
Facts About Securitization

Since December 2001, Consumers Energy has included two special line items on electric customer bills: Securitization and Securitization Tax.

Following are answers to frequently asked questions about securitization.

Q *What is securitization?*

A Securitization is allowed under Michigan's 2000 electric deregulation law. That law allows Consumers Energy to replace high-interest debt with low-interest bonds, lowering overall costs for customers and other utilities.

Q *Does securitization increase my bill?*

A It may or may not. The securitization charges are updated annually, effective with your December billing, and could fluctuate to either increase or decrease your bill. The company uses a true-up methodology approved by the Michigan Public Service Commission in case orders U-12505 on Oct. 24, 2000, and Jan. 4, 2001, to calculate the updated securitization charges each year.

Q *Why did you add the securitization line items on my bill?*

A The Michigan Public Service Commission requires us to show securitization charges as separate line items on customer bills so we can easily track and report these amounts.

Q *Will the securitization charges remain the same or will they change?*

A Securitization charges will change from year to year and are expected to remain a very small percentage of a customer's total bill.

Q *What is the securitization tax line item on my bill?*

A The securitization tax line item is for income tax we pay on the securitization charge.

Q *Is this a new tax?*

A No. This had been included in the Electric Delivery Charges portion of your bill. Securitization rules require us to display and report this tax separately.

Q *How long will securitization charges be included on my bill?*

A These line items will be shown separately on your bill through 2016.

Q *If I purchase electricity from another supplier, will I still have the securitization charges on my bill?*

A Yes. If Consumers Energy delivers the electricity, securitization charges will be added to customer bills regardless of who supplies the electricity.