

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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 7, 2023 meeting of the Michigan Public Service Commission in Lansing,
Michigan.

PRESENT: Hon. Daniel C. Scripps, Chair
Hon. Katherine 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 conducted periodically, in accordance with the schedule and the methodology approved in this

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.*, MCL 24.201 *et seq.*, and MCL 460.1 *et seq.*

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 9, 2023, Consumers filed its annual routine true-up adjustment report to reflect new securitization surcharges for the period of August 2023 through July 2024. 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, 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, refers 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, was 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 2023 billing month.

THEREFORE, IT IS ORDERED that:

A. For bills rendered on and after the August 2023 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 2023 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 mpscdockets@michigan.gov and to the Michigan Department of 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

Katherine L. Peretick, Commissioner

By its action of July 7, 2023.

Lisa Felice, Executive Secretary

Line	Description	Amount	Source
Next Period Required Securitization Revenue			
1	Principal Due	\$ 29,166,474	Attachment B Page 2 Line 13
2	Interest Due	5,047,252	Attachment B Page 2 Line 12
3	Fees Due (Est)	401,500	Attachment B Page 2 Line 14
4	Capital Subaccount Replenishment	-	Attachment B Page 2 Line 5
5	Total	\$ 34,615,226	
True Up Period Actual Securitization Revenue			
6	Cash Collected	\$ 34,462,764	Attachment B Page 1 Line 2
True Up Period Actual Securitization Costs			
7	Principal Due	\$ 28,320,848	Attachment B Page 1 Line 13
8	Interest Due	5,892,878	Attachment B Page 1 Line 12
9	Fees Due (Est)	401,743	Attachment B Page 1 Line 14
10	Capital Subaccount Replenishment	-	Attachment B Page 1 Line 5
11	Required General Subaccount Funding	(455,450)	Footnote ¹
12	Total	\$ 34,160,020	
13	Next Period Securitization Charge	\$ 34,312,482	Line 5 less Line 6 plus Line 12

Footnotes:

¹ Cash balances are impacted by fluctuations in sales and scheduled payments. The amount on line 11 represents the cash adjustment necessary to maintain cash balances 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%	\$ 14,397,518	12,544,569,218	Rate RSP	\$ 0.001149	\$ 0.001148
2					Rate RSH	\$ 0.001149	\$ 0.001148
					Rate RSM	\$ 0.001149	\$ 0.001148
3	Secondary	25.3%	\$ 8,674,195	7,070,907,740	Rate RPM	\$ 0.001149	\$ 0.001148
4					Rate GS	\$ 0.001277	\$ 0.001227
5					Rate GSTU	\$ 0.001277	\$ 0.001227
6	Primary	32.4%	\$ 11,106,950	12,912,876,610	Rate GSD	\$ 0.001277	\$ 0.001227
7					Rate GP		
8					CVL 1	\$ 0.000826	\$ 0.000860
9					CVL 2	\$ 0.000826	\$ 0.000860
10					CVL 3	\$ 0.000826	\$ 0.000860
11					Rates GPD, GPTU, EIP,LTILRR,LED, and GSG-2		
12					CVL 1	\$ 0.000826	\$ 0.000860
13	CVL 2	\$ 0.000826	\$ 0.000860				
14	CVL 3	\$ 0.000826	\$ 0.000860				
15	Lighting/Other	0.4%	\$ 133,819	187,836,469	Rate GML	\$ 0.000695	\$ 0.000712
16					Rate GUL	\$ 0.000695	\$ 0.000712
17					Rate GU-LED	\$ 0.000695	\$ 0.000712
18					Rate GU	\$ 0.000695	\$ 0.000712
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%	\$ 34,312,482	32,716,190,037			

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 2023 Billing Month
Rate RSP	\$0.001148 /kWh
Rate RSH	0.001148 /kWh
Rate RPM	0.001148 /kWh
Rate RSM	0.001148 /kWh
Rate GS	0.001227/kWh
Rate GSTU	0.001227/kWh
Rate GSD	0.001227/kWh
Rate GP	
CVL 1	0.000860/kWh
CVL 2	0.000860/kWh
CVL 3	0.000860/kWh
Rates GPD, GPTU, EIP and GSG-2	
CVL 1	0.000860/kWh
CVL 2	0.000860/kWh
CVL 3	0.000860/kWh
Rate LED	0.000860/kWh
Rate LTILRR	0.000860/kWh
Rate GML	0.000712/kWh
Rate GUL	0.000712/kWh
Rate GU-LED	0.000712/kWh
Rate GU	0.000712/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)

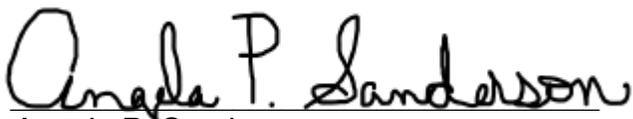
Case No. U-17473

County of Ingham)

Brianna Brown being duly sworn, deposes and says that on July 7, 2023 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 2023.



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	On Behalf of	Email Address
Bret A. Totoraitis	Consumers Energy Company	bret.totoraitis@cmsenergy.com
Consumers Energy Company (1 of 2)	Consumers Energy Company	mpsc.filings@cmsenergy.com
Consumers Energy Company (2 of 2)	Consumers Energy Company	michael.torrey@cmsenergy.com