

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) | Case No. U-17473 |
| of qualified costs.) | |
| _____) | |

At the July 7, 2022 meeting of the Michigan Public Service Commission in Lansing,
Michigan.

PRESENT: Hon. Daniel C. Scripps, Chair
Hon. Tremaine L. Phillips, Commissioner
Hon. Katherine L. Peretick, 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: “True-ups of the securitization charges shall be

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; the Michigan Administrative Procedures Act, 1969 PA 306; and 1939 PA 3 that, among other things, permit certain utilities the option of reducing costs through the issuance of securitization bonds. *See*, MCL 460.10 *et seq.*, 24.201 *et seq.*, and 460.1 *et seq.*

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 4 coincident peak (CP) 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 10, 2022, Consumers filed its annual routine true-up adjustment application to reflect new securitization surcharges for the period of August 2022 through July 2023. The current and proposed surcharges are set forth on page 2 of Attachment A to Consumers’ application (attached to this order as Exhibit A).

² See, December 6 order, p. 64, ¶ H, approving Rule C9.2 of Consumers’ electric rate tariff book. As of October 16, 2017, Rule C9.2 is referenced as Rule C9.1 in 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 [kilowatt-hour] 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.

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.

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 2022 billing month.

THEREFORE, IT IS ORDERED that:

A. For bills rendered on and after the August 2022 billing month, Consumers Energy Company shall implement the new securitization charges set forth in Attachment C of its June 10, 2022 application, attached to this order as Exhibit B.

B. Prior to the August 2022 billing month, Consumers Energy Company shall file with the Commission a tariff sheet essentially the same as that 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

Daniel C. Scripps, Chair

Tremaine L. Phillips, Commissioner

Katherine L. Peretick, Commissioner

By its action of July 7, 2022.

Lisa Felice, Executive Secretary

| Line | Description | Amount | Source |
|---|--|---------------|---------------------------------|
| Next Period Required Securitization Revenue | | | |
| 1 | Principal Due | \$ 28,320,848 | Attachment B Page 2 Line 13 |
| 2 | Interest Due | 5,892,878 | Attachment B Page 2 Line 12 |
| 3 | Fees Due (Est) | 396,500 | Attachment B Page 2 Line 14 |
| 4 | Capital Subaccount Replenishment | - | Attachment B Page 2 Line 5 |
| 5 | Total | \$ 34,610,226 | |
| True Up Period Actual Securitization Revenue | | | |
| 6 | Cash Collected | \$ 35,762,729 | Attachment B Page 1 Line 2 |
| True Up Period Actual Securitization Costs | | | |
| 7 | Principal Due | \$ 27,502,054 | Attachment B Page 1 Line 13 |
| 8 | Interest Due | 6,711,672 | Attachment B Page 1 Line 12 |
| 9 | Fees Due (Est) | 361,200 | Attachment B Page 1 Line 14 |
| 10 | Capital Subaccount Replenishment | - | Attachment B Page 1 Line 5 |
| 11 | Required General Subaccount Funding | 862,876 | Footnote ¹ |
| 12 | Total | \$ 35,437,802 | |
| 13 | Next Period Securitization Charge | \$ 34,285,299 | 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. The amount on line 11 represents the additional cash required to maintain cash levels at a reasonable level 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% | \$ 14,386,111 | 12,518,496,757 | Rate RSP | \$ 0.001197 | \$ 0.001149 |
| 2 | | | | | Rate RSH | \$ 0.001197 | \$ 0.001149 |
| | | | | | Rate RSM | \$ 0.001197 | \$ 0.001149 |
| 3 | Secondary | 25.3% | \$ 8,667,324 | 6,789,888,198 | Rate RPM | \$ 0.001197 | \$ 0.001149 |
| 4 | | | | | Rate GS | \$ 0.001256 | \$ 0.001277 |
| 5 | | | | | Rate GSTU | \$ 0.001256 | \$ 0.001277 |
| 6 | Primary | 32.4% | \$ 11,098,151 | 13,443,296,081 | Rate GSD | \$ 0.001256 | \$ 0.001277 |
| 7 | | | | | Rate GP | | |
| 8 | | | | | CVL 1 | \$ 0.000906 | \$ 0.000826 |
| 9 | | | | | CVL 2 | \$ 0.000906 | \$ 0.000826 |
| 10 | | | | | CVL 3 | \$ 0.000906 | \$ 0.000826 |
| 11 | | | | | Rates GPD, GPTU, EIP,LTILRR,LED, and GSG-2 | | |
| 12 | | | | | CVL 1 | \$ 0.000906 | \$ 0.000826 |
| 13 | | | | | CVL 2 | \$ 0.000906 | \$ 0.000826 |
| 14 | | | | | CVL 3 | \$ 0.000906 | \$ 0.000826 |
| 15 | | | | | Lighting/Other | 0.4% | \$ 133,713 |
| 16 | Rate GUL | \$ 0.000661 | \$ 0.000695 | | | | |
| 17 | Rate GU-LED | \$ 0.000661 | \$ 0.000695 | | | | |
| 18 | Rate GU | \$ 0.000661 | \$ 0.000695 | | | | |
| 19 | Rate PA | NA | NA | | | | |
| 20 | Rate ROA-R | NA | NA | | | | |
| 21 | Rate ROA-S | NA | NA | | | | |
| 22 | Rate ROA-P | NA | NA | | | | |
| 23 | Total | 100.00% | \$ 34,285,299 | 32,944,101,318 | | | |

