

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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In the matter of the application of)
CONSUMERS ENERGY COMPANY)
for a financing order approving the)
securitization of qualified costs.)
_____)

Case No. U-17473

At the July 24, 2018 meeting of the Michigan Public Service Commission in Lansing,
Michigan.

PRESENT: Hon. Sally A. Talberg, Chairman
Hon. Norman J. Saari, Commissioner
Hon. Rachael A. Eubanks, Commissioner

ORDER

In its December 6, 2013 order in this docket (December 6 order), the Commission authorized Consumers Energy Company (Consumers) to securitize up to \$389.6 million of qualified costs pursuant to the issuance of securitization bonds related to the expected costs of early retirement and demolition of BC Cobb units 1-5, Weadock units 7-8, and Whiting units 1-3.¹ Among other issues addressed by the order, the Commission concluded that there must be periodic true-ups of the securitization charges to ensure that the amounts collected are sufficient to service the securitization bonds. The Commission stated:

¹ Consumers filed its application seeking a financing order on September 9, 2013, pursuant to the Customer Choice and Electric Reliability Act, 2000 PA 141 and 2000 PA 142, that, among other things, permit certain utilities the option of reducing costs through the issuance of securitization bonds. See, MCL 460.10 *et seq.*

True-ups of the securitization charges shall be conducted periodically, in accordance with the schedule and the methodology approved in this order. Mid-year true-up results may be implemented immediately for any mid-year true-up that is uncontested.²

As stated in the December 6 order, the 4CP 50/25/25 allocator, as calculated in that proceeding, shall determine each customer class's annual responsibility for the total revenue requirement of the securitization.³ Accordingly, in the event that sales attributable to a particular customer class decrease to zero, this directive necessarily means that Consumers will recalculate the allocator using the 4CP 50/25/25 methodology for future true-ups to ensure that the company remains capable of collecting the required revenues sufficient to timely meet the special purpose entity's bond payment obligation.⁴

On June 11, 2018, Consumers filed its third annual routine true-up adjustment report to reflect new securitization surcharges for the period August 2018 through July 2019. The current and proposed surcharges are set forth on page 2 of Attachment A of Consumers' application (attached to this order as Exhibit A).

The Commission Staff (Staff) reviewed the proposed adjustments contained within the application and concluded that the adjustments are routine, the calculations are accurate, and the proposed adjustments conform to the methodology approved by the Commission.

² See, December 6 order, p. 64, ¶ H. See also, Rule C9.2 of Consumers' electric rate tariff book.

³ The December 6 order, pp. 42-43, refer to "allocation of securitization costs to each rate class based on the most recent Commission approved production allocation (currently 4CP 50/25/25), and then spread to customers within a class based on a uniform kWh surcharge." The most recently approved production allocation as of December 6, 2013, is contained in the June 7, 2012 order in Case No. U-16794, pp. 106-108. As discussed in that order, the 4CP 50/25/25 allocation method consists of a calculation using a formula of 50% weighting of coincident peaks occurring from June through September, 25% weighting of on-peak use, and 25% weighting of total energy use.

⁴ See, December 6 order, p. 62, ¶ D.

After considering Consumers' filing and the Staff's review, the Commission agrees that the proposed adjustments in the application are routine, the calculations are accurate, and the proposed adjustments conform to the approved methodology. Consumers is therefore authorized to implement the adjustments effective for bills rendered on and after the August 2018 billing month.

THEREFORE, IT IS ORDERED that:

A. For bills rendered on and after the August 2018 billing month, Consumers Energy Company shall implement the new securitization charges set forth in Attachment C of its application, attached to this order as Exhibit B.

B. Prior to the August 2018 billing month, Consumers Energy Company shall file with the Commission tariff sheets essentially the same as those set forth in Exhibit B.

The Commission reserves jurisdiction and may issue further orders as necessary.

Any party desiring to appeal this order must do so in the appropriate court within 30 days after issuance and notice of this order, pursuant to MCL 462.26. To comply with the Michigan Rules of Court's requirement to notify the Commission of an appeal, appellants shall send required notices to both the Commission's Executive Secretary and to the Commission's Legal Counsel. Electronic notifications should be sent to the Executive Secretary at mpscedockets@michigan.gov and to the Michigan Department of the Attorney General - Public Service Division at pungpl@michigan.gov. In lieu of electronic submissions, paper copies of such notifications may be sent to the Executive Secretary and the Attorney General - Public Service Division at 7109 W. Saginaw Hwy., Lansing, MI 48917.

MICHIGAN PUBLIC SERVICE COMMISSION

Sally A. Talberg, Chairman

Norman J. Saari, Commissioner

Rachael A. Eubanks, Commissioner

By its action of July 24, 2018.

