

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the Matter of the Application of
CONSUMERS ENERGY COMPANY
for approval of the unbundling of its

Case No. **U-12970**
(e-file)

commercial and industrial rate schedules.

**INITIAL BRIEF OF THE
MICHIGAN PUBLIC SERVICE COMMISSION STAFF**

Statement of Facts

On June 5, 2001, Consumers Energy Company filed an Application requesting that the Michigan Public Service Commission approve the unbundling of its existing commercial and industrial rate schedules as described in the Application. Attached to the Application was the testimony and exhibits of Steven Gaarde and Thomas Yehl. On August 24, 2001, a prehearing was held. Appearing at the prehearing in addition to the applicant were the Attorney General, Energy Michigan, the Association Advocating Tariff Equity (ABATE), the National Energy Marketing Association, Exelon Energy and the Michigan Public Service Commission Staff. All of the above parties were allowed to intervene and a schedule was agreed to.

On November 26, 2001, a hearing was conducted and the prefiled testimony of Consumers Energy Company along with exhibits were bound into the record without objection. Also, the prefiled testimony of the Staff witness was bound into the record without objection. The record consists of the testimony of three witnesses and three exhibits. The transcripts contains 76 pages of testimony.

Law and Argument

A. Consumers Energy Company

Staff supports the unbundled rates filed by Consumers Energy in these proceedings. Staff's position is that the unbundled rates should be adopted and filed so that they will be available to any customer who cares to examine them. Staff does not recommend the billing of unbundled rates during the period of the rate freeze. Due to the many elements of the rates and the unfamiliar charges, it may not be desirable to print the unbundled rates on the customers' bills, especially in light of the fact that rates were frozen through December 31, 2003 by PA 141. The existing rates are capped through 2004 for small commercial customers and through 2005 for residential rates. Therefore, to bill the unbundled rates would give the appearance that the law was not being followed and could cause some confusion.

B. Staff's Presentation

Staff witness Bailey testified that the utility should apply to unbundle residential rates consistent with the Commission determination regarding unbundling made in this proceeding. "(T)he use of a consistent approach to the unbundling of all rate schedules enhances the value and comparability of the end products."

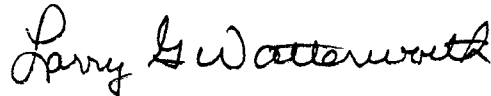
The Staff would recommend that the Commission take actions consistent with Staff's recommendations set forth above.

RELIEF

WHEREFORE, the Michigan Public Service Commission Staff respectfully requests that an order be issued unbundling Consumers Energy Company's existing commercial and industrial full service rates as described in the testimony and exhibits filed in this case. It is also recommended that the Commission require Consumers Energy Company to file an application to unbundle its residential rate schedules.

Respectfully submitted,

**MICHIGAN PUBLIC SERVICE COMMISSION
STAFF**

A handwritten signature in cursive script that reads "Larry G. Watterworth".

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Dated: December 19, 2001

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PROOF OF SERVICE

STATE OF MICHIGAN)
) ss
COUNTY OF INGHAM)

Pamela A. Walters, being first duly sworn, deposes and says that on December 19, 2001, she served a true copy of the Initial Brief of the Michigan Public Service Commission Staff upon the following parties by depositing the same in a United States postal depository enclosed in an envelope bearing postage fully prepaid, plainly addressed as follows:

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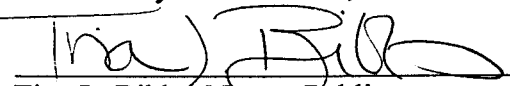
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Pamela A. Walters

Subscribed and sworn to before me
this 19th day of December, 2001.


Tina L. Bibbs, Notary Public
Ingham County, Michigan
My Commission Expires: 11/13/2003