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February 1, 2011

Honorable Rick Snyder
Governor of Michigan

Honorable Members of the Senate

Honorable Members of the House of Representatives

The enclosed annual report for 2010, *Status of Electric Competition in Michigan*, is submitted on behalf of the Michigan Public Service Commission in accordance with Section 10u of 2000 PA 141, MCL 460.10u, and represents the ninth year of electric choice in Michigan. The report is available on the Commission's website at michigan.gov/mpsc.

During 2010, the Consumers Energy Company service territory had over 1,000 customers participating in the electric choice program and the Detroit Edison service territory had over 6,300 choice customers participating. The electric choice programs for both companies were fully subscribed at the 10 percent cap throughout the year.

To date, Michigan remains one of about 16 states that have full or limited restructuring of the competitive electric market. In comparison to the 10 largest states, Michigan was benchmarked as having the seventh lowest average retail electricity rates for residential customers, the seventh lowest for commercial customers, and the fifth lowest for industrial customers.

In 2010, the Commission issued numerous orders that adhere to the established framework for Michigan's electric customer choice programs and support the provisions of Public Act 141 of 2000 and Public Acts 286 and 295 of 2008.

Highlights of the report include:

- Approximately 7,470 commercial and industrial customers in the Detroit Edison and Consumers Energy service territories participated in Michigan's customer choice programs, representing 2,043 MW of total sales.
- Description of the orders issued pertaining to alternative electric suppliers, implementation of new energy laws, associated rate cases, power supply cost recoveries, securitization and optimization surcharges, etc.
- There were a total of 23 licensed alternative electric suppliers in Michigan during 2010.
- The administration and allocation of electric load allowed to be served by alternative electric suppliers with respect to the 10 percent cap on electric choice pursuant to Public Act 286 of 2008 is monitored and annually reviewed.

Statutory changes and policy decisions with respect to electric customer choice can have complex ramifications for the citizens and economy of Michigan. The Commission remains committed to working with legislative members and staff to help ensure that the best possible public policy for Michigan is achieved.

Very truly yours,

Orjiakor N. Isiogu, Chairman
Michigan Public Service Commission

Monica Martinez, Commissioner
Michigan Public Service Commission

Greg R. White, Commissioner
Michigan Public Service Commission

STATUS OF ELECTRIC COMPETITION IN MICHIGAN

Report for Calendar Year 2010

Orjiakor N. Isiogu, Chairman
Monica Martinez, Commissioner
Greg R. White, Commissioner

MICHIGAN PUBLIC SERVICE COMMISSION
Department of Energy, Labor & Economic Growth

February 1, 2011



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Introduction

The Customer Choice and Electricity Reliability Act (2000 PA 141, referred to throughout as “PA 141” or “Act 141”) requires the Michigan Public Service Commission (Commission) to file a report with the Governor and the Legislature by February 1 each year.

The report is to include a discussion of the following topics, pursuant to MCL 466.10u:

- a) The status of competition for the supplying of electricity in Michigan;
- b) Recommendations for legislation, if any;
- c) Actions taken by the Commission to implement measures necessary to protect consumers from unfair or deceptive business practices by utilities, alternative electric suppliers, and other market participants; and
- d) Information regarding customer education programs approved by the Commission to inform customers of all relevant information regarding the purchase of electricity and related services from alternative electric suppliers.

An important goal of PA 141 is to have competition within the electric industry by offering Michigan customers the opportunity to purchase electric generation services from either an alternative electric supplier (AES) or their incumbent electric provider. The Commission does not regulate the prices charged by an AES for its services. Thus, customers may choose an AES based upon its rates or they may choose a regulated utility rate.

Public Act 286 of 2008 (Act 286) was enacted on October 6, 2008 and amended PA 141. Section 10a(1)(a) of Act 286 requires limiting the amount of electricity that can be obtained from AESs to “no more than 10 % of an electric utility’s average weather adjusted retail sales for the preceding calendar year.” As a result, the Commission outlined the specific procedures pertaining to the 10 percent cap, and also established the details of the electric choice Cap Tracking System that utilities are required to make available on their websites.¹

¹ Order dated September 29, 2009 in Case No. U-15801.

I. Status of Competition for Electric Supply

A. Overview

Retail Open Access (referred to throughout as “ROA” or “electric customer choice”) for all customers of Michigan investor-owned electric utilities took effect on January 1, 2002. Thus, 2010 was the ninth full year of electric choice in Michigan. Customers in Michigan are currently participating in electric choice programs offered by Consumers Energy Company (Consumers Energy) and The Detroit Edison Company (Detroit Edison). Consumers Energy and Detroit Edison provide distribution service to approximately 90 percent of the state’s electric customers. To date, alternative electric suppliers have not offered services to customers of the smaller jurisdictional utilities.

Michigan is one of about 16 states that had full or limited restructuring of retail electricity markets in 2010.² In Michigan, Act 286 of 2008 limited electric choice participation to 10 percent of an electric utility’s average weather adjusted retail sales for the preceding year. Each year, the average weather adjusted retail sales will be taken into consideration in order for the 10 percent cap to be accurately established.

Specific information pertaining to the status of choice participation can be found at the respective websites for [Detroit Edison](#) and [Consumers Energy](#).

² Chart 1 (Appendix 1, p. 1).

1. Michigan's Electric Choice Program

During 2010, Michigan's electric customer choice program was available to all customers of regulated electric utilities, excluding members of electric cooperatives with loads of one megawatt or less.³ However, AESs did not offer services in any utility service territories other than Consumers Energy and Detroit Edison. As of December 31, 2010, there were 7,470 commercial and industrial customers participating in the Detroit Edison and Consumers Energy electric choice programs (up from 5,424 in 2009). This represented 2,043 MW of the total energy usage in the combined Detroit Edison and Consumers Energy service territories (up from 1,558 MW in 2009).

Commercial and industrial customers in the service territories of Detroit Edison and Consumers Energy accounted for virtually all of the participation in the electric choice programs again in 2010. Despite being allowed for retail customers of a rural electric cooperative with a peak load of one megawatt or above, retail competition has yet to occur in areas served by rural electric cooperatives.

2. Electric Prices

The status of competitive retail access in the United States has remained somewhat constant for the past several years with only a few exceptions. Unlike deregulated states located primarily in the eastern United States, Michigan's current retail electric market consists of a regulated utility sector that maintains regulation of most utility generation costs and a competitive customer choice sector. As a result, Michigan's ranking of rates relative to other states has remained fairly constant since the enactment of PA 141.

³ MCL 460.10x and MCL 460.10y outline different requirements for implementation of customer choice for cooperatively owned and municipal electric utilities. MCL 460.10x allows any retail customer of a rural electric cooperative with a peak of 1 megawatt or above to select an alternative electric supplier. MCL 460.10y provides that the governing body of a municipally owned utility determines whether it will permit choice programs in its service territory.

When comparing weighted average rates, Michigan's electric rates were below the national weighted average and the average of the 10 largest states for commercial retail customers. Michigan's electric rates for residential retail customers and industrial retail customers were higher than the national weighted average by \$0.0095/kWh and \$0.0039/kWh respectively.⁴ As compared to states with restructured electric markets, Michigan's retail electric rates rank fifth lowest for the residential sector (improved from eighth lowest in 2009), fifth lowest for the commercial sector (improved from sixth lowest in 2009), and fourth lowest for the industrial sector (improved from eighth lowest in 2009).⁵

B. Alternative Electric Suppliers

There were 23 licensed AESs in Michigan at the end of 2010. The 2010 activities reflect the addition of two new AES licenses, and the voluntary relinquishment of three AES licenses. During 2010, the Commission approved AES licenses to Geary Energy, LLC and DPL Energy Resources, Inc. The Commission also approved the requests of Royal Bank of Scotland, CMS Energy Resource Management Company (f/k/a CMS Marketing, Services and Trading Company), and American PowerNet Management, L.P. to relinquish their licenses.⁶

There were six AESs in the Consumers Energy territory, and 10 AESs in the Detroit Edison territory actively serving commercial and industrial customers in 2010.⁷ The number of AESs actively serving customers in each of the respective company's service territories remained the same from 2009 to 2010.

⁴ Chart 8 (Appendix 1, Fig. 1-3, pp. 11 and 12).

⁵ Chart 6 (Appendix 1, Fig. 1-6, pp. 6-8).

⁶ Royal Bank of Scotland's license was relinquished December, 2010 in Case No. U-15604. CMS Energy Resource Management's license was relinquished March 2, 2010 in Case No. U-12827. American PowerNet Management's license was relinquished January 25, 2010 in Case No. U-14818.

⁷ Chart 2 (Appendix 1, p. 2), Chart 4 (Appendix 1, p. 4), and Appendix 3.

C. Load Serviced by the Retail Open Access Programs

As noted, retail open access mainly serves commercial and industrial loads. Typical choice participants are large industrial manufacturers and mid-size commercial customers including retailers, restaurants, healthcare facilities, school systems and other service providers. The number of residential choice customers in the Detroit Edison and Consumers Energy service territories is negligible.

1. Consumers Energy Electric Customer Choice Program

The number of customers and the electricity demand in MW served by each AES in the Consumers Energy electric customer choice program at the end of each year is shown in Chart 2 (Appendix 1, p. 2). The electric choice load served in the Consumers Energy service territory at year-end 2010 totaled 807 MW as compared to 793 MW in 2009. There were 1,083 customers served by AESs in 2010 compared to 1,092 in 2009.⁸

Additional information depicting trends in the Consumers Energy customer choice program is included in Appendix 1. Chart 3 (Appendix 1, p. 3) shows the trend in the number of customers participating and the load served in the Consumers Energy electric choice program on a monthly basis, from July 2009 through December 2010.

2. The Detroit Edison Electric Customer Choice Program

The number of customers and the electricity demand in MW served by each AES in the Detroit Edison electric customer choice program at the end of the year is shown in Chart 4 (Appendix 1, p. 4). The electric choice load served in the Detroit Edison service territory at

⁸ Chart 3 (Appendix 1, p. 3).

year-end 2010 totaled 1,236 MW as compared to 765 MW in 2009. Similarly, the number of customers served by AESs totaled 6,387 in 2010 compared to 4,332 in 2009.

