

CONSUMERS ENERGY COMPANY

Explanation of Unbundled Electricity Charges for Residential Customers

(Revised 6/20/08)

CHARGE	DESCRIPTION
<p>Power Supply Charges:</p> <ul style="list-style-type: none"> • Energy Charge • Power Supply Cost Recovery (PSCR) Factor 	<p>Power supply charges are applicable to company full-service customers only. Company full-service customers take power supply (includes generation and transmission costs), service and delivery (includes customer-related and distribution costs) service from the company. Company Retail Open Access (Electric Customer Choice) customers take power supply service from an Alternative Electric Supplier (Retailer) and delivery service from the company. Power supply charges are authorized by the Michigan Public Service Commission (MPSC).</p> <ul style="list-style-type: none"> • A MPSC-authorized charge based upon the electric energy (kWh). Energy charges recover the costs of power production and fuel that are not collected through the capacity (or demand) charge. Some rates separate the energy charge into on-peak and off-peak rates. On-peak hours are the hours between 11 a.m. and 7 p.m. Off-peak hours are the hours between 7 p.m. and 11 a.m. Power supply costs are higher during the on-peak period than they are during the off-peak period. • Michigan Compiled Laws, 460.6 et seq. provides for the incorporation of a Power Supply Cost Recovery factor in rates. Power Supply costs are recovered through a base amount that is included in the capacity and energy charges described above. The remaining costs are recovered through a Power Supply Cost Recovery factor that may vary from month to month and that are reconciled every year to recover the cost of fuel the company uses to generate electricity, the cost of electricity the company purchases and the transmission service the company purchases.
<p>Delivery Charges:</p> <ul style="list-style-type: none"> • System Access Charge • Distribution Charge • Delivery Surcharges 	<p>Delivery charges are applicable to company full-service and Retail Open Access (Electric Customer Choice) customers. Delivery service includes both customer-related and distribution services that are provided by the company. Delivery charges are authorized by the MPSC.</p> <ul style="list-style-type: none"> • A MPSC-authorized charge to recover the costs of metering, meter reading, billings and other customer-related operating costs, exclusive of demand and energy consumption. • A MPSC-authorized charge based upon the electric energy (kWh) used by the customer. This charge recovers costs related to the utility plant used for delivering electric energy from the transmission system to the customer's premises, including operating and maintenance expenses of the distribution plant. • Delivery surcharges include the following items: <ul style="list-style-type: none"> - Electric Customer Choice Implementation Surcharge: 2000 Public Act 141, Section 10a (1) provides for full recovery by a utility of electric restructuring implementation costs as determined by the MPSC. The MPSC approved the surcharge to recover costs incurred in implementing the Retail Open Access (Electric Customer Choice) program in Case Nos. U-11955, U-12358, U-12891 and U-13340 dated June 29, 2004 and in Case No. U-14050 dated June 16, 2005.

