STATE OF MICHIGAN

UTILITY CONSUMER PARTICIPATION BOARD

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MEETING OF MONDAY, APRIL 4, 2016

12:54 P.M.

611 West Ottawa, 4th Floor
Lansing, Michigan

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PRESENT: Jim MacInnes, Chair
Conan Smith, Board Member
Ryan Dinkgrave, Board Member
Susan Licata Haroutunian, Board Member
Christopher Bzdok, Michigan Environmental Council (MEC)
Don Keskey, Great Lakes Renewable Energy Association (GLREA)
John Liskey, Citizens Against Rate Excess (CARE)
Douglas Jester, (CARE)
Shawn Worden, LARA
Leann Droste, LARA
Celeste Gill, Department of Attorney General
Dave Forsberg, Upper Peninsula Power Company (UPPCO)
Lisa Babcock, Member of the Public

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REPORTED BY: Lori Anne Penn, CSR-1315
33231 Grand River Avenue
Farmington, Michigan 48336

Lansing, Michigan

Monday, April 4, 2016

At 12:54 p.m.

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MR. MacINNES: Okay. Well, let's get going here. I'd like to call the meeting to order with a roll call of the members. Starting on my left.

MS. HAROUTUNIAN: Susan Licata Haroutunian, member from Detroit.

MR. DINKGRAVE: Ryan Dinkgrave, member from Royal Oak.

MR. SMITH: Conan Smith, member from Ann Arbor.

MR. LISKEY: John Liskey from CARE.

MR. JESTER: Douglas Jester representing CARE.

MR. KESKEY: Don Keskey on behalf of the Great Lakes Renewable Energy Association.

MR. BZDOK: Chris Bzdok on behalf of the Michigan Environmental Council.

MR. FORSBERG: Dave Forsberg with Upper Peninsula Power Company.

MS. WORDEN: Shawn Worden representing LARA.

MS. GILL: Celeste Gill representing the

Attorney General.

MS. DROSTE: LeAnn Droste representing LARA.

MR. MacINNES: And Jim MacInnes, the chair. Okay.

MS. DROSTE: We have one more.

MR. MacINNES: Oh, we have one more.

MS. BABCOCK: Lisa Babcock.

MR. MacINNES: You're hiding.

MS. BABCOCK: Behind Chris. I should do this more often.

MR. MacINNES: I didn't even see you there.

MS. BABCOCK: Lisa Babcock. Thank you.

MR. MacINNES: Welcome, Lisa.

I'd like to approve the agenda here, but I have a couple of small changes, suggested changes. One is to add, under Michigan Environmental Council, the DTE grant request and Consumers Energy grant request under that business item.

The other would be to actually begin with a business item to talk about a budget and where we stand and hear from LARA just to make sure we've got the right number. We've had a lot of different numbers here, and I wanted to make sure we have that.

So do I have a motion to approve the agenda?

MR. SMITH: As amended, so moved.

MR. DINKGRAVE: Support.

MR. MacINNES: And as I mentioned, with those changes, is there any discussion?

All those in favor, please say aye.

BOARD MEMBERS: Aye.

MR. MacINNES: Opposed, same sign.

Could we hear from LARA to begin with to understand where we are with our budget?

MS. WORDEN: Did you want to go, LeAnn, or do you want me to do it?

MS. DROSTE: You can.

MS. WORDEN: All right. I brought in an updated version, everybody picked it up. This is as of 4/1, it is different than the one that was submitted for the meeting. Some of the changes that are on this one were changes to the grants that were requested at the last meeting, but they weren't actually put into our finance system until after this last version had gone out, so we're going to address that. When you guys approve changes to different grants, we're going to have a system in place to make sure those changes get done sooner and are reflected in the budget sooner than later.

I brought -- this is a new one, too. On the second page, I had a budget tab, and I think that laying it out this way may explain it a little better than the way that the prior one was.

MR. MacINNES: Okay.

MS. WORDEN: So I don't if you guys want --

(Document distributed.)

MS. WORDEN: So on this new sheet, where Mr. Liskey had contacted us to say that he was going to -- he wanted to change to like his balance, so he thought that that money would be available, but we can't make it available until the purchase orders are actually closed out. So we're going to ask that as soon as you know that you guys are done billing on a certain grant, to let us know that that's your final billing so we can close it out and unencumber those funds so they can be used for further requests.

MR. BZDOK: Should we direct that to you, Shawn?

MS. WORDEN: No, to LeAnn.

MS. DROSTE: Jim Wilson. And you can copy me on those e-mails, so if Jim's not in the office, then I can make sure that those requests are handled accordingly.

MR. SMITH: Do you use a standard form for reporting your billing, or does everybody just submit for reimbursement on their own?

MR. BZDOK: The grantees submit -- we submit billing to the grantees who submit a standardized form to LARA called an FSR.

MR. SMITH: So on the fed FSRs, there is a little box that just says like final billing. Maybe it would be a simple as updating the FSR for that.

MS. DROSTE: I believe that is on our FSR as well.

MR. BZDOK: Oh, okay.

MR. MacINNES: So maybe you could summarize this sheet for us.

MS. WORDEN: Okay. So on this sheet -- did you get one?

MR. FORSBERG: No.

MS. WORDEN: The '15 year-end balance is the amount that we were borrowing from the AG's office, it was our balance at the end of '15. So your estimated -- you wanted to pay 70,905, so then at the end of '16, your new balance is going to be the negative 207,425.

In the AY 14 section, the two purchase orders, grants that are marked as closed out, those funds are unencumbered at the moment, so they're available. The third one has not been closed out yet, but it will be soon. Right, Mr. Liskey?

MS. DROSTE: Yes, we just got the request.

MS. WORDEN: And then on the AY 15, there's estimated remaining balances; they're still not closed out yet, so they're still on our books, but once they're closed out, then that balance, that 46,000 and the 34,000, will be available to grant out this year, and that would be this 80,000 down here. So the 45,000 is remaining authorization fund from AY 16.

MR. MacINNES: Okay.

MS. WORDEN: So then your total, you take all those funds, probable funds, and then you still have an estimated 125,000.

MR. MacINNES: So out of the estimated funds that have not been closed out, can we spend that money?

MS. WORDEN: The ones that have not been closed out yet, no. That's why we're asking if you know that they're final, that you close them out as soon as possible.

MR. MacINNES: So but this is up to date, and that's it?

MS. WORDEN: Yes. Yeah. So the ones that are closed out are the top two, the 26,000 and the $56, so those would be available.

MR. MacINNES: So basically we've got 45 and 26 --

MS. WORDEN: Yes.

MR. MacINNES: -- to use today?

MS. WORDEN: Yes.

MR. MacINNES: Is that right?

MS. WORDEN: Yes.

MR. MacINNES: So that's 71, okay, approximately. And do we have any time -- any idea when these other estimated ones will be closed out?

MR. LISKEY: I submitted the paperwork for the two CARE ones already, so it's just a matter of -- I think Jim Wilson wasn't here today, so --

MS. WORDEN: Right.

MR. LISKEY: -- that should be closed out tomorrow. Is that right?

MR. BZDOK: Sorry, I thought you were turning to me.

MR. LISKEY: I was looking at LeAnn.

MR. MacINNES: Chris.

MR. BZDOK: We will make sure that we do submission of forms going forward correctly in the future. Our practice so far has been to simply let things lapse as they expire, and so this thing that we've submitted the last couple times is identifying grants that are lapsing by expiration. So we have grants that were on extensions, and most of the -- and all of the extensions, there were a couple that expired end of January, and the rest of them expired March 31, so everything is lapsed, everything is closed out for us via the expiration of the grants. I mean what's -- I may not be using the right terminology, but we can -- we no longer can spend any of the money, of this money.

MR. MacINNES: Right.

MS. DROSTE: And has everything been filled for services related to the grants?

MR. BZDOK: Yes.

MS. DROSTE: Okay.

MR. MacINNES: So what we need to do is, obviously, is to make sure that we get the -- get this documentation in so that when we ask LARA what we can spend, we have the number that reflects that. I think that's important. So that will all be happening soon, I'm assuming.

MR. LISKEY: I've already done it.

MR. MacINNES: Yours and Chris. Okay.

So in the meantime, and, you know, we did come up with a proposal last year returning the money to the AG that we mistakenly borrowed because we didn't know the right amount to spend, we were not given the right amount, so I don't know if we have a specific -- if you all have a specific timeframe in mind on the repayment of that. You know, our intention is to fully repay this amount about, you know, each year for the next four years, that's what we talked about, that's what we want to do, unless there's some unusual circumstance, which we would discuss with you if there were going to be any changes, and we would not do anything without your approval.

MS. GILL: Right, that's my understanding.

MR. MacINNES: That's mine, too.

With that in mind, I'm just wondering, since some of these are going to be closed out soon, I'm wondering if we -- I mean if we could use this money in the interim until these, you know -- the goal was in 2016, to pay this back and, you know, we're not through 2016.

MS. GILL: You're talking about the AG money?

MR. MacINNES: Yes, the 70,000. And I'm just thinking that since these others are coming through shortly, that, you know, maybe this would be a -- give us some leeway until they come through.

MS. GILL: Well, I know we talked about this the last meeting, and we talked internally at the AG's office about maybe there being some delay. I guess I'm not sure what the timing is on when this payment was supposed to be made during the year, so.

MR. MacINNES: Yeah. My recollection is we didn't really set a time, we just said during the fiscal year, that we would not spend that money, in essence, and that would go over to you.

MS. GILL: Right. And so we've talked internally, I know we've recommended approval of, you know, letting maybe this, you know, there be a delay in repaying this amount. Unfortunately, things are quite busy there, so we haven't received a final say so, although we're anticipating receiving a final say so pretty soon. So I guess our preference is once we get the go-ahead, barring something strange that we don't anticipate, we can let you know affirmatively that it's okay if this is delayed. But again, I'm not aware that we had a date certain for payment. I guess things were kind of informal in that regard.

MR. MacINNES: Yes, they were. I guess my understanding was that during the year, we would pay that back.

MS. GILL: Right.

MR. MacINNES: We didn't say when.

MS. GILL: Right, exactly.

MR. MacINNES: And how much longer do we have in this year, until October?

MS. WORDEN: Six months.

MR. MacINNES: Six months. So when you say a delay, I don't know if it's really a delay or not.

MS. GILL: Well, I'm going from our last conversation at the last meeting, there was a specific request that we would approve maybe the payment being delayed, and at that point it was unclear what the delay would be.

MR. MacINNES: Right. And what I was considering then is if we had a lot of needs and, as you know, the utilities are filing rate cases, we don't always know how many are going to come at us, the idea that we may want to delay a full payment a year, or part of a payment the whole year, instead of doing it in 2016, we would do in 2017, that's kind of what I was contemplating and I had talked with Michael Moody about. What I'm talking about here is not doing that. Right. I'm talking about still paying it this year, but just doing it maybe at the next, you know, allocating it fully at the next meeting, assuming that we feel very confident that we have these others closing out. Is that -- how does that sound to you?