Additional information depicting trends in the Detroit Edison customer choice program is included in Appendix 1. Chart 5 (Appendix 1, p. 5) shows the trend in the number of customers' participation and the load served in Detroit Edison's electric choice program on a monthly basis, from July 2009 through December 2010.

D. Benchmarking Electric Prices

This year's report again provides additional benchmarking data that compares Michigan's electric prices to those of other states. This information is reflected in the charts contained in Appendix 1 of the report. Chart 6 (Appendix 1, Fig. 1-6, pp. 6, 7 and 8) reflects the average 2000 and 2010 residential, commercial, and industrial rates of the various states. In 2010, Michigan's retail rates ranked fifth lowest in commercial and residential averages and fourth lowest in industrial averages as compared to other restructured states. The commercial and industrial rankings in 2010 are both improved from the rankings reflected in those sectors from 2000. The residential ranking in 2010 is the same as it was in 2000 but is improved from 2009.

Additionally, a comparison of the average retail electricity rates for the 10 largest states by population (IL, GA, OH, MI, PA, FL, TX, NC, CA and NY) indicates that Michigan had the seventh lowest retail electric rates based on customer class during 2010 for commercial and residential customers and the fifth lowest retail electric rates based on customer class for industrial customers.⁹ North Carolina had the lowest residential rates and Ohio had the lowest industrial rates, while Illinois had the lowest commercial rates in 2010. It should be noted, however, that these benchmarks do not benchmark against actual or total bill costs to customers. Therefore, differences in weather or energy usage (especially in light of the implementation of

⁹ Chart 7 (Appendix 1, Fig. 1-3, pp. 9 and 10).

Michigan's Energy Optimization programs) are not fully reflected by simple a kWh to kWh comparison.

Michigan's retail electricity rates have been compared to the 10 largest states over time from 2000 to 2010.¹⁰ The weighted average residential retail rate was \$0.1248/kWh in 2010 compared to the 10 largest states average of \$0.1238/kWh. The weighted average residential retail rate for Michigan was also higher than the 2010 national average of \$0.1153/kWh. A similar, yet more favorable comparison of commercial retail rates showed Michigan's weighted average rate of \$0.1010/kWh was below the 10 largest states (\$0.1080/kWh) and the national average (\$0.1022/kWh). Michigan's industrial retail rates of \$0.0720/kWh were above the national weighted average rate of \$0.0681/kWh in 2010, but below the 10 largest states weighted average of \$0.0738/Kwh.¹¹

II. Commission Action Related to Electric Customer Choice and Consumer Protection

The Commission issued orders in 2010 that relate to the initial implementation of PA 141 and the continuing effect of this Act can be generally categorized as follows:

- Two orders approving new AES licenses;
- Three orders approving relinquishment of AES licenses;
- 12 orders pertaining to Power Supply Costs and Reconciliations;
- 13 orders involving Rate Cases and Self-Implementation issues;
- 11 orders dealing with Energy Optimization plans; and
- Eight orders related to Renewable Energy Plans and Net Metering.

See Appendix 2 for a complete list and further detail on these orders.

These orders further supported and implemented the framework for Michigan's electric customer choice programs, the provisions of Act 141 and the amendments of Act 286 and Act

¹⁰ Chart 8 (Appendix 1, Fig. 1-3, pp. 11 and 12).

¹¹ Source: <http://www.eia.doe.gov/fuelelectric.html>.

295.¹² Throughout the year, the Commission issued orders that approved and rescinded licenses for AESs, adjusted AES load allocations and administered the requirements and guidelines for implementation of the 10 percent choice cap pursuant to Act 286. Specifically, in its order dated September 29, 2009 in Case No. U-15801, the Commission approved procedures with regard to the administration and allocation of electric load allowed to be served by an alternative electric supplier. These provisions related to Act 286 were reviewed by Staff throughout 2010, and remain in effect.

The Commission's order makes clear that electric choice customers that were served by an AES would not be automatically returned to utility service in the event that the 10 percent choice cap was exceeded due to a reduction in utility sales during the year. As of January 28, 2011, Consumers Energy has 1,800 customers representing 1,621,348 MWh in the queue and Detroit Edison has 1,100 customers representing 669,598 MWh in the queue.

III. Commission Action on Customer Education

The Commission held a series of Consumer Forums in seven cities throughout the state during the fall of 2010. The Consumer Forums were designed to inform consumers about the latest information related to electric and natural gas rates for the winter and the status of local and long distance telephone service. Attendees were welcome to ask questions and express concerns pertaining to service quality or other utility issues. The seven forum cities included Traverse City, Sault Ste Marie, Southfield, Kalamazoo, Greenville, Flint and Detroit.

¹² Commission orders are available on the Commission [website](#). Documents and orders associated with many cases are available in the [MPSC Electric Case Filings system](#). Orders associated with AES filings for 2010, are listed in Appendix 2.

IV. Michigan Renewable Energy Programs

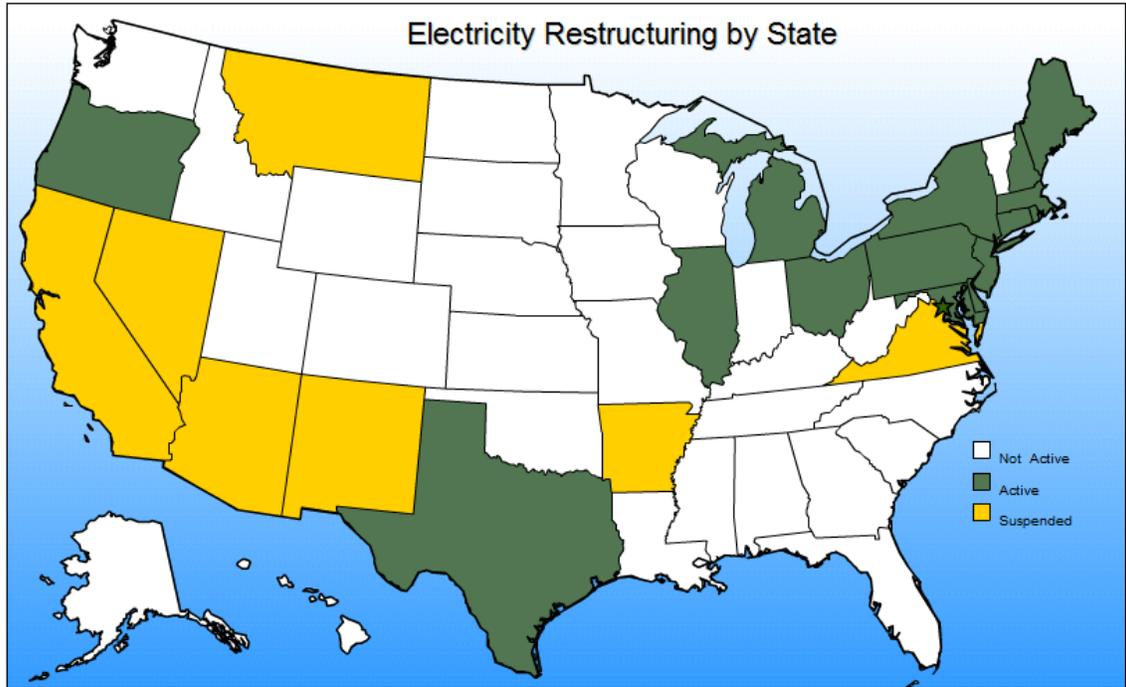
In accordance with PA 295 of 2008, every electric energy provider, including AESs, were required to file plans detailing how they would meet the state's new renewable energy standard. All AESs serving customers complied with this requirement. For those not yet serving customers, the Commission allowed them to file such a plan upon commencement of service to customers.

V. Recommendations for Legislation

The Commission has no recommendations for new or modified legislation at this time. With the passage of the energy legislation in late 2008, many issues were addressed. The Commission intends to continue to monitor and participate in the federal regulatory process as it relates to electric supply infrastructure serving Michigan. The Commission will apprise the Governor and the Legislature of any developments that may require further action.

APPENDIX 1

Chart 1



Source: Energy Information Administration

Source: Energy Information Administration, 2010.

Chart 2

AES Customers in Consumers Energy Service Territory, Year End

AES Name	Number of Customers						MW Served					
	2005	2006	2007	2008	2009	2010	2005	2006	2007	2008	2009	2010
CMS ERM	2	2	0	0	0	0	2	2	0	0	0	0
Constellation	671	416	405	402	602	592	151	98	95	90	275	300
Direct Energy Business ¹	323	110	163	133	46	42	46	10	19	15	4	3
Integritys ²			52	50	165	164			19	19	88	85
MidAmerican ³	4	2	0	0	0	0	1	0	0	0	0	0
Nordic ⁴	12	0	0	0	0	0	8	0	0	0	0	0
Quest	96	33	0	0	0	0	105	32	0	0	0	0
Noble Americas Energy Solutions ⁷	43	23	31	49	252	257	49	27	17	39	217	207
Spartan Renewable Energy				1	1	1				10	10	9
Wolverine Power Marketing	21	19	21	21	26	27	157	129	164	161	200	203
WPS	21	4	0	0	0	0	32	1	0	0	0	0
Totals ⁶	1,193	609	672	656	1,092	1,083	552 ⁵	300 ⁵	315 ⁵	332 ⁵	794	807

Note: ¹On September 1, 2008, Strategic Energy, LLC, changed its name to Direct Energy Business, LLC.

²On February 21, 2007, Integritys Energy Group Inc merged with WPS Resources Corporation and Peoples Energy Corporation.

³In 2006, the load served by MidAmerican was .09 MW.

⁴The companies formerly known as Nordic Energy and Nordic Electric were restructured in 2004. Nordic operated in Michigan most recently as Nordic Marketing, LLC. For purposes of this report, all Nordic companies are combined in this one row.

