

UTILITY CONSUMER PARTICIPATION BOARD

December 7, 2009

MINUTES

A meeting of the Utility Consumer Participation Board was held Monday, December 7, 2009 in the Ottawa Building, 4th Floor Training Room, Lansing, Michigan.

I. Call to Order

Sister Monica Kostielney called the meeting to order at 10:29 a.m. Board members present: Alexander Isaac (via telephone); Sister Monica Kostielney and Harry Trebing (via telephone). Members absent: March Shulman. Others present: Michelle Wilsey, Board Assistant; David Shaltz, Residential Ratepayer Consortium; Don Keskey, Public Interest Research Group in Michigan and Michigan Community Action Agency Association; Leah Hall, Citizens Against Rate Excess; Wes VanMalsen, DELEG; James Ault, Michigan Electric & Gas Association; Lori Penn, Court Reporter.

II. Agenda

Isaac moved, second by Trebing and motion carried to approve the agenda as printed.

III. Minutes

Isaac moved, second by Trebing and motion carried to approve minutes of October 5, 2009 as printed.

IV. Correspondences (Received and placed on file)

Kostielney noted the following materials were received and provided to the board for their review and consideration.

- A. Supplemental Report of MEC/PIRGIM (Keskey)
- B. AAAAM Stats (Shaltz)
- C. Transcript UCPB Meeting 10/5/09 (Penn)
- D. MEC's Partial Final Case Status Report for UCPB Grants of FY-2009 (Bzdok)
- E. 2008 UCPB Annual Report to the Legislature (Isaac, Wilsey, Bennett)
- F. Case Report, Consumers Energy Electric Rate Case No. U-15645 (MEC/PIRGIM grants 09-01 through 09-04; and previous grants involving nuclear legacy and Spent Nuclear Fuel (SNF) issues) (Keskey)
- G. Case Report, Consumers Energy Electric Rate Case No. U-15611 (MEC/PIRGIM grants 09-01 through 09-04; and previous grants involving nuclear legacy and Spent Nuclear Fuel issues) (Keskey)
- H. Major Actions Summary 10_05_09 UCPB Meeting (Wilsey)
- I. Minutes 10_05_09 UCPB Meeting (Wilsey)

Wilsey noted that additional items received after the submission date will be recorded on the next agenda. Items distributed at the meeting included case status report from MCAA on UCRF grants 09-05, and UCRF grants 10-06, 10-07, 10-08, and also a case status report from CAREs.

Kostielney noted that the 2008 annual report was done well and would have served as the material to be presented to the legislature. Regrettably the meeting was cancelled.

V. New Business

- A. *PIRGIM/MCAA Budget Amendment Request (Keskey)* – Wilsey noted that the budget amendment requests were separated into three parts. Keskey explained that part 1 of the budget request was for the addition of CECO case U-15645 and new funds in the total amount of \$2,805 to UCRF Grant 10-05 (PIRGIM). This was a case included in the original PIRGIM 2010 grant request with a funding in the amount of \$12,726. This request however was withdrawn by the grantee at the August 24, 2009 meeting. The grantee requested the opportunity to renew the request subject to the availability of funds from the board. The request was resubmitted on November 30th, 2009 in the original amount of \$12,726. Upon review of the request, Wilsey informed the grantee that the remaining funds held by the board for this grant year is \$2,805. Keskey reported that he then submitted a revised budget for this request in the amount of \$2,805. Keskey explained that the purpose of the request was to preserve successes on the nuclear waste issues and the Palisades refund issues. They expected rehearing petitions in the case, and in fact, there were. PIRGIM filed a rehearing petition on a calculation error that they felt was made that should increase the rate reduction by \$4.5 million. Other issues are preserved for possible appeal. PIRGIM requests these funds to defend the Commission's order on these important issues and bridge the gap until perhaps the next budget year. Keskey reported that since the budget ran out last May, all of the case work, including the hearings and all briefing in this case, were done on a pro bono basis, including the rehearing petition we filed last Wednesday, December 2nd. Keskey further noted that note that the effort in this case on the nuclear waste issues in the Consumers Energy rate case in U-15645 was undertaken on a pro bono basis by himself and the expert witness and was not funded by anybody else; in other words, there was no other funding from MEC or from anyone else. He further noted that in the Big Rock decommissioning case, U-15611, which is the subject of his November 11, 2009, memo, that the funding in that case also ran out long before the hearings and before the briefing and the exceptions, and that all of that work was done on a pro bono basis by himself and the expert witness, all the hearings and all the briefing, and was not funded by anybody else. Kostielney noted that she would like pro bono efforts recorded in the minutes and noted in the annual report. Wilsey requested that grantees quantify and document any uncompensated work and/or matching contributions and submit it to the board for inclusion in the annual report. She also noted that it was important for determining and supporting the appropriation requested from the legislature. Keskey made a correction on my statement about U-15611. From approximately May through the hearings and through the initial briefs, it was all done on a pro bono basis. The board had provided for a budget starting October 1, 2009, which was able to then start picking up the funding for U-15611 starting with the reply briefs, and then will also provide our ability to respond to the extensive exceptions that Consumers Energy filed last Friday, December 4. He stated, "because of the importance of the issues, we just would not give up on these issues and we wanted to follow through, we can't drop these issues because we don't have funding. But now we, the bridge is over and we now have funding for U-15611 prospective October 1. That only can be used prospectively. Isaac moved, second by Trebing and motion carried to approve the PIRGIM budget amendment request for the addition of CECO case U-15645 and new funds in the total amount of \$2,805 (\$ 2,520 legal, \$260 expert, \$425 admin) to UCRF Grant 10-05 (PIRGIM). Trebing asked what funds remain following the approval of this budget amendment. Wilsey responded that there are no remaining funds available for

