

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 October 27, 2015 meeting of the Michigan Public Service Commission in Lansing,
Michigan.

PRESENT: Hon. John D. Quackenbush, Chairman
Hon. Sally A. Talberg, Commissioner
Hon. Norman J. Saari, Commissioner

OPINION AND ORDER

In its October 24, 2000 order in this docket, the Commission authorized Consumers Energy Company (Consumers) to securitize up to \$468,592,000 of regulatory assets and other qualified costs. On November 8, 2001, the full amount of the securitization bonds were issued with a final maturity date of October 20, 2016, and an expected final payment date of October 20, 2015. Over the ensuing years, Consumers made annual routine true-up filings every October as required by the October 24, 2000 order in Case No. U-12505.

On October 16, 2015, Consumers filed a request for adjustment of securitization bond charges. In that filing, Consumers explained all bond classes A-1 through A-5 of the Series I securitization bonds have been paid in full and retired. Further, as of September 30, 2015, only \$13,561,209 of bond class A-6 remained outstanding. According to Consumers, on October 20, 2015, the remaining bond class A-6 principal balance is anticipated to be paid and retired.

As of October 16, 2015, Consumers believed the securitization bonds surcharge (\$0.001708 per kilowatt-hour (kWh)) and the securitization bond tax surcharge (\$0.000970 per kWh) 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, 2015.¹ Consumers maintains that there will be sufficient balances in the accounts for both the securitization charges for the expected final payment date of October 20, 2015.

Therefore, Consumers requests that the Commission issue an order setting both the securitization bonds surcharge and the securitization bond tax surcharge to \$0.00000 per kWh on a bills-rendered basis effective with the October 2015 billing cycles, which the company explains will be tantamount to authorizing it to temporarily continue with the *status quo* resulting from the Commission's November 24, 2014 true-up order. Consumers explains it is requesting approval to reduce the securitization charges to \$0.00000 per kWh rather than to permanently terminate the securitization charges until after the final reconciliation has been conducted by the Commission. According to Consumers, it currently anticipates that there will be an overcollection balance in the securitization trust once the final reconciliation is complete. However, Consumers states that it 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. Consumer states that, once the overcollected funds are available to the company, they will be used to refund any overcollection or to make up for any undercollection after the final reconciliation is completed.

¹ In the November 24, 2014 order in this docket, the Commission authorized Consumers to charge a securitization charge and securitization check tax charge effective through September 30, 2015. In its application, Consumers maintains it has not applied any securitization charges or securitization tax charges to customer bills subsequent to the end of the September 2015 billing month.

Because the authority requested by Consumers in its October 16, 2015 filing will not result in an increase in the cost of service to customers, the Commission finds that Consumers' application qualifies for *ex parte* approval pursuant to MCL 460.6a(1).

THEREFORE, IT IS ORDERED that:

A. Consumers Energy Company's October 16, 2015 request to have its securitization bond surcharge and its securitization bond tax surcharge reduced to \$0.00000 per kilowatt-hour on a bills-rendered basis effective with the October 2015 billing cycles is approved.

B. Not later than three months from the date of this order, Consumers Energy Company shall file a final routine true-up of the residual balances of its securitization charges. The final true-up for the company's securitization bonds surcharge shall 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 true-up of the securitization bond tax surcharge shall reconcile the revenue from the forecasted sales versus the actual sales for the last bond year.

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, under MCL 462.26. To comply with the Michigan Rules of Court's requirement to notify the Commission of an appeal, appellants shall send required notices to both the Commission's Executive Secretary and to the Commission's Legal Counsel. Electronic notifications should be sent to the Executive Secretary at mpscedockets@michigan.gov and to the Michigan Department of the Attorney General - Public Service Division at pungp1@michigan.gov. In lieu of electronic submissions, paper copies of such notifications may be sent to the Executive Secretary and the Attorney General - Public Service Division at 7109 W. Saginaw Hwy., Lansing, MI 48917.

MICHIGAN PUBLIC SERVICE COMMISSION

John D. Quackenbush, Chairman

Sally A. Talberg, Commissioner

Norman J. Saari, Commissioner

By its action of October 27, 2015.

Mary Jo Kunkle, Executive Secretary

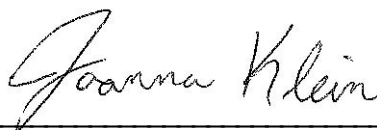
P R O O F O F S E R V I C E

STATE OF MICHIGAN)

Case No. U-12505

County of Ingham)

Joanna Klein being duly sworn, deposes and says that on October 27, 2015 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 27th day of October 2015

Steven J. Cook
Notary Public, Ingham County, Michigan
As acting in Eaton County
My Commission Expires: April 30, 2018

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