MS. GILL: I mean based on my understanding, so long as you pay it at some point this year, I'm guessing it's probably fine. I would probably want to talk with Peter just to make sure he doesn't have some other understanding of how this will work, but, you know, it sounds to me like you're really not delaying it, it's just when --

MR. MacINNES: When during the year. Now, the problem is that we need to make some decisions today.

MS. GILL: Right.

MR. MacINNES: So how do you -- how should we handle that? I hate to -- I'm hating to just leave it at the 71, I'd like to have the flexibility to do more, not that -- you know, my intent certainly would be -- would not be to spend all the money because I want to keep some money in abeyance for some other, whatever else comes up the pike here, but it would be nice to have that flexibility, even if it was just till the next meeting. So I don't know how you feel about that.

MS. GILL: Well, maybe it would make sense to figure out, first of all, what the requirements, what you will need, and then we can figure out if it's really something that, you know, changes just the timing of the payment or if there's really a need for you guys to hold on to this payment beyond the fiscal year.

MR. MacINNES: So you're not ready to decide today?

MS. GILL: Well, in my view, if the payment this year does not change, if you're making the payment this year, I don't know that it's really our question for the AG as much as a question of how you guys kind of balance the books and are able to make the payments. But I guess my -- you know, you indicate, well, we have some -- we have rate cases, we have, you know, requests, we need to figure that out, and you wanted to I guess hold something in reserve. So it seems to me you need to figure out what it is you're -- what you need to pay out in order to make the decision whether or not we're really changing the payment from this year to maybe pushing at least part of it back another year or something. That, I'm not sure, that's something I think you guys need to determine as a board.

MR. MacINNES: How does the rest of the board feel? Any other thoughts?

MS. HAROUTUNIAN: I think we have to determine what it is we want to do as we take all of this into consideration, and then as the Attorney General's representative suggested, if we have a problem with actually paying this year, then we should start talking to them and see what we come up with then. But I think everybody feels that the sooner we can get out from under this hammer hanging over our head, the better.

MR. MacINNES: Absolutely, I'd have to agree with that.

Conan, did you have a --

MR. SMITH: Well, I had a question really. In terms of the AG's priorities in terms of these cases, do you think the AG's office needs additional revenue this year to work on the cases, these Utility Consumer Participation Board type cases?

MS. GILL: I don't think so. You know, again, we've talked about it internally, so we're recommending that it be approved, so I think we feel confident that we're okay where we're at. It's just really a matter of getting the right -- the final person to say yes, we can, you know, if necessary, we can hold off on the payment this year.

MR. SMITH: So, Jim, my take on this is the dollars come in to the state for the purpose of representing consumers, you know, whether that's via our board in grants or whether that's the AG's office, and I think we've had great partnership with the AG's office over the years in ensuring that consumers are represented. If we see a need to use those funds to ensure consumer representation in these cases because we have an increased workload or the complexity of the cases is larger, and the use of those funds doesn't impede the AG's ability to represent consumers in those cases, then I would feel comfortable saying to you, as our chair, to make that determination in conjunction with the AG's office, as long as we're assured that the people are getting the representation that both of us, the UCPB and the AG's office, feel is necessary.

MR. MacINNES: And that's pretty much, you know, the way we've worked on it so far. Well, maybe -- I guess just to make my thinking clear, what I'm thinking here is that, you know, we'll know a lot more at the next meeting as to which one, which funds are available. Is that right, John?

MR. LISKEY: Well, I think LARA can acknowledge they've received our paperwork, and there's nothing more for us to do.

MR. MacINNES: And Chris, when -- what do you see as your timing?

MR. BZDOK: We will do whatever needs to be done, additional needs to be done tomorrow.

MR. MacINNES: So there's a high probability that these funds will be available by the next meeting. Is that a safe assumption?

MS. DROSTE: Yes.

MR. MacINNES: Okay. And if that's the case, there's probably enough here that we're not going to need to delay to another year the payment to the AG's office. So that's kind of how I'm viewing it at this point. So it would be a very high probability we're going to have an additional $80,000, according to this, so that will not require a delay of the payment, the 2016 payment to the AG's office, and so it's just a matter of the filing of the paper and getting you all to feel comfortable that that's done. Right. So that's kind of how I see it. Okay.

Well, I guess maybe we've talked about that enough. Maybe now we should get into the amount of money we need, talk about the grants. So let's begin with --

And before I do that, the way it looks right now is that we have $45,000 that's available, plus the 26,334 and the 56.28, so that's about $71,000, without even saying anything about the AG and the balance there, so we have $71,000 to spend, and perhaps more if, you know, assuming these other monies come through, that would be another 46 and 7, so that would be another what, 53,000 potentially from these closed-out grants. Does that make sense to everyone? Any questions on that from the board?

Okay. And I think just as a note, I think we should start each meeting with this discussion to really understand, because we got in trouble last year, right, because we didn't have the right number, so I think we really need to drill down every meeting and start with how much money do we have, and to really make sure we know, and then we can go from there. So that will be early on the agenda going forward, from my perspective.

Okay. Let's move to the business items. Michigan Environmental Council, Chris, do you want to talk about, with us about your grant, Chris?

MR. BZDOK: Thank you. I have four requests, only two of which entail what the board typically refers to as new money. One request is the approval of a lawyer to work with me on these cases, she's mentioned in the cover letter, T. J. Andrews, and her resume is included in your packet. Excuse me, five requests, only two of which involve money. She has worked for the Texas Attorney General, for the U.S. Air Force, and she's also worked at our firm in the past, and she is going to -- she has the skill set to work on these cases, and so I am asking the board for approval of her. Emerson Hilton was the primary person who worked on these cases with me until the fall when he left for greener pastures in Seattle.

And then we also have a new expert proposed for approval, whose name is Karl Rabago, working on a couple of the fixed charge and rate design related issues. I don't know to what extent we're going to need to use the UCRF funds for him, but I just want to have him -- everybody else who we're contemplating using in one of those rate cases has already been approved by the board, and so I'm just -- I'm trying to move some pieces around and figure out what we can do here, and so I'm seeking his approval as well, and his resume is attached.

And then the third request that doesn't involve any new money is simply a request to shift in the PSCR plan case for DTE, which was 17 -- the numbers are running together on me -- for DTE, which is 17920, the board specifically approved a requested budget by us for Jim Wilson, the economist who is, and gas expert, and then there was also some general expert funds, most of which will not be used, but 2,000 of which we would like to move over to Jim Wilson's specific budget. So it's a transfer from -- and I don't even know if it's necessary, but there was an expert budget, and we identified some of it for Mr. Wilson because his hourly rate was higher than typical, so we identified a specific amount for him, and we want to move 2,000 from the general expert approval into his, and that's all we want to do there.

So approval of T. J., approval Mr. Rabago, and approval of the $2,000 transfer from sort of unspecified expert to the specific expert of Mr. Wilson.

MR. MacINNES: What was the case number on that again?

MR. BZDOK: That's 17920. That's the case I've got the dog and pony on today, if the board will indulge it.

Okay. So the two requests that involve new money, so to speak, are the two general rate cases, the DTE general rate case, 18014, and the Consumers Energy general rate case, 17990, and specifically to pursue Act 304-related issues in those cases. The board gave me a starter budget of $5,000 just to get going on the DTE rate case which we were aware of at your last meeting, it was very new information, but we were aware of it at that time, and I said I would come back with a plan and some more specifics, which is what this request is. And then since that meeting, we also have Consumers' general rate case has also dropped, which was a surprise to me, I don't claim to be -- you know, have any inside information, but I had heard nothing about it until the filing was served about a month after the DTE rate case. Those are very, very quick turnarounds on those rate cases, so it's put us in a bit of a jam.

My requests to you today are more or less -- I mean not to be overly, you know -- are more or less life support requests, to get to -- to get enough work done to get to June and figure out, you know, is there any money left. I have other sources I'm trying to work with to get some funds, another collaborator in the case, another collaborator who may or may not enter the case, and so what I would be coming back to you with is if, you know, candidly, if you have any money left, I may be seeking some of that, I may be seeking to transfer some money to basically, you know -- even to the point of perhaps cannibalizing one of the reconciliation budgets if necessary. I don't know yet, I don't have enough information yet, but I will for your meeting in June. So more or less to get us far enough along to be in a position to do that.

The rate cases obviously take tremendous priority because of the amounts involved. In the memo we submitted to you, we have sort of the bullets on them:

DTE is $344 million increase, Consumers is $225 million; the residential portion is 148 million for DTE, 143 million for Consumers; rate increases of 6.7 and 7.7 percent respectively; $6.44 and $8.55 per month respectively on a yearly basis; $77 in Consumers and 102, almost 103 -- oh, sorry -- 77 on DTE and 102, almost 103 for Consumers.

MR. MacINNES: So Chris, can you tell us, I see that as part of that DTE rate case, DTE is coming back again and asking for the cost allocation to be rejudged.

MR. BZDOK: Correct.

MR. MacINNES: Could you give everyone a little history on that, and where you see that -- what do you see in this case, I mean?

MR. BZDOK: Sure. Let me talk a little bit about cost allocation because it's coming up in Consumers as well. Both of the -- so the board will recall that the board on a joint grant by CARE and MEC, the board made a major commitment of resources, bigger commitment of resources than I've seen in any other single --

MR. MacINNES: $250,000.

MR. BZDOK: Yep, yep. And that was for Consumers, for DTE, and for Indiana Michigan. The utilities and their allies came in with a request to change a number of different things, but the place where we decided to sort of make our stand, so to speak, was on the allocation of production costs, fixed costs related to generating via utility-owned resources, and the utilities were proposing to shift from an allocation that was based 50 percent on each class's contribution to peak demand, 25 percent on each class's contribution to on-peak energy usage, and 25 percent based on each class's contribution to total energy usage. I'm going to ask Douglas to jump in any time I screw up on this.

MR. JESTER: So far you're right.

MR. BZDOK: I'm treading water at the moment. And we said, that's not reasonable, we took a stand on that, the board supported that big time, the AG's office collaborated with us on that as well. That was our discussion about the Cracker Barrel meetings that we were having. And we fought that, and in the Consumers case and the DTE case, two different ALJs wrote two different proposals for decision that totally adopted our position and said reject 100/0/0, stick with 50/25/25. The Commission, it adopted essentially a compromise outcome of 75-percent contribution to demand, 25-percent total energy usage essentially as a compromise position, and then Indiana Michigan settled at 75/25 because the writing was more or less on the wall.

MR. MacINNES: So what about MPSC Staff, where were they on this?

