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June 25, 2004

***VIA ELECTRONIC TRANSMISSION AND
U.S. FIRST CLASS MAIL***

Ms. Mary Jo Kunkle
Executive Secretary
Michigan Public Service Commission
6545 Mercantile Way
Lansing, Michigan 48909-7721

Re: ***MPSC Case Nos. U-11955; U-12358; U-12891; U-13340***

Dear Ms. Kunkle:

Enclosed for filing with respect to the above case is the Brief of the Association of Businesses Advocating Tariff Equity with a Proof of Service.

Very truly yours,

CLARK HILL PLC

Robert A. W. Strong

Enclosure

cc(w/enc): All Parties of Record
/ag

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STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the application of **Consumers Energy Company**
for authority to recover implementation costs, approval of a
stranded cost true-up methodology, and other relief.

Case No. U-11955

In the matter of the application of **Consumers Energy Company**
to recover implementation costs for the 12 month period ended
December 31, 1999.

Case No. U-12358

In the matter of the application of **Consumers Energy Company**
to recover electric restructuring implementation costs for the
12 month period ended December 31, 2000.

Case No. U-12891

In the matter of the application of **Consumers Energy Company**
to recover electric restructuring implementation costs for the
12 month period ended December 31, 2001.

Case No. U-13340

**BRIEF OF THE ASSOCIATION OF BUSINESSES
ADVOCATING TARIFF EQUITY**

The Association of Businesses Advocating Tariff Equity (“ABATE”), by its attorneys, Clark Hill PLC, files this Initial Brief in accordance with the schedule established by the Michigan Public Service Commission (“Commission”).

I.

ARGUMENT

This case represents another opportunity for the Commission to adopt rates for commercial and industrial customers that will move them further away from cost of service. The Commission should not adopt a rate design that includes an equal cents per kilowatt hour surcharge for all rate and customer classes. Such a surcharge unfairly transfers cost responsibility to high load factor customers which have to pay more than they should for implementation costs.

There may be an ease of administration in adopting an equal cents per kilowatt hour surcharge as a cost recovery mechanism, but rate design using the traditional allocation

methodology preferred by the Commission is a much fairer and appropriate approach. It was followed when designing the nuclear decommissioning surcharges for both Consumers Energy Company (“Consumers”) and The Detroit Edison Company (“Edison”). Implementation costs should be allocated on the basis of the average twelve coincident peaks with 75% on demand and 25% on energy, which is the preferred allocation methodology used by the Commission in all modern rate cases (“12CP 75/25 Methodology”). This methodology more closely follows cost causation which should be the guide for establishing regulated rates.

ABATE asks the Commission to direct Consumers to allocate the costs based upon the traditional 12CP 75/25 Methodology and develop class specific surcharges for the collection of the implementation costs. This method is fair, follows cost causation and is consistent with how the Commission allocates costs in a rate case.

II.

RELIEF

WHEREFORE, ABATE requests the Commission to direct Consumers to allocate the implementation costs based upon the traditional 12CP 75/25 Methodology and develop class specific surcharges which Consumers should immediately file with the Commission.

Respectfully submitted,

CLARK HILL PLC

By:

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Dated: June 25, 2004

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PROOF OF SERVICE

STATE OF MICHIGAN)
)
COUNTY OF OAKLAND)

Audrey L. Gilliatt, being first duly sworn, deposes and says that she filed electronically and/or by U.S. First Class mail, Brief of the Association of Businesses Advocating Tariff Equity in the above docket on the person identified on the attached service list on June 25, 2004.

Audrey L. Gilliatt

Subscribed and sworn to before me
this 25th day of June, 2004

Judith Haffner
Notary Public, Oakland County, MI
Acting in Oakland County, MI

SERVICE LIST
MPSC Case No. U-13340

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