

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the application of
CONSUMERS ENERGY COMPANY
for approval of a power supply cost recovery
plan and authorization of a power supply cost
recovery factor for the calendar year 2006.

Case No. **U-14701**
(e-file/paperless)

**THE MICHIGAN PUBLIC SERVICE COMMISSION STAFF'S
EXCEPTIONS TO THE PROPOSAL FOR DECISION**

The Michigan Public Service Commission Staff, by its counsel, Patricia S. Barone, Assistant Attorney General, files the following Exceptions to the Proposal for Decision issued on May 25, 2006.

The Administrative Law Judge determined that the factor could not include amounts for intra-period under recoveries. Proposal for Decision, pages 37-41. Consequently, the ALJ recommended that a factor \$.00894 per kWh be approved. The \$.00894 is equivalent to Consumers Energy Company's requested factor in its second supplemental, adjusted for the PSCR base change in Case No. U-14347.

Staff supported the Company's proposed factors as reflected on Exhibit A-24. Although the Commission has not permitted intra-period underrecoveries to be collected in a newly approved factor in the past, the Staff recommends that the Commission grant approval in this case due to the particular circumstances presented here. Unlike past cases, this case involves Commission-approved temporary factors in December, 2005, that were intended to minimize rate shock and consequently contributed to the underrecovery Consumers Energy is now asking to collect. In the past, inaccurate cost projections or changed circumstances on the utility's electric system created the intra-period underrecoveries that the utility was precluded from

collecting before a PSCR reconciliation was performed. In this instance, the unintended resulting effect of adopting Staff's 1 mill conservative adjustment contributed to the underrecovery that the Company has proposed be included in the approved factors on Exhibit A-24. If the Commission adopts the factors on Exhibit A-24, the Commission may limit its approval to the particular circumstances of this case involving Commission-approval of a Temporary Order, and the Commission's approval of these factors need not be seen as deviating from its past practice..

In conclusion, Staff continues to request that the Commission adopt its findings and recommendations as set forth in its testimony, exhibits, and briefs.

Respectfully submitted,

**MICHIGAN PUBLIC SERVICE COMMISSION
STAFF**

A handwritten signature in black ink, appearing to read "Patricia S. Barone". The signature is fluid and cursive, with the first name "Patricia" and last name "Barone" clearly distinguishable.

Patricia S. Barone (P29560)
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Dated: June 8, 2006

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PROOF OF SERVICE

STATE OF MICHIGAN)
) ss
COUNTY OF INGHAM)

Linda Andreas, being first duly sworn, deposes and says that on **June 8, 2006**, she served a true copy of the **Michigan Public Service Commission Staff's Exceptions to the Proposal for Decision** upon the following parties via e-mail and 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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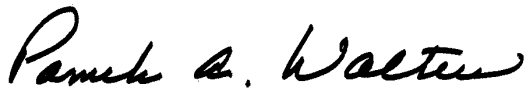
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Linda Andreas

Subscribed and sworn to before me
this 8th day of June, 2006.



Pamela A. Walters, Notary Public
State of Michigan, County of Ionia
Acting in the County of Ingham
My Commission Expires: 02/04/2007