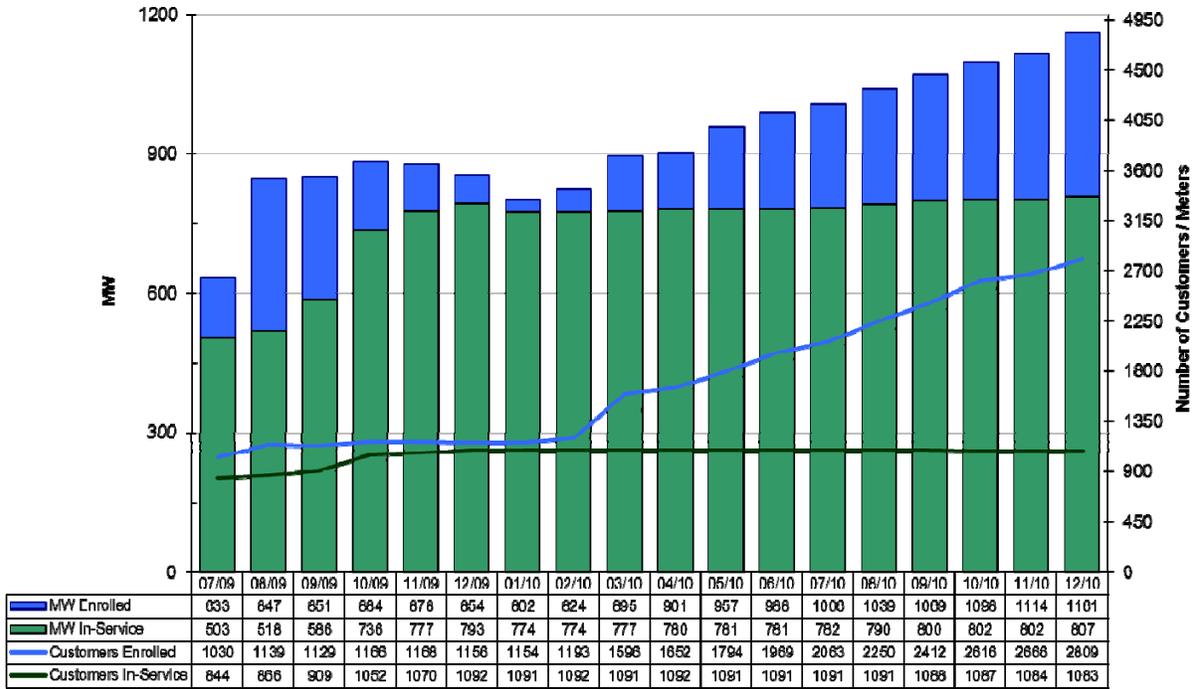
⁵Total does not add correctly due to rounding.

⁶The number of customers and MW served in 2001, 2002, 2003 and 2004 are available in the *Status of Electric Competition in Michigan* report for 2006.

⁷On November 1, 2010, Sempra Energy Solutions, LLC, changed its name to Noble Americas Energy Solutions, LLC.

Chart 3

**Consumers Energy Electric Customer Choice Program Activity
(Cumulative Numbers of Customers & MW, Enrolled and In-Service, by Month)
July 2009 - December 2010**



Source: Consumers Energy Company, December 2010.

Chart 4

AES Customers in Detroit Edison Service Territory, Year End

AES Name	Number of Customers						MW Served					
	2005	2006	2007	2008	2009	2010	2005	2006	2007	2008	2009	2010
CMS ERM MI	11	11	11	4	4	4	261	261	261	53	53	53
Commerce ¹	3,070	1,244	806	507	374	337	104	33	20	13	9	8
Constellation	3,582	2,492	2,071	1,579	1,284	1,512	532	342	296	234	285	342
Dillon	2	0	0	0	0	0	<1	0	0	0	0	0
Direct Energy Business ²	3,068	1,084	676	488	718	753	237	69	40	29	111	117
Energy International	613	443	115	0	0	0	28	17	4	0	0	0
Exelon	42	28	0	0	0	0	8	3	0	0	0	0
FirstEnergy Solution	956	620	116	44	119	351	118	73	17	8	36	256
Glacial Energy of Illinois, Inc. ⁷					979	1,636					71	153
IntegrYS ³			350	401	456	595			45	62	82	96
Metro Energy	2	2	0	0	0	0	13	13	0	0	0	0
MidAmerican	806	304	2	1	59	56	31	13	<1	<1	23	22
Nordic ⁴	10	0	0	0	0	0	<1	0	0	0	0	0
Premier	207	0	0	0	0	0	19	0	0	0	0	0
Quest	774	246	0	0	0	0	104	32	0	0	0	0
Noble Americas Energy Solutions ⁸	16	8	14	35	337	1,141	5	1	11	27	82	173
Wolverine Power Marketing	2	2	2	2	2	2	13	14	13	13	13	13
WPS	503	159	0	0	0	0	49	18	0	0	0	0
Totals ⁶	13,664	6,643	4,163	3,061	4,332	6,387	1,524	889	708	438 ⁵	765	1,236

Note ¹In 2005, Electric-America changed the company name to Commerce Energy Inc.

²On September 1, 2008, Strategic Energy, LLC, changed its name to Direct Energy Business, LLC.

³On February 21, 2007, IntegrYS Energy Group, Inc., merged with WPS Resources Corporation and Peoples Energy Corporation.

⁴The companies formerly known as Nordic Energy and Nordic Electric were restructured in 2004. Nordic operated in Michigan as both Nordic Marketing, LLC. For purposes of this report, all Nordic companies are combined in this one row.

⁵Total does not add correctly due to rounding.

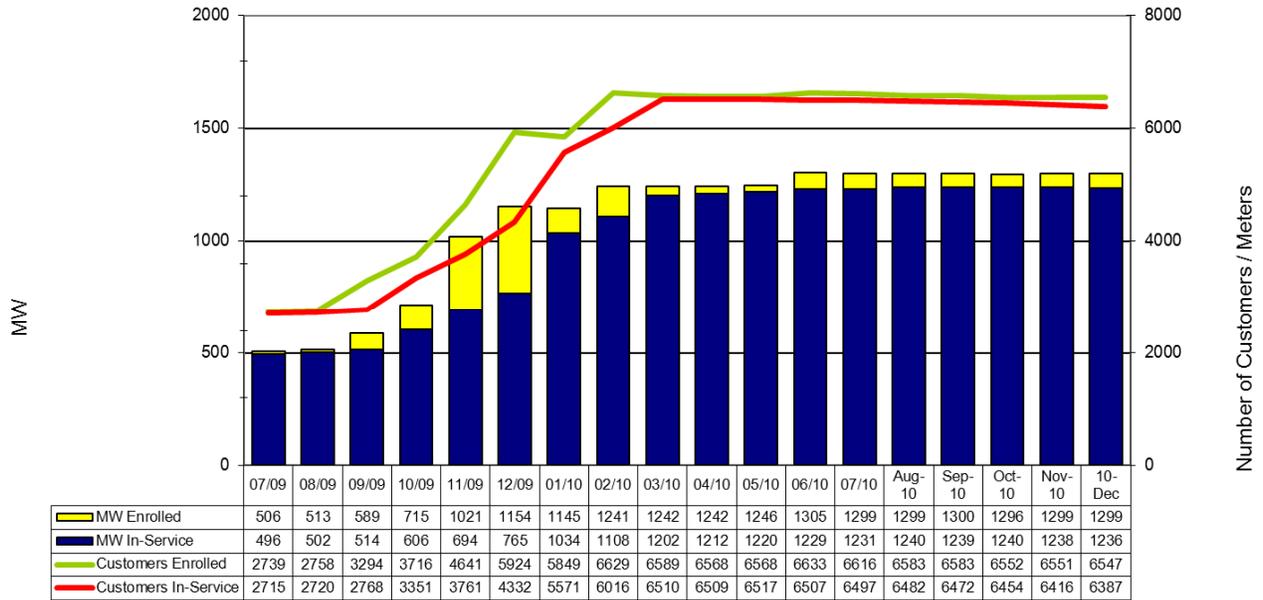
⁶The number of customers and MW served in 2001, 2002, 2003 and 2004 are available in the *Status of Electric Competition in Michigan* report for 2006.

⁷On June 29, 2009, Glacial Energy of Michigan, Inc., changed its name to Glacial Energy of Illinois, Inc.

⁸On November 1, 2010, Semptra Energy Solutions, LLC, changed its name to Noble Americas Energy Solutions, LLC.

Chart 5

**Detroit Edison Electric Customer Choice Program Activity, as of 01/03/2011
(Cumulative Numbers of Customers & MW, Enrolled and In-Service, by Month)**



Source: The Detroit Edison Company, January 2011.