MR. BZDOK: 75/25.

MR. JESTER: To elaborate just a little bit, initially their testimony was stick to the 50/25/25, and in rebuttal they evolved to a 75/25. That was that minimum bid -- or minimum demand thing that they did.

MR. BZDOK: They did -- they said kind of, well, it could be the one or it could be the other, but 75/25 is a sensible compromise.

MR. JESTER: Yeah, you're right.

MR. BZDOK: And then the one guy on the stand said he really, really kind of thought it should stay 50/25/25.

So the Commission went 75/25.

In the next Consumers rate case, Hemlock Semiconductor took another bite at the apple, said we want to go to 100/0/0; we defended that again; 75/25. DTE in its next general rate case said we want to go 100/0/0; we defended again; 75/25.

This time now they're back again, DTE is back, 100/0/0, and Consumers is also now coming back 100/0/0.

MR. MacINNES: So this is the third

time --

MR. BZDOK: Yes.

MR. MacINNES: -- after the final decision?

MR. BZDOK: Yes. In Consumers, it's the second time Consumers is coming back, third time a party is coming back. DTE, it's the third time DTE is coming back.

We are proposing to use some of the funds available to defend on these issues. In DTE, they have no new evidence. We're thinking kind of about maybe proposing our own cost allocation, which would be 100/0/0 on the peaking units, the cheaper units to build and maintain that are used to meet peak demand, and go back to 50/25/25 or something else on the base load units, which are really expensive to build and maintain, but provide really cheap energy. I'm not saying we're going to do that, it's just something we're thinking about a little bit of offense instead of just defense.

Consumers has brought in some new evidence, and Consumers' new evidence is more or less saying, well, you know, in the PSCR we have all these power purchase agreements and many of our power purchase agreements that we pass through in the PSCR include both a payment for energy, variable payment, but also includes some fixed-cost payments, capacity payment or some other fixed-cost related payment. So really in the PSCR, even though it's allocated by energy, you're actually paying for some fixed generating costs. So that's their new argument. We haven't evaluated it, but again, our intent of both of these cases is to continue to depend on this issue. We felt that, you know, enough is enough.

You know, we're not thrilled with 75/25, we thought the evidence supported staying where it was, both of the judges who actually reviewed the evidence and heard the witnesses agreed with us about that, the Commission tried to compromise it; you know, no good deed goes unpunished I guess, or no compromised position is not, you know, subsequently questioned over and over again. So that is, that's one of our issues. It's not -- you know, we don't have to do everything that we did before and, you know, the level of these requests does not reflect that type of investment, but we need to be there again, we need to keep resisting this.

DTE, we've talked about the fixed-charge issue which puts more emphasis -- less emphasis honestly on the variable cost of energy collected through the PSCR. We want more -- we want more of the bill design there because it allows customers to reduce their own energy usage to save costs to the system, et cetera, et cetera.

Also on DTE, we flagged an issue relative to the St. Clair units in our memo. Our thinking at this point is that the main issue with the St. Clair units is not the issue flagged in the memo, but is really going to be last month's designation by the EPA of St. Clair, a portion of St. Clair County as a non-attainment area for sulfur dioxide, which is going to have increases in PSCR costs, or at least we've done discovery on that, we don't have the answers back, so that's a PSCR issue we're watching relative to those units.

Line losses is an issue that the board has supported us on in the past. DTE is -- so in the Consumers rate case, I block quoted in the memo some language we got from the Commission that said, more or less, we're not going to give you anything on line losses, but we really agree with kind of where you're coming from. Given the functioning of the grid and the replacement of the aging distribution infrastructure will likely be of ever-increasing importance in the coming years, the Commission finds it important to examine distribution planning in a holistic manner and base investment decisions on strong analytical support of the costs and benefits. And above that they said mitigate -- reducing energy waste, mitigating line losses; in the event those opportunities are cost-effective relative to other investments, this is something that we want to be looking at, they wanted Staff to look at it. They didn't provide any relief on it, but this is what they want to do.

DTE is planning to spend $568 million in capital expenditures and 308 million in O&M on its distribution system because it's aging, because it needs to be replaced, all of the things that the Commission talked about in the Consumers order, so that's an issue that we're interested in continuing to push. You know, you've opened the door a little bit, let's try to open the door a little bit more. If we're going to spend a ton of money on the distribution system, we need to be looking at are there opportunities to reduce line losses which are locked in in the rate cases and then passed through in the PSCR.

MR. MacINNES: How about tree trimming? You know, that's probably one of the biggest causes of failure, right, at the power plant?

MR. BZDOK: I agree with that.

MR. MacINNES: So what -- how's that going to play in this whole thing?

MR. BZDOK: I don't -- I'm not -- I don't know of any Act 304 angle on the tree trimming. So if --

MR. MacINNES: That's going to be part of their argument on why they're spending that money, and it's a good argument, I think.

MR. BZDOK: We don't -- I don't anticipate we're going to oppose tree trimming expenses, both because it's outside of our scope, and also it's not one of our core -- it doesn't really interface with any of our core priorities. But they are spending a ton also on replacement and upgrade, and they're also projecting their line losses to stay flat going forward into the years ahead, and when we sent them discovery on that, they said, there may be a line-loss benefit somewhere, but it is not part of our -- we didn't do what the Commission said in the Consumers order the Commission wants to see happening more, we didn't look at that, we didn't look at any cost benefit relative to reduction of line losses; they more or less said, our system's old we're in the bottom quartile for reliability nationally, and we need to -- you know, that's all we're doing, that's all we're going to look at. And the urgency of that, you know, is understandable. But we also want to -- you know, we think there's a better way to look for opportunities while you're doing it anyway to reduce line losses.

Now, if you flip over to Consumers in

that memo, we did do that sort of policy advocacy testimony, Douglas was the witness on that, he made some recommendations, we had some useful cross-examination with the Consumers person in charge of all this, and they identified some things that they were looking at, and now in the rate case they've identified some of these benefits further. Again, the line losses, they don't project the line losses to be going down, so they want to keep, you know, the same amount of line loss baked into the PSCR plan factor. But, you know, I'd say Consumers is a half a step or a whole step ahead of DTE with respect to this issue. So we want to be pushing that over there as well.

MR. MacINNES: So in terms of distribution system reliability or concerns, the line loss is really your main focus on this?

MR. BZDOK: Well, it's -- because line losses are set in the rate case and then we are required to live with them in the PSCR, and the factor, you know -- and I mean they're just an adder to the factor, they --

MR. MacINNES: Right.

MR. BZDOK: -- I use the word inflate not in the sense that there's something false about it, but, you know, they make the factor bigger than it otherwise would be, so the less they puff it up, the less you have to claw back in the reconciliation.

And Consumers, you know, like I said, is now talking about instituting some of these programs that will help reduce losses, but again, they're not proposing to lower their loss factor in the PSCR. So they're doing better things, we want to explore that a little bit, and are they doing enough and could any of that be improved upon, but we also think it ought to be reflected in, you know, in what's getting passed along to the PSCR customer.

You'll recall, or maybe you won't, because it's very down in the weeds, but Consumers had two different line loss forecasts in its rate case, they had one from the sales department where line losses were going down, and then they had one from a line loss study that went into the future PSCR where the losses stayed flat, so different departments are saying different things, and we just want to see -- because you only get the opportunity to revisit this in the rate cases, we want to try to see some of that start to step down as a result of these programs.

MR. MacINNES: How about in your review of this, are you seeing anything having to do with investment in looped feeders, going from, you know, radial distribution systems to looping, looping some radial systems together, because most distribution systems are radial, and by creating looped systems -- I know the utility that serves my business is doing that, and it's a good thing generally. I'm just wondering, are you seeing any talk of investment in that area?

MR. BZDOK: You're beyond the scope of my knowledge with that question, and I haven't, but I haven't -- that hasn't jumped out at me, but I have a note to look for it.

MR. MacINNES: Just something that I'm seeing higher on the radar screen in the power world, something to kind of keep on your -- keep an eye on as you're reviewing all that stuff.

MR. BZDOK: Okay.

MR. MacINNES: Because that could probably -- that could be a significant investment, too.

MR. BZDOK: Okay. So that's kind of the overview of our issues. You provided 5,000 of legal as a starter budget in DTE last time, I'm asking for another 5 of legal to carry us through a little bit longer on that, and 15 in expert, because our expert testimony deadline is July 1, and so a lot of the expert work is going to have to be done before we see you again in that case.

In Consumers, I'm asking for 5 legal as a starter budget. For Consumers, you haven't -- you know, Consumers didn't exist last time we were together, that rate case -- and 5 as an expert starter budget so that I can get some experts hired and at least started. Their testimony deadline -- their case is going to run about a month behind DTE, so I expect the testimony deadline there is going to be August 1, so if we see you again in June and we're either seeking transfer requests or to utilize any money you have remaining, or some of the money you have remaining, at that time, you know, we'd be revisiting the expert discussion with you then, but we would still have two months before I anticipate testimony would be due at that point. So that's the basis for the request and the rationale.

MR. MacINNES: Okay. Thank you.

Does the board have any questions for Chris?

So we're basically, we have five things; the approval of two people, two experts or lawyers, and three -- well, one transfer, \$2,000 transfer, and then two grant requests, one in the amount of 20,000, the other in the amount of 10,000?

MR. BZDOK: Correct.

MR. MacINNES: Okay. How about if we go to CARE.

MR. LISKEY: Thank you. Most of our discussion today is going to be about our cases with UPPCo, and I wanted to call everyone's attention to this chart. Does anybody not have it on the board here? And the point of all this is -- and let me first explain that the current ownership of UPPCo is new, they kind of inherited this rate structure that exists, and but you can see that a typical residential ratepayer who uses a thousand kilowatts of electricty is paying $227 a month and the statewide average is $142 a month, so that really, you know, shows you why we're focusing on this company so much.

And then I wanted to also just read an excerpt of an e-mail I received from one of our members up in Hancock. He writes:

> Residents in Hancock are pulling their appliance plugs directly out of the wall for their washers, dryers, lights, toasters, microwaves, and entertainment appliances, and also are using flashlights in their homes instead of turning on a corded light for a short period of time. I now do this myself for my appliances at home and at work, and wonder if someday many of us will have to resort to kerosene or another source of our home lighting needs.

So that's -- you know, I just, you know, had to share that with you to give you a sense of how desperate things are. We all know the Upper Peninsula is an economically challenged area in many cases, and so that's kind of the background.

And with regards to these cases that we've made requests for, one is the rate case, U-17895, and then the UPPCo plan case, U-17911, I've requested an additional $10,000 for each case. And they're -- both cases are going on contemporaneously, contiguously, and I will say that in all of my years in this business, this is the most litigious case I've ever been involved in. The Company has sought to strike Douglas's testimony, they sought to disqualify him as an expert, every motion it seems like they could come up with, they did, so we've been just, you know, responding to those, and we've been successful in those, they have not won any of those motions.