Kavita Kale, Executive Secretary

MICHIGAN PUBLIC SERVICE COMMISSION
 CONSUMERS ENERGY COMPANY
 U-17473 Securitization True Up

Attachment A
 Page 1 of 2

Line	Description	Amount	Source
Next Period Required Securitization Revenue			
1	Principal Due	\$ 25,655,429	Attachment B Page 2 Line 13
2	Interest Due	8,558,297	Attachment B Page 2 Line 12
3	Fees Due (Est)	461,000	Attachment B Page 2 Line 14
4	Capital Subaccount Replenishment	-	Attachment B Page 2 Line 5
5	Total	\$ 34,674,726	
True Up Period Actual Securitization Revenue			
6	Cash Collected	\$ 34,673,095	Attachment B Page 1 Line 2
True Up Period Actual Securitization Costs			
7	Principal Due	\$ 25,318,018	Attachment B Page 1 Line 13
8	Interest Due	8,895,708	Attachment B Page 1 Line 12
9	Fees Due (Est)	370,973	Attachment B Page 1 Line 14
10	Capital Subaccount Replenishment	-	Attachment B Page 1 Line 5
11	Required General Subaccount Funding	(1,037,712)	Footnote ¹
12	Total	\$ 33,546,987	
13	Next Period Securitization Charge	\$ 33,548,618	Line 5 less Line 6 plus Line 12

Footnotes:

- 1 To allow for fluctuations in sales while still disbursing cash at required payment dates, additional cash must be added to the forecasted collections. \$3M would represent roughly 9% of total cash disbursements for the year. The amount on line 11 represents the additional cash required to maintain cash levels at or above \$3M at all times in the forecast period.

Line	Rate Class (a)	Allocation (b)	Allocated Securitization Charge Amount (c)	Sales (d)	Rate (e)	Current Securitization Charge (f)	Proposed Securitization Charge (g)
1	Residential	42.0%	\$ 14,077,000	12,307,809,973	Rate RS	\$ 0.001162	\$ 0.001144
2					Rate RDP	\$ 0.001162	\$ 0.001144
3					Rate RDPR	\$ 0.001162	\$ 0.001144
4					Rate RT	\$ 0.001162	\$ 0.001144
5					Rate REV-1	\$ 0.001162	\$ 0.001144
6					Rate REV-2	\$ 0.001162	\$ 0.001144
7	Secondary	25.3%	\$ 8,481,091	7,446,134,299	Rate GS	\$ 0.001187	\$ 0.001139
8					Rate GSTU	\$ 0.001187	\$ 0.001139
9					Rate GSD	\$ 0.001187	\$ 0.001139
10	Primary	32.4%	\$ 10,859,688	13,380,025,539	Rate GP		
11					CVL 1	\$ 0.000809	\$ 0.000812
12					CVL 2	\$ 0.000809	\$ 0.000812
13					CVL 3	\$ 0.000809	\$ 0.000812
14					Rates GPD, GPTU, EIP and GSG-2		
15					CVL 1	\$ 0.000809	\$ 0.000812
16					CVL 2	\$ 0.000809	\$ 0.000812
17	CVL 3	\$ 0.000809	\$ 0.000812				
18	Lighting/Other	0.4%	\$ 130,840	227,353,329	Rate GML	\$ 0.000576	\$ 0.000575
19					Rate GUL	\$ 0.000576	\$ 0.000575
20					Rate GU-XL	\$ 0.000576	\$ 0.000575
21					Rate GU	\$ 0.000576	\$ 0.000575
22					Rate PA	NA	NA
23					Rate ROA-R	NA	NA
24					Rate ROA-S	NA	NA
25					Rate ROA-P	NA	NA
26	Total	100.00%	\$ 33,548,618	33,361,323,140			

POWER PLANT SECURITIZATION CHARGE

The actual Power Plant Securitization Charge is authorized pursuant to Rule C9.1, Power Plant Securitization Charges, Initial Implementation and True-up Methodology. The Power Plant Securitization Charge is billed to all full service customers, shown in the rate schedules identified below, based upon usage. This charge shall be shown separately on the customer's bill.

The actual Power Plant Securitization Charge applied to customers' bills is as follows:

<u>Rate Schedule</u>	<u>Power Plant Securitization Charge (Case No. U-17473) Effective beginning with the August 2018 Billing Month</u>
Rate RS	\$ 0.001144/kWh
Rate RDP	0.001144/kWh
Rate RDPR	0.001144/kWh
Rate RT	0.001144/kWh
Rate REV-1	0.001144/kWh
Rate REV-2	0.001144/kWh
Rate GS	0.001139/kWh
Rate GSTU	0.001139/kWh
Rate GSD	0.001139/kWh
Rate GP	
CVL 1	0.000812/kWh
CVL 2	0.000812/kWh
CVL 3	0.000812/kWh
Rates GPD, GPTU, EIP and GSG-2	
CVL 1	0.000812/kWh
CVL 2	0.000812/kWh
CVL 3	0.000812/kWh
Rate GML	0.000575/kWh
Rate GUL	0.000575/kWh
Rate GU-XL	0.000575/kWh
Rate GU	0.000575/kWh
Rate PA	NA
Rate ROA-R ⁽¹⁾	NA
Rate ROA-S ⁽¹⁾	NA
Rate ROA-P ⁽¹⁾	NA

⁽¹⁾ Customers taking ROA service on December 6, 2013 are excluded from the Power Plant Securitization Charge. This exclusion does not apply to customers first taking ROA service after December 6, 2013 or to customers taking service on December 6, 2013 who discontinue taking ROA service any time after December 6, 2013. Customers who discontinue taking ROA service any time after December 6, 2013 and who return to ROA service will pay the Power Plant Securitization Charge applicable to the customer's otherwise applicable Company Full Service Rate Schedule.

Issued XXXXXX XX, 2018 by
Patti Poppe,
President and Chief Executive Officer,
Jackson, Michigan

Effective for bills rendered on and after
the Company's August 2018 Billing Month

Issued under authority of the
Michigan Public Service Commission
dated XXXXXX XX, 2018
in Case No. U-17473