Chart 6

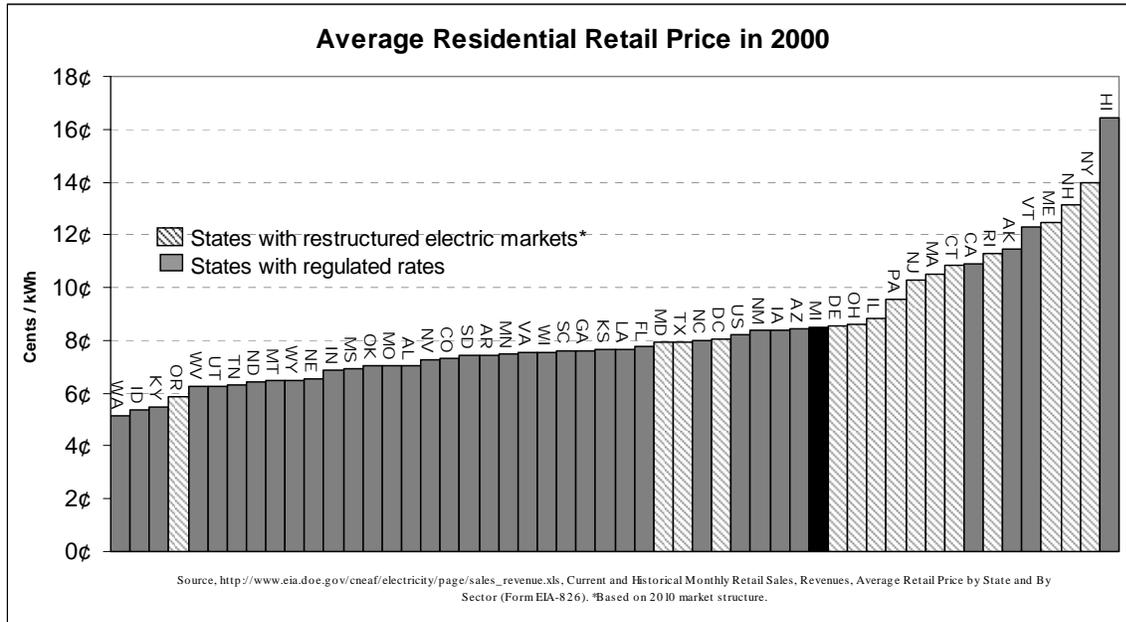


Fig. 1

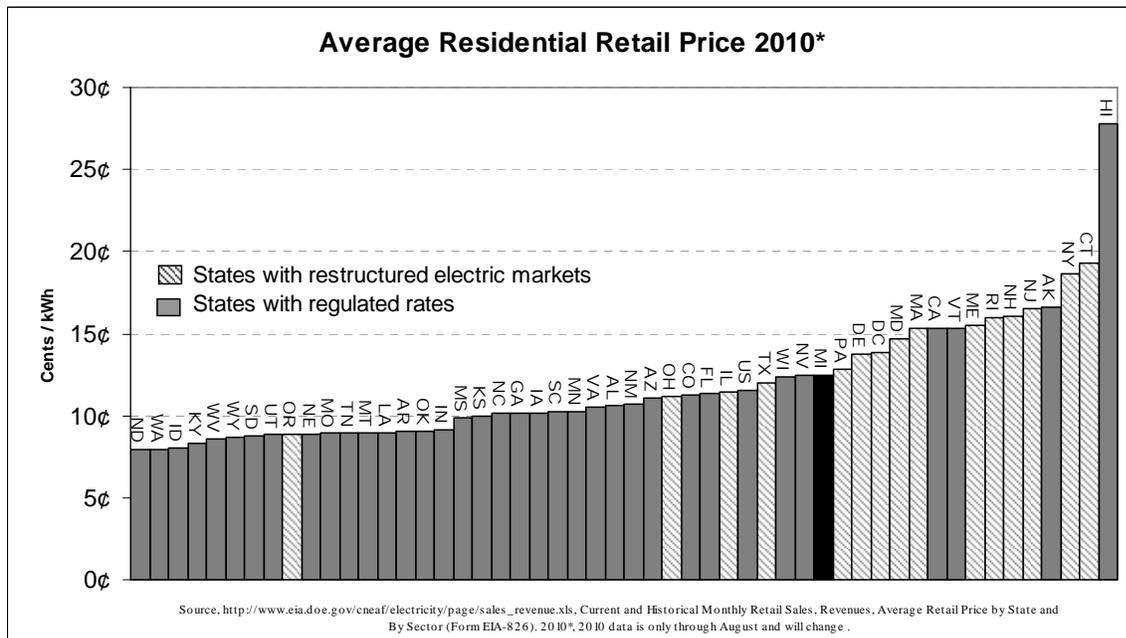


Fig. 2

Chart 6

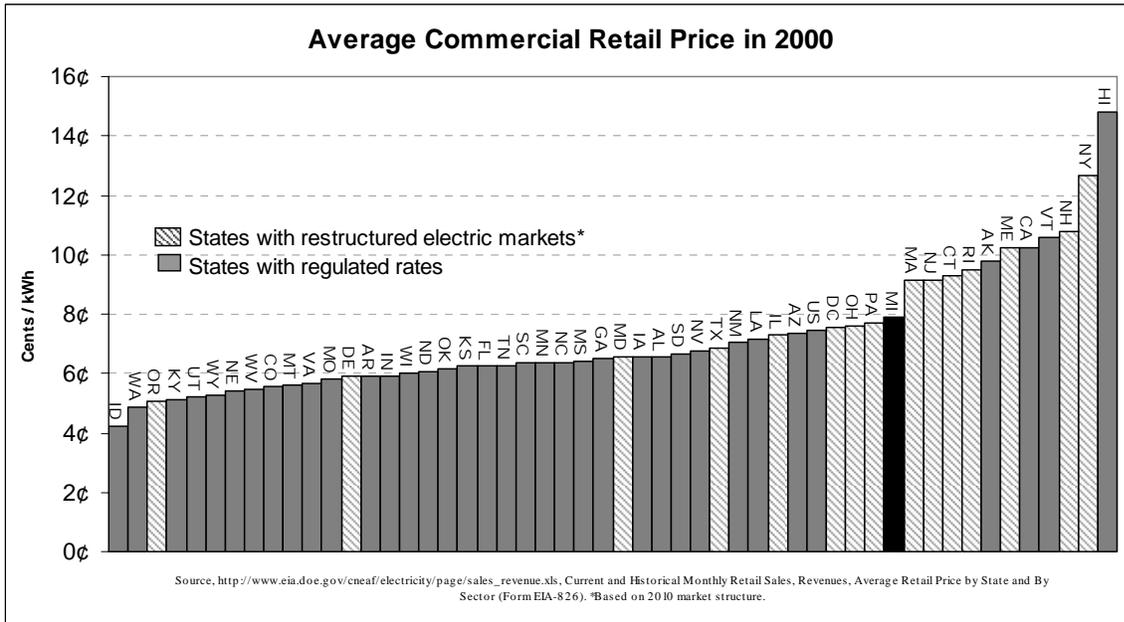


Fig. 3

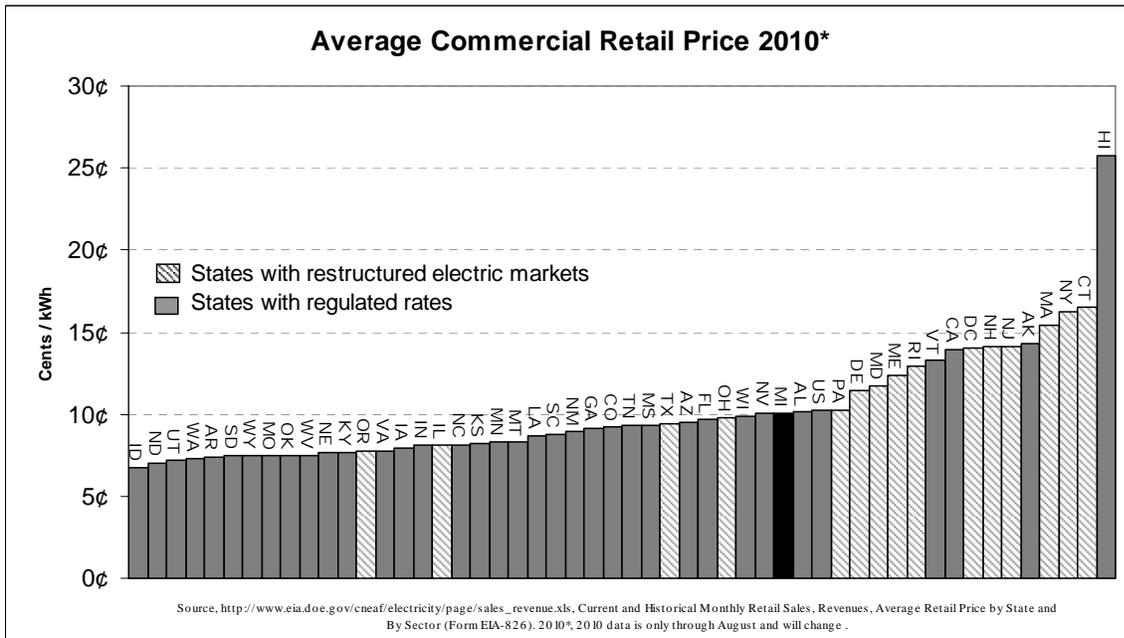


Fig. 4

Chart 6

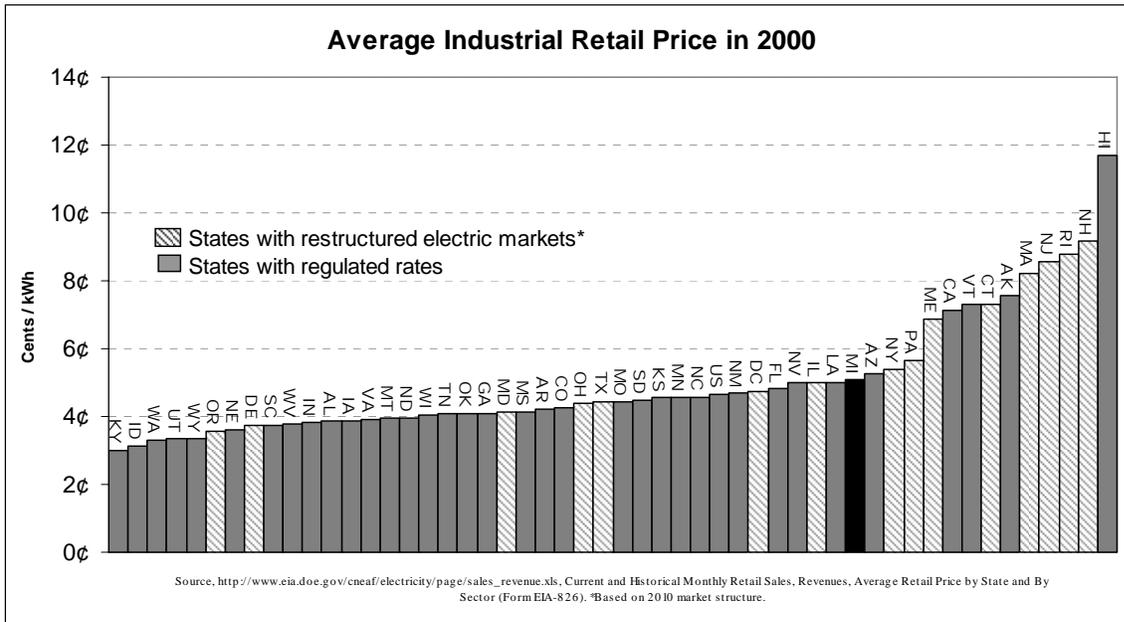


Fig. 5

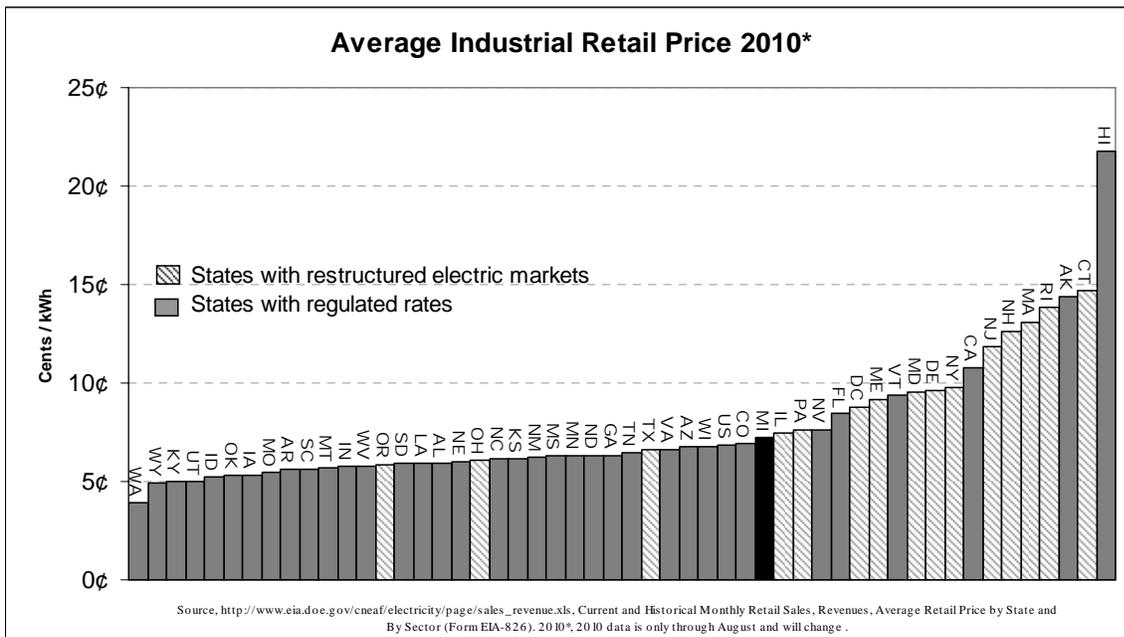
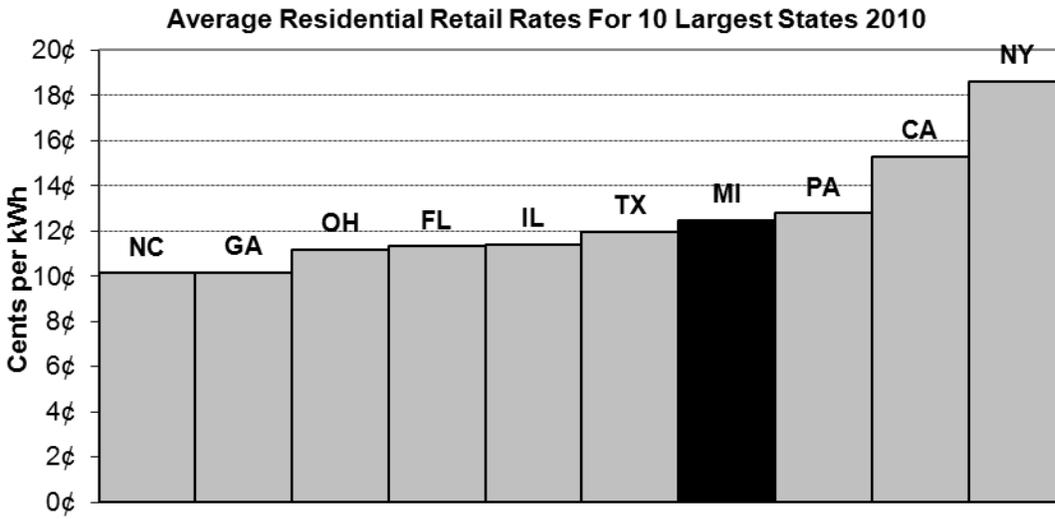