The cross-exam in the plan case was over six hours, the cross-exam in the rate case was three days, and we cross-examined a total of 18 witnesses, and we were the only party cross-examining anybody.

MR. MacINNES: So the AG's office is not in this?

MR. LISKEY: No. No. They rarely are,

and that's why we exist really is because somebody needs to be.

And I'm going to let Douglas talk about any other specific issues that we feel we can discuss.

I will say that, back to my earlier comment about this is a new ownership group, and you may recall, it was in 2014 we intervened in the transfer case, and we did that on a pro bono basis, and we were concerned about the impact of the transfer on rates, and the case essentially was explained that, you know, you'll have to deal with those matters later in these cases. But the Company and the Commission and in fact the statute requires that the transfer not have an adverse impact on rates. And now because it's a standalone company, a small company, it does not benefit from the economies of scale that were there previously, that is, the fact that they're smaller is one of the reasons that they are using to say that they need a higher rate of return; and our position is, well, you should have known that, that is -- that was part of your deal, and that risk should not be passed on to the ratepayers. So that's, you know, a 50,000-foot view of it, and then I'd ask Douglas to --

MR. MacINNES: Bring it down to 10,000.

MR. LISKEY: Yeah. If you want.

MR. JESTER: So most, you know, most of what we've done in the case is only within Act 304 issues. There are a lot of issues that the -- that are beyond that that are very costly to ratepayers. So Staff of the Commission have been addressing some of those other issues, but I just want you to be aware that there's stuff outside of the scope that really no one is speaking to on behalf of residential ratepayers.

MR. MacINNES: So let me ask this. Is there -- are you familiar at all with any of the participation by the AG's office in these cases? I know it's a smaller group, but have you all been involved along the way at any time, do you know?

MS. GILL: I don't think so.

MR. MacINNES: Given that there are other issues besides Act 304, which is what we're into, is that anything that your office would be interested in becoming more involved in, making sure that the, you know, that everybody's represented here by -- especially given our limited funds and where it looks like the energy regulation is going and all of that?

MS. GILL: I mean that's something I think we have talked about internally, I'm not a hundred-percent sure of all the issues or decisions that have been made as far as which cases we necessarily get involved in, which ones we don't.

MR. MacINNES: But it might be something to take a look at, especially since we're limited to Act 304 cases, and there apparently are other issues that we can't get involved in in funding, right, but you can, and I'm just wondering if that's something, you know, the AG's office should take a look at? I just throw that out just for consideration, that's all.

MS. GILL: No, right.

MR. MacINNES: Okay. Douglas.

MR. JESTER: Within the scope of Act 304, without going below 10,000 feet, it is a fairly small company, it's got some quite large industrial customers, and in the past, those industrial customers had interruptible rates, they still do, but with the spinoff, if you will, of UPPCo, the interruptible share of the load that used to be aggregate across Wisconsin Public Service as well is much higher, and so there's a pretty big impact of this, of the interruptible rate arrangements.

MR. MacINNES: Are people actually interrupting businesses under this interruptible rate?

MR. JESTER: Not very often. Less than the emergency standards would allow under the way that MISO operates, but it does happen, so it's not completely unheard of. The other thing is, in our view, the Company has too much base load capacity, and some of it is must-take power purchase agreements, so there have -- many times they're buying power from somebody else and then selling it into the MISO market at a lower cost than what they're paying for it. That happens to every company, you know, to a certain degree, but it's just sort of outsized in this case. So those things have resulted in a pretty significant cost differential between the industrial and residential customers. John passed out this information about the comparison of the residential customers; industrial customer rates on the other hand are pretty much typical amongst Michigan utilities, small differences, but so basically a much bigger differential between residential and industrial ratepayers than we normally see.

MR. MacINNES: So would these be what, take-or-pay contracts basically?

MR. JESTER: Uh-huh.

MR. MacINNES: I mean is there anything -- they've already entered into those. Is there anything that can be done about that really?

MR. JESTER: Yes. They have options to make changes in time, which of course is part of what we're looking for. But under the law, we are also not convinced that residential ratepayers are obligated to pick up the tab on those if they were --

MR. MacINNES: So we have --

MR. JESTER: -- imprudently entered --

MR. MacINNES: -- a cost of service shift issue here?

MR. JESTER: Yeah. As well as we've asked for certain costs to be excluded from the rate base, and also asked for them to be disallowed under power supply cost recovery, so in that case, UPPCo would be, you know, picking up the difference. But so those are the kind of issues that we're dealing with.

MS. HAROUTUNIAN: Is this new company capable of doing what they're supposed to do, or are they just too small and they're trying to milk it as long as they have it?

MR. JESTER: I don't have a specific opinion on that, but most of what we're looking at is what they were handed as they came out of the transfer. So they haven't -- they haven't made it better yet. Let me put it that way, --

MS. HAROUTUNIAN: Okay.

MR. JESTER: -- but I'm willing to say they may be able to make it better.

MS. HAROUTUNIAN: Okay.

MR. MacINNES: So can you be any more specific on where you think they're, based on what you've done so far, where you think things are out of line, or may be out of line?

MR. JESTER: Well, in my testimony -- I'll just stick with what we've put in -- I did a little bit of pro bono work on this as well and made the point that their debt/equity ratio is skewed to equity, and because they get a higher return on equity than their cost of debt, that results in a higher cost to the ratepayers.

MR. MacINNES: What's that ratio?

MR. JESTER: I don't remember exactly. It was on the order of 55-percent equity and 45-percent debt.

MR. LISKEY: Yeah.

MR. JESTER: The average for the utility industry is basically reverse that. And then --

MR. MacINNES: Do you know what their bond rating is or their -- are they financed by bonds or are they a bank financing, or how did they, on the debt side?

MR. JESTER: These are -- this is a privately held company, first of all, so, you know --

MR. MacINNES: So does that mean you

don't know their capital structure?

MR. JESTER: Well, what I'm trying to say is they have other holdings that really determine their ratings, so certainly the composition of this particular holding is a part of what determines how they're rated, but it's not, my impression is it's far from the majority. I don't know the details there. So they seem to have, you know, reasonably good ratings if you look at the different ratings companies.

On the power supply side, it's principally --

MR. MacINNES: So the first issue is, you're questioning is the capitalization of -- it's too heavy debt/equity weighted, that's the first thing you're looking at?

MR. JESTER: Right, yes. And I did that outside of the grant from the board.

MR. MacINNES: Okay.

MR. JESTER: Within the scope of the grant from the board, the key thing really is that, in my view, they've -- they own or have contracted for too much base load capacity, and they have opportunity to rely on the MISO market --

MR. MacINNES: Right. But did that happen before the transactions --

MR. JESTER: Yes, it happened before the transaction. It could have been fixed in the transaction, but it wasn't.

And then these, they have this rate design where fully a quarter of their load is being sold at the MISO realtime market price, whatever that is. It happens to be a good deal less than their average cost of power.

MR. MacINNES: Quarter of their generation is being sold?

MR. JESTER: No. A quarter of their load, their sales is being sold on that basis.

MR. MacINNES: Oh, okay.

MR. JESTER: And if you assume that that should come from the market, then they've got excess generation for the remainder of the load.

MR. MacINNES: Do they have any plans that you know of of divesting themselves of some of these assets to get, you know, balanced on --

MR. JESTER: They've indicated over time that they will be making some adjustments, but probably not as much as I would recommend.

MR. MacINNES: Kind of like, you know, when you're an -- it's like in mergers and acquisitions when you buy a company, and then you might need to sell off a portion of it to rebalance things, or for regulatory purposes.

MR. LISKEY: If I can add, the purchased power agreement that we've been talking about is with the seller, so it's with the Company who --

MR. MacINNES: So they're on both sides of the --

MR. LISKEY: They were at the -- because UPPCo was a subsidiary of a holding company --

MR. MacINNES: Okay. So are you questioning whether that was an arm's length --

MR. LISKEY: Well, that was preceding the transfer. When Douglas said that could have been addressed in the negotiations for the sale of the Company, they were negotiating with the seller, who is also the owner of that purchased power agreement.

MR. JESTER: So anyway, there are implications for cost allocation in all of that, but we didn't take on cost allocation directly so much as pointed out that the way they were allocating costs is inconsistent with the nature of their power supply arrangements.

MR. MacINNES: Anything else that comes to mind? Are there any questions from the board?

MR. SMITH: I am kind of curious, though, of what the breakdown in 304 versus other issues in terms of how much effort you need to put into this.

MR. LISKEY: Well, we're focused mostly on 304.

MR. SMITH: Okay.

MR. JESTER: Everything that you funded or that we're asking for is 304. I just volunteered a few hours to do the debt/equity.

MR. LISKEY: Like on the cost of the rate of return issue, Staff has taken an impressive position. I think the Company is asking for a 10.75-percent return on equity, and Staff has, in their testimony, recommended 10.0 percent, and recently Detroit Edison and others, the Commission has landed at 10.3 percent. So UPPCo's current ROE is I think 10.15 or -- I might have that wrong. But anyway, that's a big issue.

MR. SMITH: Jim, and my mind goes a little bit back to the conversation that you and Celeste were having about the AG's participation here, and back to our original conversation that opened this up about the debt that exists between us and the AG's office. I've not ever been satisfied that we actually owe the AG's office that money, but I accept that I lost that battle a long time ago. I'm not clear like what the AG's office would do with the funds that we send over; is it to recoup past expenditures on cases, do you know?

MS. GILL: No, I don't know what the exact 70,000 would be used for. Obviously it would be used for Act 304 type issues, but --

MR. SMITH: So it's -- since it's a debt that accumulated over many, many, many years, right, I would assume that the AG's office has balanced its budget with each fiscal year, as is required by the constitution, and so additional revenue that comes in wouldn't be used to recoup expenditures on past cases, but is statutorily required for these 304 cases, so to me it presents a real opportunity for the conversation that you two started to have about the AG's participation in this case as well, and I would love to see a real vibrant discussion between the AG's office and UCPB about how we engage and support this case with those 304 dollars.

MR. LISKEY: The Attorney General would be limited in their use of these Act 304 dollars, as the board is.

MR. MacINNES: But they have more of them than we do.

MR. SMITH: And it sounds like the bulk of what you're arguing or concerned about are 304 issues.

MR. JESTER: Well, that's all we entered because that's all --

MR. SMITH: That's all we can.

MR. JESTER: -- the board --

MR. SMITH: Sure.

MR. JESTER: I can give you a very long list of other things that I saw in the filings that I'm concerned about that we didn't settle on --

MR. MacINNES: But now, on those other items, can't the AG's office, not using Act 304 funds, but using other funds become involved in the other items?

