner specified by the Commission.
- The Company enter into a servicing agreement with each special purpose entity that it creates and to perform the servicing duties contemplated by the Order.
- The Company, or any successor servicer, impose and collect form customers, in the manner proved by the Order: (1) securitization charges and tax charges in amounts sufficient to provide for the full and timely recovery of the amount securitized, (2) the ongoing other qualified costs of the special purpose entity, and (3) federal, state, and local taxes related to the securitization charge.

- Following the determination of the initial securitization charge and the initial tax charge, these charges be subject to annual true-ups in the manner directed in the Order.

- The Company periodically conduct routine true-ups of the securitization charges and the tax charges in accordance with the 45-day schedule and the methodology approved in the Order.

On November 8, 2001, $469 million of Securitization Bonds were issued with a final maturity date of October 20, 2016 and an expected final payment date of October 20, 2015.

The initial Securitization Bond Surcharge and Securitization Bond Tax Surcharge ("Securitization Charges") were effective for bills rendered on and after December 1, 2001.

The Company has made an annual routine true-up filing every October (2002 through 2014) since the issuance of the Securitization Bonds in 2001 as permitted by the October 24, 2000 Order in Case No. U-12505, page 49.

The Commission has approved the Company's annual routine true-up requests of the Securitization Charges.

The provisions of the October 24, 2000 Order allow quarterly routine true-up requests, if necessary, in the last year of the Securitization Bonds (October 24, 2000 Order in Case No. U-12505, page 49).

All Bond Classes A-1 through A-5 of the Series I Securitization Bonds have been paid in full and retired. As of September 30, 2015, only $13,561,209 of Bond Class A-6 remains outstanding. On October 20, 2015, the remaining Bond Class A-6 principal balance is anticipated to be paid and retired.

The Company has continued to closely monitor the projected balances for the Securitization Charges for the expected final payment date of October 20, 2015.

As of the date of this Request, the Company believes the Securitization Bond Surcharge ($0.001708 per kWh) and Securitization Bond Tax Surcharge ($0.000970 per kWh) as approved by the Commission on November 24, 2014 were properly set to ensure the appropriate projected balance for both the Securitization Charges for the expected final payment date of October 20, 2015. In its November 24, 2014 true-up Order in this docket, the Commission authorized a Securitization Charge and Securitization Tax Charge effective through the end of September 2015, based on the Company's projection that no further charges would be necessary to meet the principal and interest payment on the securitization bonds in this case. Consistent with the Commission's Order, Consumers Energy has not applied any Securitization Charges or Securitization Tax Charges related to Case No. U-12505 to customer bills since the end of the September billing month.

The Company is projecting sufficient balances for both the Securitization Charges for the expected final payment date of October 20, 2015.

At this time, the Company is requesting that the Commission issue an order setting both the Securitization Bond Surcharge and the Securitization Bond Tax Surcharge to $0.00000 per kWh on bills-rendered basis effective with the October 2015 billing cycles. In other words, this filing, made in lieu of the Company's traditional annual securitization true-up filing, requests Commission authorization to temporarily continue with the status quo resulting from the Commission's November 24, 2014 true-up Order. The Company is requesting the Commission approve setting the Securitization Surcharges to $0.00000 per kWh rather than permanently terminating the Securitization Surcharges until after the final reconciliation has been conducted by the Commission. The Company currently anticipates that there will be an over-collection balance in the securitization trust once the final reconciliation is complete; however, Consumers

Energy is unable to access the remaining funds in the trust for refund to customers until certain contractual conditions for winding down the trust have occurred. Once the funds are available to the Company, Consumers Energy plans to use the Securitization Bond Surcharge and Securitization Bond Tax Surcharge to refund any over-collection or surcharge any under-collection once the final reconciliation is complete.

No later than three months from the expected final payment date of October 20, 2015, the Company will file in this docket a final routine true-up of the residual balances of the Securitization Charges. The final routine true-up of the Securitization Bond Surcharge will reconcile the revenue from the forecasted sales versus the actual sales and forecasted versus actual investment income earned for the last bond year; reconcile forecasted versus actual expenses including bond principal and interest, servicing fees, administrative fees, and professional expenses; and the disposition of the capital and overcollateralization subaccounts. The residual balance of the Securitization Bond Tax Surcharge will reconcile the revenue from the forecasted sales versus the actual sales for the last bond year.

The authority requested in this Request "*will not result in an increase in the cost of service to customers*" and therefore "*may by authorized and approved without notice or hearing*." MCL 460.6a(1). Thus, approval of this Request without notice or hearing is lawful and appropriate.

WHEREFORE, Consumers Energy Company requests that this Commission:

(a) Approve this Request setting both the Securitization Bond Surcharge and Securitization Bond Tax Surcharge to $0.00000 per kWh on a bills-rendered basis effective with the October 205 billing cycles in support; and

(b) Grant Consumers Energy Company such further additional relief as the Commission may deem appropriate.

Respectfully submitted,

CONSUMERS ENERGY COMPANY

Digitally signed by Garrick J. Rochow
Date: 2015.10.16 08:51:21 -04'00'

Dated: October 16, 2015 By: ____________________________

Garrick J. Rochow
Vice President and Chief Customer Officer
Customer Experience, Rates and Regulation, and Quality

Digitally signed by Bret A. Totoraitis
Date: 2015.10.16 08:50:25 -04'00'

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