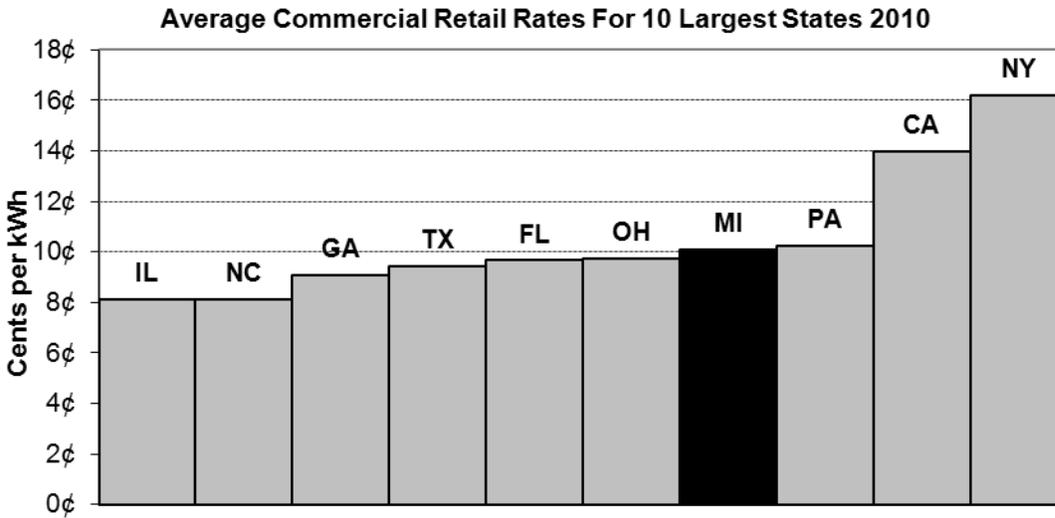
Fig. 6

Chart 7



Source, http://www.eia.doe.gov/cneaf/electricity/page/sales_revenue.xls.

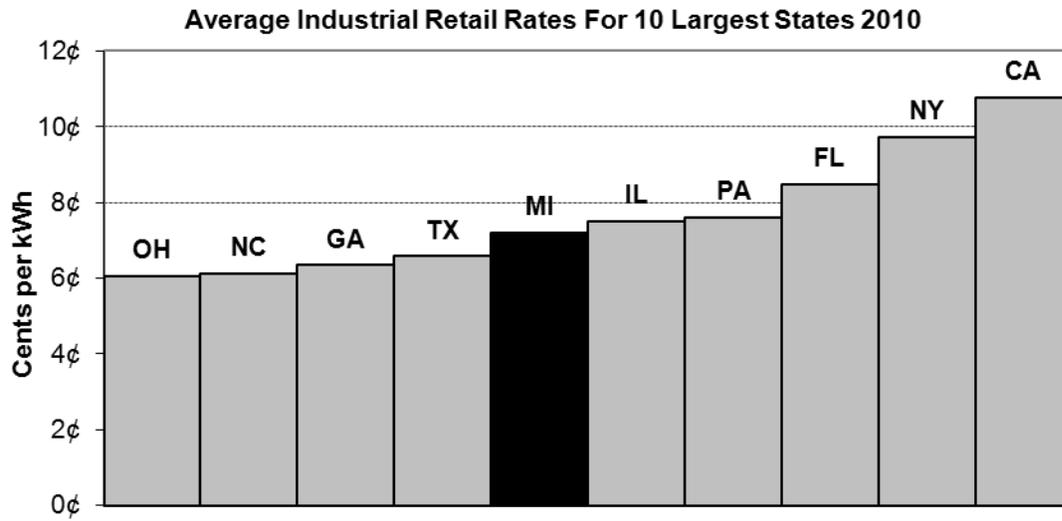
Fig. 1



Source, http://www.eia.doe.gov/cneaf/electricity/page/sales_revenue.xls.

Fig.2

Chart 7

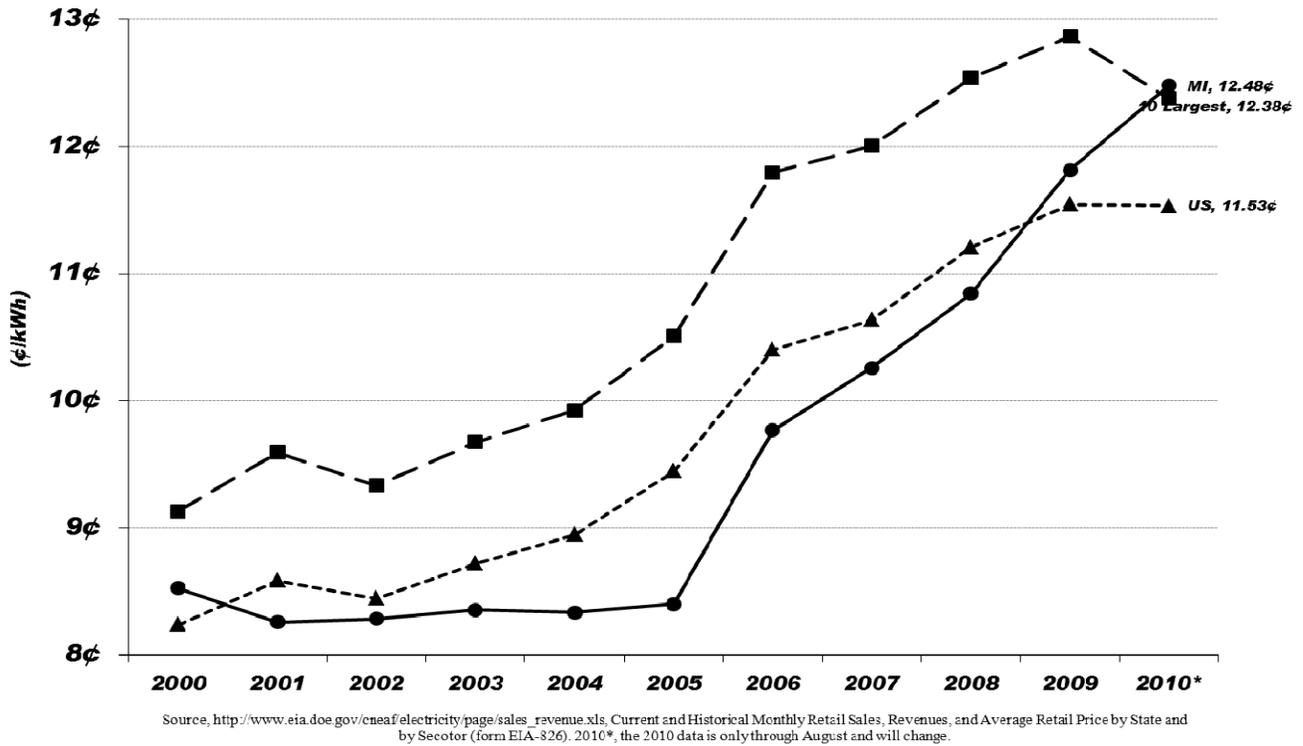


Source, http://www.eia.doe.gov/cneaf/electricity/page/sales_revenue.xls.