MS. GILL: The only other funds that the AG's office has is general funds, and there are a lot of things competing for the general funds.

MR. MacINNES: Yes, I'm sure there are.

MR. LISKEY: As a practical matter, the time for the AG to get involved in this case has long passed.

MR. SMITH: Oh, right. Right. I'm sorry. Of course.

MR. LISKEY: We're at the briefing stage now.

MR. MacINNES: So is what we've just gone through for these three cases, or how does that --

MR. LISKEY: What we've just gone through is for items 1 and 2, the $10,000 request for, an additional $10,000 request for the rate case and additional $10,000 request for the plan case, and that is to cover the briefing; we have initial briefs, reply briefs, exceptions, and reply to exceptions for both of those cases.

The third request was a request for $50,000 for funding for the reconciliation cases for the four U.P. companies: UPPCo, WEPCo, Northern States Power, and Wisconsin Public Service Corporation. Those cases were just filed last Thursday -- or Wednesday, and Douglas has had a short time to take a look at them and can give you a couple of major issues.

MR. JESTER: Yeah. So let me dispense with the other companies other than UPPCo first. Because I really did only see some of them yesterday and today, I don't have extensive notes for you. But basically these are, remember, reconciliation cases, so these are about 2015, and the plan cases have already gone through. So a point of reference, we're not limited to just dealing with, you know, whether they recovered too much or too little for power supply in the year in a reconciliation case, but that's kind of a point of reference of what we're seeing.

So both Northern States Power and Wisconsin Public Service slightly over-recovered, so in the normal course of events, they, you know, propose to give that back to ratepayers by a little bit of a reduction in 2016 power supply cost recovery. WEPCo under-recovered by enough that it matters, but a small percentage of their total power supply costs, my recollection is something like $400,000, so that would lead to an increase on top of the, you know, planned costs for 2016, but only a few percent.

The UPPCo filing is the one that really draws attention. They claim an under-recovery of about $7 1/2 million, bear in mind that their total annual revenue is on the order of 120 million, and somewhere on the order of 5 1/2 million of that is the system support resource costs from all of the stuff that went on in the last couple of years, which we reported to you, where MISO and FERC and others were changing the rules on how those costs were paid, and you'll recall that the current state of play is adverse to UPPCo, they're being allocated quite a large share of the system support resource costs for the Upper Peninsula plants, and so that's 5 1/2 million more than they anticipated, it's a total I think of about 12 million.

MR. MacINNES: And that 5 1/2 million is because of the unfavorable allocation?

MR. JESTER: That's right.

MR. LISKEY: If I can interject. It

would be my initial position that that liability should have been known at the time of the sale as opposed to pushing it on to ratepayers.

MR. MacINNES: Was -- I mean can you elaborate on that?

MR. LISKEY: Well, in 2014 we knew what was going on with the Presque Isle plant and the SSR costs, and there was a worst-case scenario of $93 million being spread across the U.P., and since that time, it's dropped to I think about 50 million, and there's still debate over what it is, but that's not new. I mean that was -- we knew about -- I mean everybody in the U.P. knew about it, and so my -- you know, again, I haven't studied the testimony, I don't know if that's a, you know, a solid rationale to attack it, but --

MR. JESTER: The balance of the under-recovery is in extra reduced sales, surprised at these prices they're selling less electricty, and some increased costs, and I haven't had time to dig into those very much. But that's really what we're looking at.

MR. MacINNES: Where do we stand now with replacing the, you know, getting rid of these SSR payments?

MR. LISKEY: Well, as -- when WEPCo purchased Integrys, part of that deal was that WEPCo would quit collecting SSR payments, and that happened -- that has happened, I don't know what date, but that was part of the approval by the Michigan Commission.

MR. MacINNES: Okay.

MR. LISKEY: So they're not going on this year.

MR. MacINNES: Kind of a can of worms up there.

Any other questions from the board on this?

MR. DINKGRAVE: No other questions other than just again say how appreciative I am of the fact that there's somebody looking out for, like you said, you were the only ones cross-examining for the folks in the Upper Peninsula. We have a statewide body with a statewide responsibility, and it's scary to think without anybody paying attention to that, how much worse it might be. So my mind is always on the most low income people, and the story you shared I'm sure is not atypical. I think about people getting by on $6.00 on DTE, 12 is twice, that's crazy, so appreciate you being on this and wish we would see broader participation on these kinds of things.

MR. MacINNES: So on your request here for $50,000 initial funding, you're aware of our budget constraints and our history of trying to very carefully meter the money out so that we see what's going on before we go in deep. Is there -- how do you feel about that? I mean is there a way that we can get in there and kind of, as Chris has done similar things, fund the initial and just see how it goes and hear back from you at the next meeting and then we'll know a little bit more about the budget and all of that?

MR. LISKEY: Sure. That's entirely possible. We typically always bring it either in the February meeting or this meeting. But the case, the prehearing in the case will be in the middle of May, so, you know, we can come back in June. You know, if you can get us started so at least Douglas can get his arms, you know -- he wouldn't -- the bulk of the expense is when the expert is developing their testimony and then during exam and then all the brief writing, those are like the three major components of it, and then if there's a whole lots of motions, that's --

MR. MacINNES: Right. So with that all said, and you know the process better than we do in terms of the details, the knitty gritty, what would be a good starting point on this request to get in there to see what's going on, but recognizing that the budget constraints and --

MR. LISKEY: Probably 20,000.

MR. MacINNES: Okay. And by then, once you get into that, you'll know more and then you can tell us more about what you see and why you feel there is more funding required and what the opportunities are in terms of saving the ratepayers and residential ratepayers and all that, right?

MR. JESTER: Uh-huh.

MR. MacINNES: Okay. And then on the other two, I'm assuming that the 10 is, that's the minimum?

MR. LISKEY: Yeah. That's a lot, and that's for four briefs, that's --

MR. MacINNES: Okay. Any other comments or questions from the board on this?

MR. SMITH: No. But it looked like Dave wanted to weigh in on it.

MR. FORSBERG: Mr. Chair, I'm first-time new here, so I'm trying to follow protocol. I have some questions; do I ask that during the public comment period?

MR. MacINNES: Well, if you have a question now, we will take that.

MR. FORSBERG: Okay. Thank you. I was just going to ask you, in regards to the $10,000 request by CARE for the UPPCo general rate case that you have before you, would that be -- if that's approved, would that then be -- would I add that 10,000 on to the $60,000 that was already approved plus the extra 10,000 that was agreed per the amendment at the February 8 meeting? Do I have the math right?

MR. LISKEY: I think the -- you have an extra 10,000. I think right now the budget is at 60, and so this would bring it to 70.

MR. MacINNES: So this is an additional request?

MR. LISKEY: Yeah.

MR. MacINNES: So with the idea -- the way we try do this is, because we're always constrained with money, we try to hear the initial discussion and get, if it makes sense, which we thought it did to get involved, we make an initial grant, and then we try to meter the money out because you don't know how the process is going to unfold.

MR. FORSBERG: Right, right. Oh, I'm looking at this last page here that you have about the case, and it says $60,000 budgeted and then add 10,000 per Amendment No. 1 from the February, so I get 70,000, and then the request today would add another 10 on, so we're looking at, if it's approved, the additional 10 for the general rate case, it would be 80,000, or do I have that wrong? Sorry.

MS. WORDEN: No. This 60,000 includes this $10,000 request.

MR. FORSBERG: Thank you.

MS. WORDEN: This is the adjustment.

MR. FORSBERG: So 70 plus a possible 10 if it's approved today. Okay. Thank you.

MR. MacINNES: And, you know, in the past, and when I think about our history, we've spent some serious money on intervening in these cases, more than 80,000 even, and the idea I think is to make sure that we look at the whole state, you know, we focus I'd say most of our money on the, you know, Consumers and DTE, and also on the gas cases, which are not here right now, but we do feel an obligation, and it is in Act 304, that we look at, you know, the whole geography of state and make sure we represent the whole state. So it's a judgment call on how much to do, and there has been a lot of activity, as you know, up there, it's been pretty amazing, confusing to watch really.

MR. LISKEY: Just to clarify, the $10,000 line item that you see there, that is included in the 60,000. So today's action would, if approved, would bring it to 70,000, not 80.

MR. FORSBERG: Thank you.

MR. LISKEY: Yep.

MR. MacINNES: Okay. Any other questions on this?

Okay. So what's the board's pleasure, should we take a break here and take a look at this, or what should we do?

MR. SMITH: Yes, let's take ten minutes and ponder.

MR. MacINNES: Okay. So we're adjourned temporarily for ten minutes.

(At 2:15 p.m., there was a ten-minute recess.)

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MR. MacINNES: Okay. Let's go ahead and begin the meeting again, and deal with our grant issue. So go ahead and do our grant, make our grant decisions here. So do we have a motion? Let's start with the MEC cases. Do we have a motion on the MEC cases and issues presented by Mr. Chris Bzdok?

MR. DINKGRAVE: Yes. I'd like to move to approve the inclusion of the attorney, Tracy J. Andrews, and the expert, Karl Rabago. And do we want to do all of them in one?

MR. MacINNES: Sure.

MR. DINKGRAVE: Okay. And also approve

the $2,000 transfer to U-17920, to approve $20,000 for U-18014, and to approve $10,000 for U-17990.

MR. MacINNES: Okay. We have a motion on the table. Do we have a second?

MS. HAROUTUNIAN: Second.

MR. MacINNES: Is there any discussion?

All those this favor, please say aye.

BOARD MEMBERS: Aye.

MR. MacINNES: Opposed, same sign.

MR. BZDOK: Thank you.

MR. DINKGRAVE: All right. I'd like to move for the requests from Citizens Against Rate Excess, CARE, to grant $10,000 for the UPPCo rate case, U-17895, to grant $10,000 for the UPPCo PSCR 2016 plan case, U-17911, and to grant $20,000 for PSCR reconciliation for the U.P. investor-owned utilities grant, 16-01.

MR. MacINNES: We have a motion. Is there support?

MS. HAROUTUNIAN: Support.

MR. MacINNES: Any discussion?

I guess just a comment I wanted to make is that I'm hoping that as we get through these, that that will help to clarify where we are with all of this, these transactions up there with these issues, and that maybe it will settle down a little bit. I don't know.

Will it?

MR. LISKEY: Our goal is to reduce the rates, the burden on residential ratepayers, --

MR. MacINNES: Right.

MR. LISKEY: -- and I think that's going to be a long haul.

MR. MacINNES: Do you? Well, it's a complicated transaction, there was a lot involved. This should help --

MR. LISKEY: It does, yes.

MR. MacINNES: -- help you get to the bottom of some of the issues, sort things out, get the details --

MR. LISKEY: Yes.

MR. MacINNES: -- find out where there are opportunities, right? And I'm hoping it will be a little bit more straight forward, not that it's -- I mean it will always probably be an ongoing thing, but maybe it will be a little bit more straight forward.