grants until October 1, 2011. Trebing asked if sufficient funds were available for administrative commitments. Wilsey noted that administrative funding was already deducted and accounted for separately from that available for grants. The amount available for grants was fully committed with this approval. Keskey explained that the second part of the budget request was for a budget transfer of the remaining funds from MichCon GCR Plan U-15701 and CECO GCR Plan U-15704 to CECO gas rate case U-15986 in the total amount of \$7,645.70. This reflects the expected work to be done in the cases. Isaac asked if there was any representation by the attorney general's office at the meeting to comment on the transfer. Kostielney confirmed there was not. Isaac moved, second by Trebing and motion carried to approve the budget amendment request to transfer remaining funds from MichCon GCR Plan U-15701 and CECO GCR Plan U-15704 to CECO gas rate case U-15986 in the total amount of \$7,645.70, not to exceed the actual remaining funds available per the confirmation of DELEG, with the breakdown of transfers as follows:

<u>Decrease Budgets of</u>		
MichCon U-15701	-\$2,474.50	(-\$1,800 legal, -650 expert, -24.50 admin)
CECO U-15704	-\$5,171.20	(-\$2,520 legal, -2,600 expert, -51.20 admin)
Total Decrease	-\$7,645.70	(-4,320 legal, -3,250 expert, -75.70 admin)
<u>Increase Budget of</u>		
CECO U-15986	\$7,645.70	(\$4,320 legal, 3,250 expert, 75.70 admin)

The third part of the request for supplemental grant request for UCRF Grant 10-06 (MCAA) was withdrawn due to lack of available funds.

B. 2010 UCPB Board Meeting schedule and deadlines - Kostielney presented the proposed UCPB 2010 bi-monthly meeting schedule for approval of the board. The schedule includes meeting dates and corresponding deadlines for submission of materials for the meeting. All proposed meeting dates are the first Monday of the month beginning in February with the exception of April which is proposed as the second Monday, and a meeting on August 24, the fourth Monday for 2011 grant review. The submission dates are three weeks prior to the scheduled meeting with the exception of the 2011 grants which are due one month prior to the meeting date. Isaac moved, second by Trebing and motion carried to approve the 2010 UCPB meeting schedule with corresponding submission dates as follows:

<u>Meeting Date</u>	<u>Materials/Agenda Requests</u>
Feb 1, 2010 (Mon)	Jan 11, 2010 (Mon)
Apr 12, 2010 (Mon)	Mar 22, 2010 (Mon)
Jun 7, 2010 (Mon)	May 17, 2010 (Mon)
Aug 2, 2010 (Mon)	Jul 12, 2010 (Mon)
Aug 23, 2009 (Mon)	Jul 23, 2010 (Fri)
Oct 4, 2010 (Mon)	Sept 13, 2010 (Mon)

Dec 6, 2010 (Mon)

Nov 15, 2009 (Mon)

Isaac moved, second by Trebing and motion carried to approve the 2011 UCRF Grant Submission schedule as follows: 2011 grant applications to be considered for approval at the August 23, 2011 meeting are due on or before July 23, 2010. Additional applications or requests will be considered subject to the availability of funds. Kostielney noted that the board may want to consider some limits or constraints in the future, noting that amendments to existing grants should probably take priority over new grants, and perhaps the time frame for requesting new grants should not be open-ended. However, she raises it for thought and discussion at a later time.

Isaac moved, second by Trebing and motion carried to approve the 2009 UCRF Annual Report schedule as follows:

<u>February 1, 2010</u>	<u>Grantee data submissions for calendar year 2009 due</u>
<u>April 12, 2010</u>	<u>Draft annual report due to board</u>
<u>June 7, 2010</u>	<u>Draft final report due to board</u>
<u>On or before July 1, 2010</u>	<u>Final report signed by UCPB submitted to legislature by DELEG.</u>

Isaac stressed and Kostielney reinforced the importance of timely submission of material and the annual report to the legislature.

VI. Old Business –None.

VII. Public Comment

Wilsey acknowledged the successes achieved by Keskey on cases that received UCRF funding for several years. She commented that it was a long-fought battle that produced significant benefits for ratepayers. She also reported that the board was invited to appear before the Senate Energy and Public Utilities Committee. Materials were prepared to present to the committee. The meeting ultimately was cancelled but may be rescheduled. Kostielney suggested the board consider extending an invitation to the Senate Energy and Public Utilities Committee to attend a future meeting of the board for purposes of education and information. She felt it would serve to benefit us, and more importantly, serve to benefit the citizens on whose behalf we do this work and on whose behalf the grants work for them. Trebing inquired as to whether the background memo he prepared dated December 3 had been distributed to the board. Wilsey noted that she had not received the memo yet – just the notes provided over the telephone. Trebing summarized the three points he made in the memo and agreed to mail a hard copy. Kostielney noted that the points raised by Trebing could be incorporated into the invitation extended to the legislature. Additional discussion related to a possible future invitation to appear before the Senate Energy and Public Utilities Committee and an invitation to the committee to attend a UCPB board meeting ensued. Isaac moved, second by Trebing and motion carried to invite a member of the Senate Energy Policy on Public Utilities Committee to the UCPB meeting scheduled February 1, 2010.

Trebing raised the issue of trying to develop a cost/benefit ratio or analysis of UCRF funded activities for the past five years. Isaac expressed concern that it would be difficult and very time consuming to compile reliable information using a new methodology. Significant discussion ensued with no specific decision or recommendation made. Kostielney requested the attorney general's office be contacted and a direct report on all our activities be conveyed to them for review.

VIII. Next meeting

A. The next regular meeting of the UCPB is scheduled Monday, February 1, 2010, 10:00 a.m.

IX. Adjournment – Meeting adjourned at 11:21 a.m.