Fig. 3

Chart 8

Weighted Average Residential Retail Rate For 10 Largest States 2000 - 2010*



Weighted Average Industrial Retail Rate For 10 Largest States 2000 - 2010*

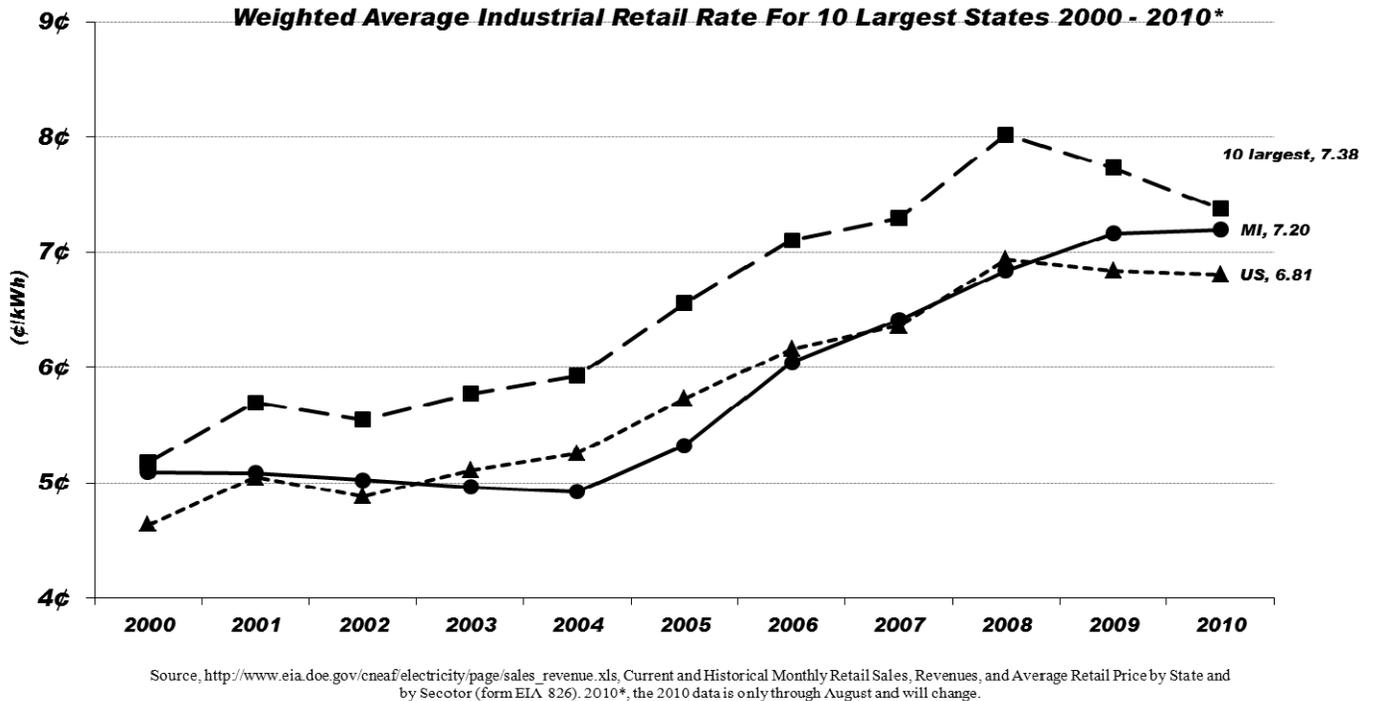
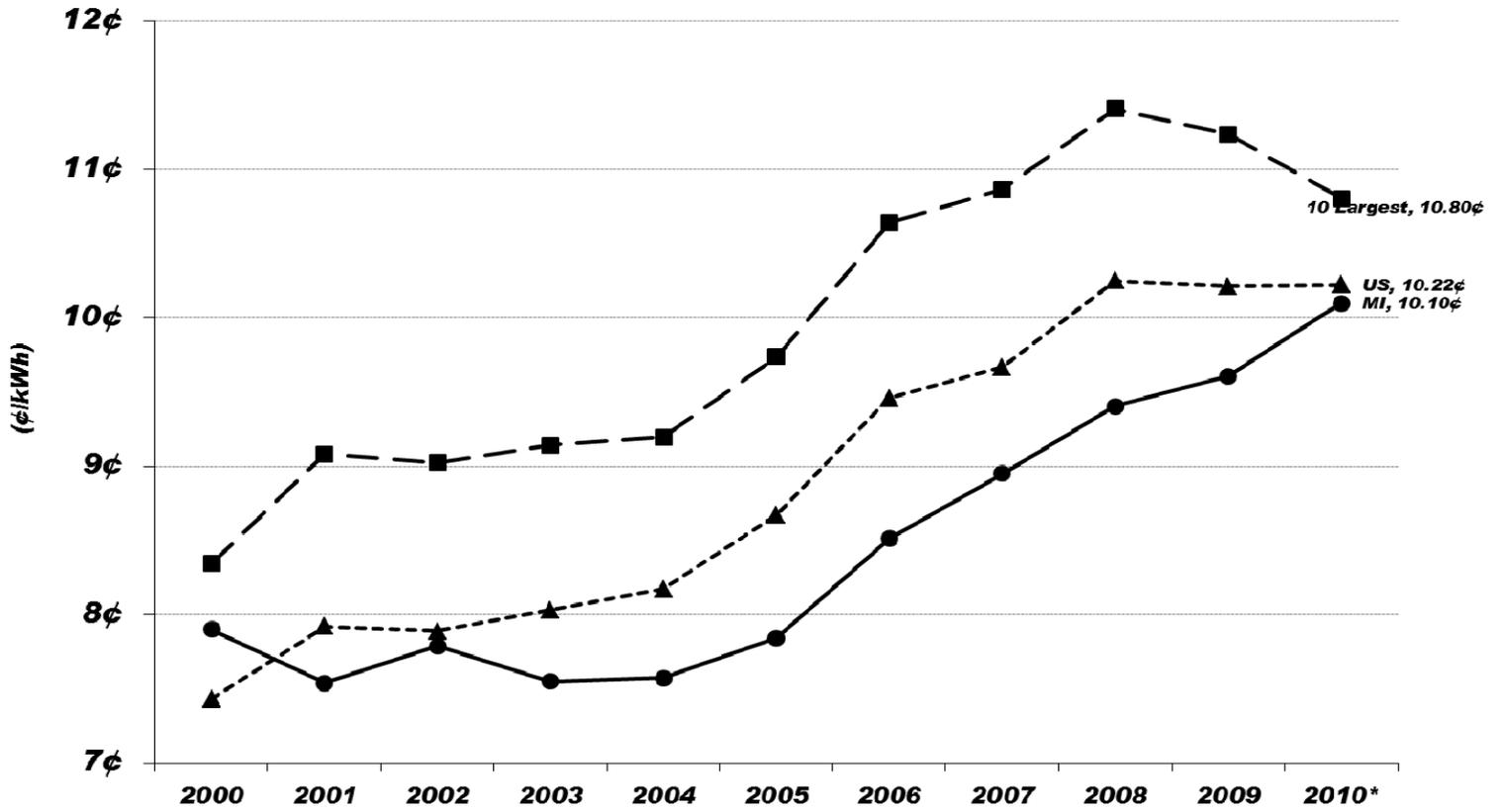


Chart 8

Weighted Average Commercial Retail Rate For 10 Largest States 2000 - 2010*



Source, http://www.eia.doe.gov/cneaf/electricity/page/sales_revenue.xls, Current and Historical Monthly Retail Sales, Revenues, and Average Retail Price by State and by Sector (form EIA-826). 2010*, the 2010 data is only through August and will change.

APPENDIX 2

Michigan Public Service Commission Orders in 2010 Related to Implementation of 2000 PA 141

Alternative Electric Suppliers

- [U-16167](#) and [U-16264](#). (**AES Licensing and Renewable Energy Plan**) 4/27/2010. MPSC granted a license to GearyEnergy, LLC as an alternative electric supplier (AES). The company, headquartered in Tulsa, Oklahoma, submitted an application for a license as an AES on February 5. It has established an office in Port Huron. MPSC also opened a separate docket (Case No. U-16264) for the company to submit a renewable energy plan, as required by Public Act 295 of 2008.
- [U-16139 et al.](#) (**AES Licensing and Renewable Energy Plan**) 3/2/2010. MPSC granted a license to DPL Resources Inc. as an alternative electric supplier (AES). The company submitted an application for a license as an AES on December 22, 2009. MPSC also opened a separate docket (Case No. U-16235) for the company to submit a renewable energy plan, as required by Public Act 295 of 2008.
- [U-15604](#) [U-12563](#) and [U-14818](#) (**AES Licensing: Voluntary Relinquishments**). The Commission rescinded three AES licenses that were issued to Royal Bank of Scotland, American PowerNet Management, L.P. and CMS Resource Management Company (f/k/a CMS Marketing, Services and Trading Company). These licenses were rescinded at the request of each respective AES.
- [U-11915](#) (**AES Application Form**) 3/2/2010. MPSC approved revisions for the AES application form. Further detail pertaining to the updated form can be found in the Order which includes a copy of the revised form in Exhibit 1.