MR. LISKEY: Well, and we know we're not going to have to fight a motion to disqualify Douglas, we've been there and done that and won, and so that there's a lot of those kinds of things that I think we're beyond.

MR. MacINNES: Okay. All those in favor,

please say aye.

BOARD MEMBERS: Aye.

MR. MacINNES: Opposed, same sign. Okay. Very good.

How about some reports from grantees, and maybe we can start with Don.

MR. KESKEY: Thank you. We had discussed in previous reports the outcome of the various PSCRs that the Great Lakes Renewable Energy Association has been involved in. In U-17317, which was the Consumers Energy PSCR for 2014, and that was the case in which the Commission had ruled on a procedural basis that the GLREA had a statutory right to intervene in the PSCR cases. All of the work in that case -- all the briefing and the hearings in those cases have been over for some time, and there still is not an order issued by the Commission. There are exceptions and replies to exceptions filed, but that was one of the cases that was really delayed in terms of issuance of a proposal for decision by the administrative law judge.

The next case, DTE U-17319, which was the PSCR case for 2014, the Commission issued an order in May of 2015, and one of the things they did in that order after reviewing the positions of the parties and the evidence was an indication that the issues that were brought by GLREA were proper and should be pursued in future cases.

In the CECo 2015 PSCR case, U-17678, all of the briefing in that case has been completed, but there still is not an order issued by the Commission.

In the subsequent case, the DTE PSCR case for 2015, U-17680, the Commission issued an order in January 19, 2016, which approved the DTE plan in that case, did not make much substantive comment about GLREA's position, made some notations about the Governor's energy plan or policy that was issued in March of 2015. The Commission did not grant GLREA's request to require the utility to start providing more transparent discussion of solar energy and how that can fit into the overall forecast.

MR. MacINNES: And are they --

MR. KESKEY: They sort of punted, I think, that issue in that case.

MR. MacINNES: Because of the proposed legislation, do you think, or --

MR. KESKEY: Well, the Commission did mention, as I recall, that there were a lot of things going on, and there's energy legislation that may be forthcoming, and that this is perhaps not the best time to go forward. And I view it as a neutral kind of a thing because everything that was going on, certainly not to discourage the presentation of the issues in accordance with their previous indications.

MR. MacINNES: So where do you think we're going to come out on this net metering issue?

MR. KESKEY: Well --

MR. MacINNES: You've probably been following it closer.

MR. KESKEY: Actually, the issues in these cases is impacted by more than net metering. As far as what's going to happen with legislation, one question might be is there really going to really be any legislation this year in an election year. Another thing is there still has to be an appointment made to the Commission. There's a two-member Commission right now, and there's a vacancy, and obviously if you have only a three-member Commission, the appointment of a new member can change the complexion, depending on who that is.

MR. MacINNES: Well, but I think a lot of it is going to be determined by the bills that may or may not be passed.

MR. KESKEY: Yes. And it's already April, and the election is six months away. Their -- while I am sure the utilities have lobbied the legislature very, very heavily on what they would like in the legislation, it hasn't passed yet. So there's -- there has to be some possible pushback to some of the proposals that might indicate it won't get passed this year. But I'm just speculating, you know. You might have more information.

MR. MacINNES: No, I don't know.

MR. KESKEY: Again on net metering, and that's only one aspect of expansion of solar energy opportunities, among others, the net metering percentage participation is growing substantially each year, 25-percent range, which after a while has geometric gains; but it's curious that the utilities would focus on that so much, it's still relatively a small percentage, the ceilings haven't been reached from 2008 legislation, and one may ask the question is when looking at the overall picture, if it is not that substantial an impact yet, why so much focus, and one of the reasons is I think the utilities really want to control as much of the energy market and the functions of the utility as possible, they don't particularly want to empower customers to participate in a diversity of energy supply that could be possible and is being done in other states. That's just a private speculative theory.

MR. MacINNES: Well, there's been really almost a national movement to address net metering, by the utility industry primarily.

MR. KESKEY: Yes. And I guess that would sort of reinforce my comment on that.

GLREA, pursuant to the grant, the most recent grant, has intervened in the CECo PSCR case for 2016, which is U-17918, and the discovery has gone on in that case, which we've submitted a number of, significant number of questions, and that discovery process will continue. We filed testimony in that case on the due date, which was March 30, and the hearings are set in May, for May.

The next -- and if you have any questions about some of the things that we've presented in our testimony, I'd be happy to go into it.

MR. MacINNES: Now, Don, you know, last year I requested of grantees to put together a list of their successful efforts in saving ratepayers money, and I received three. I didn't receive one from you. And, you know, looking back over the last five years, basically your successes, you know, we -- obviously as we invest in this, in these cases, we'd like to see the results.

MR. KESKEY: Yeah, I'd be happy to supply that.

MR. MacINNES: So if you could do that, I think it would be -- you know, which cases, how much we awarded in grants to GLREA or whoever you're representing, and what the return is, and a little writeup about the case. I use that information to meet with legislators. I've met with a lot of legislators, and I use -- that information was very helpful. But some of the legislators believe that that money is not being well spent. And --

MR. KESKEY: Well, I can briefly -- on the solar kind of policies, although in our most recent testimony we have proposed outright downward adjustments in the plan and forecast cases to reflect the fact that the utilities' forecasts does not include customer-owned or community-owned solar; in other words, the company is only planning on what they own and control, so we've made some adjustments. But a lot of this is policy encouragement, not only for the utility, but also for the Commission to involve.

MR. MacINNES: Well, I understand that, and I think that's good, but we need to see payback for the ratepayers.

MR. KESKEY: Well, I can give you one quick example, and that's --

MR. MacINNES: Well, I don't need it right now, but if you can give me a little list. You know, you've been doing this for a few years now, and I would like to see a list, as I received from the other grantees, of the monies that we -- you know, your success stories, where we've granted you funds, you've intervened in cases, and you've saved ratepayers money, recognizing that, you know, a share of your work is certainly policy related and identifying the cost of solar and all the true cost of solar, and that's all good information, but in the end, as John said so well, we've got to save the ratepayers money. That's the bottom line.

MR. KESKEY: That's fine. And I think a couple of our examples would be extremely substantial, not just differences in rates, arguing over common equity return or allocations or this or that, but pursuing in three or four cases what ended up to be an outright refund in excess of $90 million that the utility was ultimately required to refund the ratepayers over seven months.

MR. MacINNES: That would be good to see that. What I'd like to do is just I'd like to have that data because I can use that, you know, it's very helpful when people say we're -- you're not spending the money -- you're not efficient, they say you're not efficient, now I can show them that in some cases for every dollar spent, we've saved ratepayers $500 or $5,000. So I'd like to be able to show the benefit to cost when people approach us and say, oh, well, you're not efficient, you could use the money more wisely.

MR. KESKEY: Yeah, a cost benefit analysis.

MR. MacINNES: Right.

MR. KESKEY: In the other recent case for 2016, the PSCR case for DTE, which is U-17920, the GLREA intervention has been granted, significant discovery was issued and received from the Company. The testimony was filed in that case on March 14, and the hearings in that case will be in May as well, and after which there will be the briefing, PFD and so forth. And that's where everything is at.

MR. MacINNES: Okay.

MR. KESKEY: And in the testimony, and I won't go through the whole list here, but in the testimony that our expert has presented, the fact is that the plan and forecast do not detail how the plan and forecast would be affected by growing customer-owned or community-owned solar and calculating the difference in the PSCR factor that this would make, for example, in 2016 or 2019 as it grows, because the solar is growing, the costs of implementing solar are going down, and all of these affect directly the cost of peak load and the cost of the utility under PSCR, under the PSCR, and if the utility plan and forecast does not account for this, then it is skewed. And that then also pointing out all the different advantages that the expansion of solar can provide, both operationally for the utility, environmentally for the utility, the alignment with costs, the decrease in peak costs, and the growth in solar, and a number of these kind of points, and recommending then that the utility plan and forecast provide a more complete analysis, or some analysis, some transparent analysis relative to the solar component of energy, and recommending these adjustments that were calculated in the testimony. And so that would conclude where we're at at the moment.

MR. MacINNES: So are they going to come back after you make your argument and say, well, now we have less kilowatt hours because of customer generation and we're going to have to allocate the existing costs over a smaller customer base, is that going to be their response?

MR. KESKEY: Well, it's not necessarily over a smaller customer --

MR. MacINNES: Or over less kilowatt hours consumed or produced or sold by a utility?

MR. KESKEY: Well, I think one of the

proportional relationships is the change of a utility's otherwise growth could be from new customers, normal expansion, change of the makeup of their customers, versus the change that would be attributable to what solar can save, and if the growth and other aspects in sales is greater than the reduction in sales caused by customer solar or community solar, then basically on looking just at those two relationships, it's neutral. The longer term --

MR. MacINNES: But is DTE's energy production or sales, is that growing? For example, DTE or Consumers, I mean I thought they were pretty flat in the growth.

MR. KESKEY: I think there's been very slight growth, I mean it might be less than one percent a year. And I'm just trying to recall some of the testimony.

MR. MacINNES: So if it's flat and then you've got more solar customers coming on, self-generating, you know, that's going to reduce kilowatt hours sold and they're going to make the case that we're going to have to charge more for the ones we do sell.

MR. KESKEY: Well, that's extremely speculative, because again, if the net difference is not a decline in sales, and if the solar saves expenses, whether it be the operational benefits, whether it be fuel, purchased power, a number of other benefits, then you have to look at the change in expenses as well. In other words, you could have -- let's say the sales are flat, but your -- but the solar is saving you expenses, then that's more margin for the utility actually, isn't it?

MR. MacINNES: Well, I'm sympathetic with your case, however, I think you're going to -- you know, I'm just pointing out what I'm seeing out there. Could be coming your way on this, if it hasn't already.

MR. KESKEY: Well, I recognize that the utility industry I believe sees solar as something potentially independent of its own control, to the extent that more and more customers or more and more communities develop solar, that they can reduce their load on the system, usually it's not eliminating a load, it's reducing it, and that they would not jump on board as being a big fan of this. But as far as the public interest and looking at short-term and long-term interests, it diversifies the supply, it provides a new industry, more employment, it imports less costly energy from out of the state, it has a -- it supports all of those policies that are identified directly in Act 295, which was the purpose of encouraging renewable energy.

And it also is consistent with Act 304 because to the degree it can minimize or reduce or ameliorate peak load costs or costs in other parts of the year, then that's part of the planning and cost minimization and reasonableness function of Act 304.

MR. MacINNES: Okay. I hear you. Anything else?

MR. KESKEY: That's it. Thank you.

MR. MacINNES: Any questions from the board?

Okay. Chris, do you -- I know you have a presentation on the pipeline.