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:

| Rate Schedule | Power Plant Securitization Charge (Case No. U-17473) Effective beginning with the August 2022 Billing Month |
|-----------------------------------|--|
| Rate RSP | \$0.001149 /kWh |
| Rate RSH | 0.001149 /kWh |
| Rate RPM | 0.001149 /kWh |
| Rate RSM | 0.001149 /kWh |
| Rate GS | 0.001277/kWh |
| Rate GSTU | 0.001277/kWh |
| Rate GSD | 0.001277/kWh |
| Rate GP | |
| CVL 1 | 0.000826/kWh |
| CVL 2 | 0.000826/kWh |
| CVL 3 | 0.000826/kWh |
| Rates GPD, GPTU, EIP and GSG-2 | |
| CVL 1 | 0.000826/kWh |
| CVL 2 | 0.000826/kWh |
| CVL 3 | 0.000826/kWh |
| Rate LED | 0.000826/kWh |
| Rate LTILRR | 0.000826/kWh |
| Rate GML | 0.000695/kWh |
| Rate GUL | 0.000695/kWh |
| Rate GU-LED | 0.000695/kWh |
| Rate GU | 0.000695/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.

PROOF OF SERVICE

STATE OF MICHIGAN)

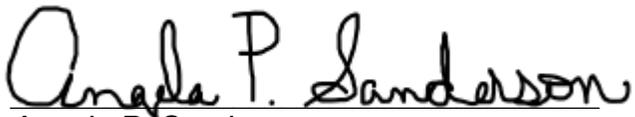
Case No. U-17473

County of Ingham)

Brianna Brown being duly sworn, deposes and says that on July 7, 2022 A.D. she electronically notified the attached list of this **Commission Order via e-mail transmission**, to the persons as shown on the attached service list (Listserv Distribution List).


Brianna Brown

Subscribed and sworn to before me
this 7th day of July 2022.



Angela P. Sanderson
Notary Public, Shiawassee County, Michigan
As acting in Eaton County
My Commission Expires: May 21, 2024

Service List for Case: U-17473

| Name | Email Address |
|---------------------------------|-------------------------------|
| Bret A. Totoraitis | bret.totoraitis@cmsenergy.com |
| Consumers Energy Company 1 of 2 | mpsc.filings@cmsenergy.com |
| Consumers Energy Company 2 of 2 | michael.torrey@cmsenergy.com |