Power Supply Cost Recovery, Reconciliation, TIER Expenses & Revenues

- [U-15662-R](#). (**Power Supply Costs**) 12/21/2010. MPSC approved a settlement agreement reconciling Wisconsin Public Service Corporation's 2009 power supply costs. The utility is authorized to roll the \$472,138 over-recovery into its 2010 power supply cost reconciliation.
- [U-15415-R](#). (**Power Supply & Other Costs**) 6/3/2010. MPSC reconciled Consumers Energy Company's 2008 power supply cost recovery (PSCR) costs. The utility over-recovered \$13,930,249 in 2008, which it will roll into its 2009 reconciliation in Case No. U-15675-R. For the utility's pension and OPEB costs, the Commission approved a one-time surcharge of \$0.002076 per kilowatt-hour from bundled customers and \$0.001076 per kWh from electric choice customers in its monthly bills, effective for the July billing month.
- [U-15417-R](#). (**Power Supply Costs**) 7/1/2010. MPSC reconciled Detroit Edison's 2008 power supply cost recovery (PSCR) plan, finding an under-recovery of \$15,635,232 (reduced from \$18,372,583). The amount will be rolled into the company's 2009 PSCR reconciliation proceeding. In addition, the MPSC authorized the company to refund to its customers a \$49,865,636 pension equalization mechanism over-recovery using a credit over three months, beginning with the August billing month.
- [U-15676-R](#). (**Power Supply Costs**) 12/2/2010. MPSC approved a settlement agreement authorizing Indiana Michigan Power Company to reconcile its 2009 power supply costs. The utility is authorized to roll in its net under-recovery of \$3,433,990 for the St. Joseph rate area and the net under-recovery of \$1,025,038 for the Three Rivers rate area into its 2010 power supply cost recovery reconciliation.
- [U-15668-R](#). (**Power Supply Costs**) 11/4/2010. MPSC approved a settlement agreement reconciling Ontonagon County Rural Electrification Association's 2009 power supply costs.

The utility is authorized to roll the net over-recovery of \$41,762 along with any actual and estimated power supply cost recovery (PSCR) over/under-recovery balances through 2010, into its 2011 PSC plan, which was filed on September 29 in Case No. U-16427.

- [U-15660-R. \(Power Supply Costs\)](#) 10/14/2010. MPSC approved a settlement agreement reconciling Alpena Power Company's power supply cost recovery (PSCR) costs and revenues for 2009. The settlement agreement found the utility had a total under-recovery of \$475,843 which it will incorporate as surcharges in its current 2010 PSCR plan.
- [U-15674-R. \(Power Supply Costs\)](#) 9/28/2010. MPSC approved a settlement agreement authorizing Edison Sault Electric Company to reconcile its 2009 power supply costs. The utility will roll a total cumulative under-recovery of \$786,940 into its 2011 power supply cost recovery (PSCR) plan case to be filed on or about September 30.
- [U-15666-R. \(Power Supply Costs & TIER\)](#) 9/28/2010. MPSC approved a settlement agreement reconciling Cloverland Electric Cooperative's 2009 power supply cost recovery (PSCR) expenses and revenues. Adjustment of the times earned ratio ratemaking (TIER) mechanism was also decided. The settlement found the utility under-recovered \$82,219 in PSCR costs, which the utility will roll into its 2011 power supply cost recovery plan, along with any additional 2010 over/under recovery. The utility also reported an adjusted TIER of 1.064, requiring a \$1,383,398 revenue increase, or approximately 6.08 percent.
- [U-15672-R. \(Power Supply Costs & TIER\)](#) 9/14/2010. MPSC approved a settlement agreement reconciling Presque Isle Electric & Gas Co-op's 2009 power supply cost recovery expenses and revenues. Adjustment of the times earned ratio ratemaking (TIER) mechanism was also decided. The settlement found the utility under-recovered \$80,847 in PSCR costs. In the event current PSCR billings do not collect the remaining under-collection, it will be rolled into the utility's 2011 PSCR plan case to be filed by September 30. The utility also reported an adjusted TIER of 1.29, requiring a \$904,141 revenue increase, or approximately 3.10 percent.
- [U-15667-R. \(Power Supply Costs & TIER\)](#) 9/14/2010. MPSC approved a settlement agreement reconciling Midwest Energy Cooperative's 2009 power supply cost recovery expenses and revenues. Adjustment of the times earned ratio ratemaking (TIER) mechanism was also decided. The settlement found the utility over-recovered \$1,474,106 in PSCR costs, which the utility will roll into its 2011 PSCR plan, as adjusted by any 2010 over/under-recovery, by September. The utility also reported an adjusted TIER of 1.31, requiring a \$1,485,385 revenue increase, or approximately 2.43 percent.
- [U-15669-R. \(Power Supply Costs & TIER\)](#) 9/14/2010. MPSC approved a settlement agreement reconciling Thumb Electric Cooperative's 2009 power supply cost recovery expenses and revenues. Adjustment of the times earned ratio ratemaking (TIER) mechanism was also decided. The settlement found the utility under-recovered \$77,245 in PSCR costs, which the utility will roll into its 2011 PSCR plan, along with any additional 2010 over/under-recovery, by September 30. The utility also reported an adjusted TIER of 1.72, requiring a \$411,321 revenue increase, or approximately 2.31 percent.
- [U-15671-R. \(Power Supply Costs & TIER\)](#) 8/30/2010. MPSC approved a settlement agreement reconciling Great Lakes Energy Cooperative's 2009 power supply cost recovery expenses and revenues. Adjustment of the times earned ratio ratemaking (TIER) mechanism was also decided. The settlement found the utility under-recovered \$746,900 in PSCR costs, which it will roll into its 2010 PSCR reconciliation. The utility also reported an adjusted TIER of 1.35, requiring a \$4,107,088 revenue increase, or approximately 2.77 percent.

Rate Cases, Surcharges and Self-Implementation Refunds

- [U-16166](#). (**Rate Case**) 12/21/2010. MPSC approved a settlement agreement authorizing Upper Peninsula Power Company to increase its electric rates by \$8,868,706 effective on and after January 1, 2011. The amount approved is 43 percent below what the utility requested.
- [U-16384](#). (**Refund**) 12/21/2010. MPSC directed Detroit Edison to refund \$26,872,231 including interest, to its electric customers. The refund has been directed because the utility's self-implemented rate increase was more than the final amount approved by the MPSC.
- [U-12505](#). (**Securitization Bond Principal & Surcharges**) 11/19/2010. MPSC authorized Consumers Energy Company to decrease its bond principal and interest securitization surcharge, and decrease the tax surcharge for the 12-month period beginning with the December billing month.
- [U-16180](#). (**Partial Refund of Self-Implemented Rate Increase**) 10/14/2010. MPSC approved a settlement agreement authorizing Indiana Michigan Power Company to increase its electric rates by \$35,707,000 annually. The amount is below the amount the company began to self-implement (\$44.3 million) on July 26, as allowed by Michigan Law.
- [U-15645](#). (**Refund**) 8/10/2010. MPSC directed Consumers Energy Company to refund approximately \$18 million to certain electric customers. The refunds consist of: \$15,722,954 to residential and secondary customers from excess revenues the company collected through self-implemented rates in 2009; and \$2,188,533 to residential customers leftover from the refund associated with the sale of the Palisades Nuclear Power Plant and mandated by MPSC's May 12, 2009 order.
- [U-16180](#). (**Rate Case**) 7/13/2010. MPSC directed Indiana Michigan Power Company, if it so chooses, to use the rates it proposed to self-implement in its June 25 filing with the Commission. Its proposal reflects a rate increase of \$44.3 million and moves customer rates toward costs of service while limiting the effect of rate realignment, consistent with Michigan Law.
- [U-16191](#). (**Rate Case**) 7/13/2010. MPSC directed Consumers Energy Company to apply a specific rate design, if it chooses to self-implement a \$150 million rate increase on July 22, as allowed by Michigan Law.
- [U-15981](#). (**Rate Case**) 7/1/2010. MPSC authorized Wisconsin Electric Power Company to increase its electric rates by \$23,264,513 annually, 45 percent below was the company requested.
- [U-15611](#). (**Refund**) 4/27/2010. MPSC authorized Consumers Energy Company to refund to its electric customers approximately \$85 million, the amount it over-recovered related to the decommissioning of the Big Rock Point Nuclear Power Plant.
- [U-15768](#). (**Rate Increase & Refund**) 1/11/2010. MPSC authorized The Detroit Edison Company to increase its electric rates by \$217,392,225 annually. This amount is below the amount the company began to self-implement in July. As a result, the MPSC has directed the company to refund to its customers approximately \$62.6 million on an annual basis, plus interest, subject to reconciliation.
- [U-12478](#). (**Securitization & Tax Surcharges**) 2/8/2010. MPSC authorized The Detroit Edison Company to increase its bond principal and interest securitization surcharge from 4.73 mills per kWh to 4.93 mills per kWh and to increase its tax surcharge from 1.94 mills per kWh to 2.08 mills per kWh. The increases are effective from March 1 through February 28, 2011.
- [U-16191](#). (**Partial Refund of Self-Implemented Rate Increase**) 11/4/2010. MPSC authorized Consumers Energy Company to increase its electric rates by \$145,749,000 annually, below the amount the company began to self-implement in July, as allowed by

Michigan Law. As a result, the MPSC has directed the utility company to refund to its electric customers approximately \$4,251,000 on an annual basis, plus interest, subject to reconciliation.

- [U-15645](#). (**Rate Case**) 3/18/2010. MPSC authorized Consumers Energy Company to implement electric rates \$5 million lower than previously authorized on November 2, 2009 in Case No. U-15245. Due to an oversight in the November 2, 2009 order, the MPSC failed to deduct funds related to the Department of Energy's liability for pre-1983 disposal of spent nuclear fuel from Consumers Energy's rate base. As a result, Consumers Energy's revenue deficiency on rehearing was determined to be \$134,381,000 rather than \$139,411,000.