MR. BZDOK: Yes.

MR. MacINNES: Is there any other update that you want to give us, or would you like to use the time primarily for the pipeline presentation?

MR. BZDOK: Answer B.

MR. MacINNES: Okay.

MR. SMITH: I'm sorry, Jim, if you don't mind, I am going to have to go, and I know a lot of about the pipeline because it runs through Washtenaw County, and if you wouldn't mind grabbing --

MR. MacINNES: I don't think there is anything else that will require board approval. This is more of an informational presentation.

MR. SMITH: Yeah. Not to blow you off, Chris --

MR. BZDOK: It's all good.

MR. SMITH: -- but I am. So I was just thinking, if we could hear CARE's report, and I'd miss MEC's report.

MR. MacINNES: Oh, okay. Is there anything else from CARE?

MR. LISKEY: Just a minute or two on MISO stuff.

MR. MacINNES: Oh, okay.

MR. JESTER: We do continue to monitor and to some extent participate in MISO decision making. As you know, it's a fairly small grant, so we have to be careful about what we dig into.

But some things that you should know about: First of all, FERC has issued a notice of potential rule making on changes in caps for the, for shortage pricing in the MISO market. So, you know, in ordinary market making, as things go along, the, you know, prices are pretty reasonable, but in a shortage situation, the prices can go way up, and there are caps on that, and FERC is looking not just at MISO, but at the other regional organizations as well on that, basically proposing to increase those caps.

MR. MacINNES: It was what, a thousand dollars?

MR. JESTER: Yeah.

MR. MacINNES: And now it's going to 2,000?

MR. JESTER: 2,000 is proposed. And then also there are potentially changes in the conditions under which those higher prices could be proposed. We've been working --

MR. SMITH: What's that cap apply -- is that like a megawatt, what's the --

MR. JESTER: That's per -- think of it as per megawatt hour.

MR. SMITH: Per megawatt hour, okay.

MR. JESTER: We've been working with the consumer representatives from the other states in sort of a joint, joint sort of conference on that.

Second thing is in the market structure for capacity, which is not the same as the energy market, there's a minimum offer pricing rule that's supposed to keep utilities or other producers from sort of building capacity and then suppressing the price to the disadvantage of others. Of course, that raises that -- raising that minimum offer raises the cost to consumers to a certain degree. We're buffered to a large extent in

Michigan because we have rate regulation, but nonetheless, it can matter to our power supply costs. So that is being looked at, and again, we're working with the other consumer representatives for comments there.

The real thing that's an emerging issue is first be reminded that Illinois is a restructured state where they don't do cost of service regulation like we do here that -- or leading in market competition for generation. And part of Illinois is in the PJM market, which is really structured around that kind of setup, and part of Illinois is in MISO where all of the other states, with the exception of Michigan that I'll get to in a moment, are pure cost of service regulation. So capacity is really determined in most states by the interplay between the state Commission and the utility. But Illinois, that's not the case, and in the recent auction, capacity auction, which is voluntary in MISO, the price for capacity in Illinois was a good deal higher than in the rest of MISO, and consumer representatives and others in Illinois were concerned about that. There's the possibility that there's some market power at play here with merchant plants, merchant coal plants were essentially all owned by one company in that area, so it's a complicated matter and it's going through the steps to wind up in FERC's lap.

Meanwhile, MISO decided that they should examine whether there should be changes in the market construct in order to address the needs of capacity suppliers in competitive zones, and the only real zone like that today is zone 4, the Illinois zone, but in their deliberations, that team that they put together have made recommendations which would imply that it would apply to Michigan zone 7 as well because of our 10-percent Retail Choice market. So it's complicated, but what it could imply is higher market prices for capacity in zone 7 in the future. For most of our capacity, that doesn't matter because of the regulation that we have with the incumbent utilities, but on the margins, it could affect the prices at which they buy or sell capacity to balance, you know, their needs, and it could affect the prices received by the independent producers.

MR. MacINNES: Making them higher for the independent producers to incent them to --

MR. JESTER: Right. So it's a very complicated thing, and it's still in motion, so I can't tell you where it's going to come out, but I just wanted to flag that as an issue.

And then finally, MISO's been restructuring a lot, and I know John's been involved there, but I don't know whether you want to talk about it.

MR. LISKEY: Well, the one thing I might mention is you might remember a year ago, our sector, the public consumer sector gets a vote -- gets two votes on various committees, and including the nominating committee, and last year we were promoting Sally Talberg to be on the advisory committee, she's now president of OMS states, the state. But so we get behind somebody, we get the other states behind them as well. And this year for the two nominations, there was Indiana Commissioner Angela Weber, and then nobody quite knew who we should support for the second position, and we looked at it and came up with Keith Felix, who is a -- there were two people running, one was a lawyer and one was an engineer, and you'll be happy to know we went with the engineer, he won.

MR. MacINNES: That's good news and bad news.

MR. SMITH: How often do we experience the shortages that would make the cap relevant or the pricing cap relevant like --

MR. JESTER: It's measured in frequency, in years between events rather than, you know, with any year. We experienced it a bit with the extreme cold at the end of 2012, beginning of 2013. It would happen if we had, you know, like a heat wave or some kind of a fuel supply problem.

MR. SMITH: So in --

MR. JESTER: It's not an everyday occurrence.

MR. SMITH: So in the grand scheme of things, like the impact of that policy on consumers sounds like not giant.

MR. JESTER: Well, it's not giant, but it's not trivial either --

MR. SMITH: Sure.

MR. JESTER: -- just because the numbers can get so big --

MR. SMITH: So quickly, right.

MR. JESTER: Ordinarily the market clearing price is in the $30 or $40 a megawatt hour range and it's suddenly 2,000, you know, that's usual because there are lots of megawatts of demand at that time as well.

MR. MacINNES: Sounds like a good case for demand response to me.

MR. SMITH: Yeah.

MR. JESTER: Yeah.

MR. SMITH: Yeah. All right. Thank you.

And thanks for indulging me, Jim.

MR. MacINNES: Where are we with -- there was some discussion a while back about the EP nodes and MISO and, you know, making that data more transparent. Is that -- where are we with that?

MR. JESTER: Well, it has been done, you have to work at it to get to it, but it's available. And I anticipate we'll make some, actually make some use out of it here in Michigan in the near future.

MR. MacINNES: That would good.

MR. JESTER: Yeah.

MR. MacINNES: Anything else on the MISO front that is pressing? I noticed that you didn't ask us for any funding for MISO.

MR. LISKEY: No, we're still operating under, you know, the grant, the initial grant. We're really leveraging that and working with the other states, so we are signing on to some of these comments that are filed at FERC, but it's not really costing us much, you know, we're not drafting them, it's a joint thing and --

MR. MacINNES: How about is there any update on the Northern Area Study?

MR. LISKEY: Well, what I can tell you is that last Wednesday the -- I can't read between the lines, so I can just tell you what the Commission did last Wednesday. WEPCo -- the Commission essentially issued an order that told WEPCo not to file their standalone jurisdictional utility, which was part of the transfer agreement, until Staff had signed off on it. And there's a three-way negotiation going on between WEPCo and the Mines and Invenergy about, you know, the new -- a new plant, and --

MR. MacINNES: Well, and I'm referring to the Northern Area Study, I'm referring more to transmission and, you know, hydro coming from northern Manitoba, and there was a large AC line that was being discussed in Manitoba to bring power down to -- bring hydro power down to Minnesota to balance some of the wind.

MR. JESTER: On that, rather than doing a separate sort of large distinct study that folded into the transportation -- the annual cycle of transmission planning, I'm sorry, the MTEP, the MTEP 17 process is under way, I've been participating in the workshops and so on to define the futures. And it's pretty hard right now to sort out all of the scenarios that MISO should study because there's so much in motion at the moment, but I think they're settling on some that will provide some bookends, fairly extreme additional transmission requirements and pretty modest, and in that, we will get a look at the U.P., there will be some nominations of projects in the U.P. that will be stuck within that, so presumably by early 2017 we'll get some answers.

MR. MacINNES: So if I wanted to learn more about that, I would go in the MTEP 17?

MR. JESTER: Yes, but probably wait about two months for there to be anything of much interest readable there.

MR. MacINNES: Because, you know, at one point they were talking about two and a half gigawatts of hydro from northern Manitoba. That's serious.

MR. JESTER: Yeah.

MR. MacINNES: Okay.

MR. JESTER: I'll try keep it in mind and send something your way when it emerges.

MR. MacINNES: Yeah. If they could work that out, it could be really quite a benefit to MISO.

Any other questions of CARE? Comments?

Okay. Maybe we can move on to Chris now.

MR. BZDOK: You still want to indulge me on this?

MR. MacINNES: Sure.

MR. BZDOK: So the board has supported MEC taking a strong stance on a proposal for an agreement relative to the NEXUS pipeline. This is a low production quality presentation. Hopefully it's a high information value, but it's low production quality. Okay.

Here's the project, 250-mile natural gas pipeline that goes from eastern Ontario to southeast Michigan. Capacity is a billion and a half cubic feet per day of natural gas. The developer is NEXUS, which is a partnership consisting 50 percent of Spectra Energy and 50 percent of DTE Pipeline Company, which is a subsidiary, as is DTE Electric Company, of DTE Energy. So it's an affiliate agreement for the construction of this pipeline.

The object is to transport gas from the Marcellas Utica shale to Michigan, southeast Michigan. So Marcellas shale, western Pennsylvania; Utica shale, eastern Ohio. MichCon Willow Run is the node that's relevant here. Green lines are big ANR main pipelines. There are three proposed pipelines on the drawing board. One is Rover, first in time is called Rover, that's this red one that would move over here to Defiance, Ohio. Second one is NEXUS, this is proposed NEXUS from Kensington up to MichCon Willow Run. ANR for a while had a project called ANR East, also proposed. They all have in common the fact that they basically are going to take gas directly from kind of the center of gas land and move towards southeast Michigan.

What's DTE Electric's role in the project? They're an affiliate, they've agreed to purchase, they've already signed the contract, 30,000 decatherms per day of transportation service via that pipeline which is not built yet beginning in the fall of 2017 for 20 years. That's -- that amount increases to 70,000 decatherms a day in the early 2020s, and that increase term goes for 15 years. So it's a long-term agreement that is for a pipeline that has not yet been constructed, which the costs will begin in the fall of 2017, so it's in the five-year forecast, PSCR forecast, but they're asking for approval of the cost recovery now. Why? Because NEXUS -- because DTE Electric has a right under the contract to make sure they can get cost recovery from the Commission before they're actually committed to the agreement. And DTE Electric is saying that its committing to NEXUS is a necessary condition for the project to go forward. We're looking for anchor tenants, more or less, they call them anchor shippers.

