

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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 February 23, 2016 meeting of the Michigan Public Service Commission in Lansing,
Michigan.

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

OPINION AND ORDER

In its October 24, 2000 order in this case, 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 January 15, 2016, Consumers filed its final annual routine true-up adjustment report to reflect zero surcharge amounts for the period October 2015 through February 2016. The company requested a new securitization surcredit of \$(0.003855) per kilowatt-hour (kWh) and a securitization tax charge of \$(0.000627) per kWh, effective as a one-month refund for the March 2016 billing cycle. Consumers also requested that any potential residual balance after the proposed March 2016 refund be handled using the residual balance method approved in the December 20, 2011 order in Case No. U-16759.

The Commission Staff (Staff) reviewed the proposed adjustments and concluded that the adjustments and calculations were accurate, and the proposed adjustments conform to the method approved by the Commission.

After considering Consumers' filing and the Staff's review, the Commission finds that the proposed adjustments and calculations are accurate, and the proposed adjustments conform to the method approved in Case No. U-16759. Consumers is therefore authorized to implement the one-month refund of securitization surcredits and securitization tax charge credits, effective for the March 2016 billing month.

THEREFORE, IT IS ORDERED that:

A. For bills rendered in the March 2016 billing month, Consumers Energy Company is authorized to refund the bond principal and interest securitization surcharge credits of 3.855 mills per kilowatt-hour and to refund the tax surcharge credit of 0.627 mills per kilowatt-hour.

B. Prior to the March 2016 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 by the filing of a claim of appeal in the Michigan Court of Appeals within 30 days of the issuance 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

Sally A. Talberg, Chairman

John D. Quackenbush, Commissioner

Norman J. Saari, Commissioner

By its action of February 23, 2016.

Mary Jo Kunkle, Executive Secretary

PROOF OF SERVICE

STATE OF MICHIGAN)

Case No. U-12505

County of Ingham)

Derrell Slaughter being duly sworn, deposes and says that on February 23, 2016 A.D. He 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.



Derrell Slaughter

Subscribed and sworn to before me
This 23rd day of February 2016



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

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