Energy Optimization Plans

- [U-16199](#). (**Public Hearing on Approval Process for EO**) 3/2/2010. MPSC announced that it will hold a public hearing on the approval process for energy optimization service companies at 9 a.m. on April 13, 2010 in Lansing. Public Act 295 of 2008 requires the MPSC to establish an approval process for EO service companies. The approval process will ensure that these companies have the expertise, resources, and business practices to reliably provide EO services that meet the requirements of the law.
- [U-16412](#). (**Amended Energy Optimization Plan**) 12/2/2010. MPSC approved an amended energy optimization (EO) plan for Consumers Energy Company, effective with the first billing cycle of the January 2011 billing month.
- [U-16306](#) and [U-16310](#). (**Energy Optimization Plans**) 8/30/2010. MPSC approved two settlement agreements reconciling the energy optimization plan costs and revenues for Edison Sault Electric Company and Indiana Michigan Power Company for the period ended December 31, 2009.
- [U-15848 et al.](#) (**Energy Optimization Plans**) 8/30/2010. MPSC approved the revised 2010-2011 energy optimization (EO) plans for the municipalities of Baraga, Crystal Falls, Gladstone, L'Anse, Negaunee and Norway. The municipalities filed their EO plans on April 3, 2009 as participants of the Michigan Electric Cooperation Association collaborative.
- [U-16314](#) [U-16346](#) and [U-16362](#). (**Energy Optimization Plans**) 7/13/2010. MPSC approved settlement agreements that reconcile 2009 energy optimization plans for Northern States Power Company, Alpena Power Company and Wisconsin Public Service Corporation, respectively.
- [U-16318](#) and [U-16368](#). (**Energy Optimization Plans**) 7/1/2010. MPSC approved two settlement agreements reconciling the energy optimization plan costs and revenues for Upper Peninsula Power Company and Wisconsin Electric Power Company.
- [U-15806](#). (**Expanded Energy Optimization Plan**) 6/3/2010. MPSC approved Detroit Edison's request to amend its energy optimization plan by expanding it to include more emphasis on the adoption of ENERGY STAR products and programs, and other improvements.

Renewable Energy, Member Regulation, SmartCurrents & Net Metering

- [U-16276](#). (**Dynamic Peak Pricing--SmartCurrents**) 9/14/2010. MPSC approved an experimental dynamic peak pricing tariff for The Detroit Edison Company. The tariff is part of the company's SmartCurrents program that is designed to test various aspects of smart grid and advanced meter technology to increase service reliability and enable customers to better control their energy costs.
- [U-16264](#). (**Renewable Energy Plan**) 9/28/2010. MPSC approved a renewable energy plan for GearyEnergy LLC. On April 27, the MPSC granted a license to GearyEnergy as an

alternative electric supplier (AES) and required that it file a plan for establishing a REP, as required by Michigan Law.

- **Net Metering Status:** 11/1/2010. MPSC staff issued its net metering report for the last six months of 2009, which shows that the number of net metering customers increased by 85 percent. Under a net metering program, when customers produce electric energy in excess of their needs, power is provided back to the serving utility, permitting the customer to receive a credit for power they place on the system.
- **MPSC Seeks Public Comments:** 2/8/2010. MPSC issued three orders seeking public comments on the advisability of separating electric distribution and generation within electric utilities; whether the state would benefit from the creation of an electric generation purchasing pool; and efforts to promote load management and reduce peak demand, and recommendations for legislative action. [U-16196](#) [U-16197](#) [U-16198](#).
- [U-16185](#). **(Member Regulation)** 3/2/2010. MPSC said Homeworks Tri-County Electric Cooperative is entitled to transition to member-regulation, as permitted by Public Act 167 of 2008, also known as the Electric Cooperative Member-Regulation Act. The utility will begin member-regulation on April 7, 2010.
- [U-16035](#). **(Sale & Acquisition)** 4/27/2010. MPSC approved a settlement agreement authorizing the sale of Edison Sault Electric Company to Cloverland Electric Cooperative. On January 26, Wisconsin Energy Corporation (WEC), Edison Sault and Cloverland filed a joint application seeking, among other things, the approval of WEC's sale and Cloverland's purchase of 100 percent of WEC's equity interest in Edison Sault.
- [U-16235](#). **(Renewable Energy Plan)** 8/10/2010. MPSC approved DPL Energy Resources Inc.'s renewable energy plan. The company filed an application with the MPSC on May 27 requesting approval of its energy plan.

APPENDIX 3

Michigan Licensed Alternative Electric Suppliersⁱ

Company Name, Address, Contact Information	Case Number	Authorization Date
BlueStar Energy Services, Inc. 100 West Big Beaver, Suite 200, Troy, MI 48084 Phone: 866-258-3782 Fax: 248-680-6699 Email: bsemichigan@bluestarenergy.com URL: www.bluestar.com	U-14764	2/9/2006
CMS ERM Michigan LLC One Energy Plaza, Suite 1060, Jackson, MI 49201-2277 Serving Dearborn Industrial Generation Email: dmzwitter@cmsenergy.com	U-12567	8/17/2000
Commerce Energy Inc. 30555 Southfield Rd, Suite 440, Southfield, MI 48076 Phone: 800-556-8457 Fax: 887-332-1067 Email: contactus@commerceenergy.com URL: www.commerceenergy.com	U-13203	11/20/2001
Constellation NewEnergy, Inc. 3060 Commerce Dr., Suite 2, Fort Gratiot, MI 48049 Phone: 810-385-1198 Fax: 810-385-1799 Email: Mark.Harada@constellation.com URL: www.newenergy.com	U-13660	12/20/2002
Direct Energy Business, LLC 17197 N. Laurel Park Drive, Livonia, MI 48152 Phone: 800-830-5923 Fax: 734-432-2623 Email: dforgasc@sel.com URL: www.sel.com	U-13609	11/7/2002
Direct Energy Services, LLC 120 N. Washington Sq., Ste. 805, Lansing, MI 48933 Phone: 888-326-8559 Email: customerservice@directenergy.com URL: www.directenergy.com	U-14724	12/20/2005
DPL Energy Resources, Inc. <i>Company has received a license. A Michigan office must be established before the company can begin marketing.</i>	U-16139	3/2/2010
Exelon Energy Company 369 Carnoustie, Highland, MI 48357 Phone: 877-617-8593 Fax: 877-212-2630 Email: myaccount@exelonenergy.com URL: www.exelonenergy.com	U-12662	10/6/2000
FirstEnergy Solutions 30600 Telegraph Rd. #2345, Bingham Farms, MI 48025 Phone: 866-311-2303 Fax: 330-315-6913 Email: cjmiszuk@fes.com URL: www.fes.com	U-13244	1/08/2002
Geary Energy, LLC 3069 Turnberry Lane, Ann Arbor, MI 48108 Phone: 800-327-5516 Fax: 918-523-2522 Email: chorne@gearenergy.com URL: www.gearenergy.com	U-16167	4/27/2010
Glacial Energy of Illinois, Inc. 24631 Jefferson Ave., St. Clair Shores, MI 48080 Phone: 888-452-2425 Fax: 214-853-9576 Email: Terry.hart@glacialenergy.com URL: www.glacialenergy.com	U-15922	6/2/2009
Integrus Energy Services, Inc. 2211 Old Earhart Rd., Suite 175, Ann Arbor, MI 48105 Phone: 734-761-3252 Ext. 231 Fax: 734-761-2140 Email: rbazaj@integrusenergy.com URL: www.integrusenergy.com	U-13245	1/08/2002
Liberty Power Delaware, LLC. <i>Company has received a license. A Michigan office must be established before the company can begin marketing</i>	U-15140	4/24/2007
Liberty Power Holdings, LLC. <i>Company has received a license. A Michigan office must be established before the company can begin marketing</i>	U-15139	4/24/2007

Company Name, Address, Contact Information	Case Number	Authorization Date
MidAmerican Energy Co. 39555 Orchard Hill Place, Suite 600, Novi, MI 48375 Phone: 800-432-8893 Email: customerservice-retail@midamerican.com URL: www.midamericanchoice.com	U-13928	3/29/2004
Noble Americas Energy Solutions, LLC 2000 Town Center, Suite 1900, Southfield, MI 48075 Phone: 248-351-2600 Fax: 248-351-2699 Email: LKeas@NobleSolutions.com URL: www.NobleSolutions.com	U-13361	4/16/2002
Nordic Marketing, LLC 2010 Hogback Road, Suite 4, Ann Arbor, MI 48105 Phone: 888-262-9919 Email: savings.mi@nordicmarketing.com URL: www.nordicmarketing.com	U-12568	8/17/2000
PowerOne Corporation 6850 N. Haggerty, Canton, MI 48187 Phone: 734-455-2500 Fax: 734-455-1038 Email: info@poweronecorp.com URL: www.poweronecorp.com	U-13280	2/1/2002
Premier Energy Marketing, L.L.C. 6111 Jackson Road, Suite 107, Ann Arbor, MI 48103 Phone: 734-769-0675 Fax: 734-929-1259 Email: bschlansker@premierenergyonline.com URL: www.premierenergyonline.com	U-13620	11/7/2002
Quest Energy, LLC 2211 Old Earhart Rd., Suite 175, Ann Arbor, MI 48105 Phone: 734-761-3252 Fax: 734-769-0675 Email: rbazaj@wpsenergy.com URL: www.integrysenergy.com	U-12566	8/17/2000
Spartan Renewable Energy, LLC 10125 W. Watergate Rd., PO Box 189, Cadillac, MI 49601 Phone: 877-288-WIND Fax: 231-775-0172 Email: cgeiger@spartanrenewables.com URL: www.spartanrenewable.com	U-15309	9/18/2007
U.P. Power Marketing LLC 29639 Willow Rd., White Pine, MI 49971 Phone: 906-885-7100 Fax: 906-885-7400 Email: zach.halkola@traxys.com URL: www.traxys.com	U-14594	10/25/2007
Wolverine Power Marketing Cooperative, Inc. 10125 W. Watergate Road, P. O. Box 100, Cadillac, MI 49601 Phone: 877-907-WPMC Fax: 231-775-0172 Email: sfrederick@wpmc.coop URL: www.wpsci.com	U-12723	11/20/2000

ⁱ This list is current as of December 2010. An up-to-date AES directory is kept on the MPSC Website, at <http://www.dleg.state.mi.us/mpsc/electric/restruct/esp/aeslist.htm>. For information about AES licensing, see <http://www.dleg.state.mi.us/mpsc/electric/restruct/esp/>.