The claimed justification and need by DTE. This is all about the future, right, this is all -- this is the debates of the next ten years or so. This is DTE's long-term -- this is from an investor presentation -- this is the long-term fuel source or generation source plan for DTE. Hydro is going to stay about the same, nuclear is going to stay about the same. Interesting that they want to rate base that $100 million for Fermi 3. But renewables are going to increase, but very slightly from 2014. Gas is going to go way up as coal is ramping down. So that's what's going to replace coal is gas. Everything else is going to stay about the same, there might be a little more renewable. That's their long-term plan that they're telling the investors right now.

MR. MacINNES: So Chris, when does their -- when do the existing nuclear plants, when are they scheduled to either close or be --

MR. BZDOK: Existing nuclear?

MR. MacINNES: Uh-huh.

MR. BZDOK: Long time out, I don't know exactly when.

MR. MacINNES: So that assumption that nuclear will stay until 2030 is a reasonable --

MR. BZDOK: That scenario that I just showed you is the current long-term strategy. The last long-term strategy that included a nuclear unit was in 2013.

MR. MacINNES: So this does not include Fermi 3?

MR. BZDOK: Correct. Yeah, and we have

confirmation of that in the rate case discovery.

DTE Electric's forecasted natural gas consumption by type. Right now, the main -- there's a tiny, tiny little bit of gas that's used to fire up nuclear plants that have black start, there is some gas that's used for peakers, and then there's anticipated to be a big ramp-up in the early 2020s of gas for combined cycle, and another big ramp-up in the later 2020s, basically building two gas plants, two big gas plants and ramping up the natural gas consumption; so this is why they're saying they need a pipeline to bring gas directly.

The benefits that they're claiming for NEXUS are four main ones in this case: The need for gas for the peaking combustion turbines that they bought recently, Renaissance and DTE East China, which they now call Dean; anchor shipper status, which is again they're saying, well, we get preferential treatment if we're an anchor shipper if we're in there early; and they're saying this has economic value for their customers, that committing to this agreement will save their customers, their PSCR customers money on their gas costs for electric generation over the long term; and it's also going to have, they're saying, an overall suppressing effect on the price of gas in the market, which is going to benefit all Michigan customers.

This presentation for the interest of time is going to focus on this economic demonstration, or the purported economic demonstration of the NEXUS. Will this pipeline, will committing to this agreement for 15 and 20 years, will it save customers money in the PSCR overall, or will it cost customers money in the PSCR overall.

This is DTE's fancy consultant, ICF International, and this is the report that they did that claims that it will save customers money overall, they filed that in this case, and this is what the board support of Mr. Wilson is being used basically to evaluate this report and to contest this report and our positions in this report. This is basically -- do you know what I mean when say basis? Basis is a difference in, very amateurish, my very amateurish explanation is the difference in price of something at one place versus another place, and so it reflects more or less, it approximates the cost to transport gas under existing -- under whatever infrastructure or whatever market conditions are in place. So what we're talking about is determining basic differences; more or less, is the cost of payments under this pipeline going to be a larger or smaller over the long term than the basis difference of gas from Kensington -- the basis difference between Kensington where the pipeline is going to originate in the heart of this shale development and the MichCon hub up here, which is where DTE purchases gas. So that's the, sort of the question at hand is whether this will cost or save customers money.

These are projected -- these lines are all projected natural gas prices as projected over a very long-term horizon by ICF at these various locations, Dawn, MichCon, Defiance, Ohio, all points on that map; the important ones being Kensington where the pipeline would originate and MichCon where it would terminate. So Kensington is one of these red ones, MichCon is one of the blue ones, that's -- that difference in price between those two locations is the basis difference or the cost essentially of transport, transporting gas is the basis difference, and they're saying that with the NEXUS pipeline, the basis difference between those two points is going to be very small. So having the pipeline is going to make -- is going to ease the cost of transport and that that's going to save customers money.

So the green line here, this is -- again, this is ICF's analysis based on their projections. The green line here is the cost of paying essentially for the transport of this gas through the pipeline year after year for the whole term of the agreement.

The blue line is that basis difference. Okay. So basically the difference in cost between buying gas at Kensington where they'll buy it if they have the pipeline and buying at the MichCon gate if they didn't have it and they had to buy at the MichCon gate.

So what they're saying more or less is that until 2024-2025, the cost of the transport is actually going to be more than the basis difference, and then after 2024-2025, the basis difference or the cost of buying the gas at MichCon gate is going to be way, way higher than the cost of -- than the cost of transporting it via this pipeline. So they're saying over all, this is a good deal because eventually, starting 2024-2025, it's going to be a good deal. And they say over all, the capacity would save DTE Electric PSCR customers via charges in the PSCR $22 million in present value over this 20-year term of the agreement, or $79 million in nominal dollars. That's the ultimate bottom line from ICF in terms of the value.

We think this is wrong, Wilson thinks this is wrong, this is the testimony we've presented using your money. It's more the basis difference that they're calculating is more than it historically has been for the most part. It's more than market forwards for gas, purchasing gas on contracts for the future, the forwards for Kensington or an approximate location near Kensington versus MichCon, it's more than that, it's not a rational investment given the timing of reliability of the return, and it's a, not a rational view of how the pipeline capacity market is going to work. I'll touch on each of those.

More than most history, here is the natural gas basis historical for the Dominion South, which is very close to Kensington, versus MichCon. For the most part, it's almost zero, or even less than zero, meaning gas is cheaper at MichCon than it has been at Dominion. It has spiked very recently, 2013-2014, and then it's dropped off. Why? Because all this production has been ramping up in the Marcellas and Utica shale, and the wells are going and they're exploring and they're developing and the gas is coming out and there's not enough pipeline capacity, it's not liquid enough. So there is a -- there was a transport crunch. But you can also see '14-'15, that transport crunch now is also dropping. It went up precipitously and it's dropping precipitously.

Where is it going to land? Where is it going to land? Look at the forwards market we think is a reasonable proxy for where it's going to land. The price difference, the differentials -- again, we're using Dominion South, which is very close to Kensington compared to MichCon -- the basis difference, so again, this is the differences in price between the two places, ICF agrees it's going to drop, and the forwards market agrees it's going to drop, but the forwards market thinks the basis difference is going to be, you know, much more like fifty cents, at least through the period that the forwards market runs to, which is around 2021, so the forwards market right now is saying, based on people making these bids and in buyer/seller transaction, the wisdom of the market is less of a basis difference than ICF. ICF is projecting this is going to be a good deal for ratepayers because their prediction of what the basis difference is going to be is higher than what the forwards market is currently projecting.

Not a rational investment profile. This is the return, so to speak, on investment, or this is the difference between the cost of the agreement and -- you know, this is the savings, let's say it that way. This is the money to be saved. So below zero is a cost, above zero is a savings based on the comparison of the basis difference to the cost of transport in the pipeline over the term of this agreement. This is an ICF exhibit or a DTE discovery exhibit, it's not our information, this is what they're saying is going to happen. They're going to -- saying it's going to happen, it's going to cost, cost, cost, cost, cost, it's going to gain, gain, gain, gain, and the first year that the total cost exceeds the -- sorry -- that the total savings exceeds the overall cost is 2030. So this is me saying to you, I got a great investment for you, it's going to cost you money for the next 13 years or 14 years, but then the paybacks are going to be huge starting --

MR. MacINNES: What discount rate did they use to calculate the present value?

MR. BZDOK: I don't know the answer to that. I can make a note, I can follow up on that.

MR. MacINNES: Because that's an important -- especially with an income stream like that, a savings stream like that, when you back in the savings, if you have a low discount rate, and I would go to how do they determine the discount rate. I mean that's a big deal, that can make millions of dollars of difference.

MR. BZDOK: If I could predict what the cost of gas or the cost of gas transport was going to be in 2030 so reliably that I could take your money, we wouldn't be in this business, we'd all be on our own private Caribbean island.

MR. MacINNES: But so, you know, what

kind of pricing does this represent going forward in terms of the cap, the cost of gas, the total cost of gas at that point --

MR. BZDOK: The total --

MR. MacINNES: -- in Michigan?

MR. BZDOK: -- the total cost of gas is less germane than the locational differences in the cost of gas. I have total cost -- again, I was trying to take all the information I had and just give you the key ones so I have that on my -- I have their gas cost projections over all on my laptop, but I don't have them like --

MR. MacINNES: But it makes a difference in how many gas turbines you're going to build, how many combined-cycle units you're going to build, right?

MR. BZDOK: Right.

MR. MacINNES: I mean if your gas cost is going to go to $10 a million Btu, there may be some other alternatives that should be considered.

MR. BZDOK: So the way ICF did it -- and we can talk about that a little bit because that's their view of how the market works -- here's what ICF did, and I think it partly goes to your question, because it's a demand -- what they're doing is they are, they're determining a basis difference based on how much pipeline transportation is available, right, supply and demand;

the more that's available, the less its cost to transport gas. Okay. And how much pipeline capacity is available is going to be based on a model that they've run that basically says, how much development of gas is there going to be, and how much demand for gas is there going to be, and how much is the demand going to -- is the additional demand going to exceed the infrastructure for transport that's available. So the demand is based on a forecast of how much is going to be used, which is based in part on a forecast of how much electric generation is going to be based on gas, and that's all built into that.

MR. MacINNES: That's like driving the, I would think be one of the big drivers.

MR. BZDOK: It is a big driver, but it is not -- you know, we're trying to win a case, so we're trying to kind of hit them with the low-hanging fruit, right, which is you're higher than -- what you're saying represents a departure from anything that's been seen before, what you're saying is at odds with what all these willing buyer/willing sellers operating in the forwards market, what their point of view, their collective point of view in the aggregate is, what you're saying, nobody would make that deal unless they were making it with an affiliate, right, because of the investment profile, and further, the way you're doing this makes no sense, and this was kind of Wilson's best -- this was maybe some of his best work.

So what ICF did was they took all the transportation pipeline infrastructure that exists now, and then they projected how much more is going to basically become built, that's a big part of their model, and the place they start is any project that's already announced and already been filed with FERC, so basically they filed an application for approval with the Federal Energy Regulatory Commission, we're assuming that will be constructed. All of those projects that have been filed with FERC are going to be on line by November of 2018, but we're talking about trying to make projections through a period that goes through 2037, so we need to make projections about how much additional pipeline is going to get built after 2018, and we call that generic expansions, right; we don't know who's going to propose them or what they are exactly, but they're generic expansions. So we have to make assumptions about how are those generic expansions going to be made, and those are critical because so much of this is beyond the scope of what's been filed with FERC. And ICF says additional generic expansions will only occur if there's market growth, growth in demand that's in excess of the pipeline capacity that's available. So is there enough pipeline to deliver the gas to meet the incremental additions to demand is what they're saying, and that's -- and that gives them these results. They have four new generic projects after 2018, they have general locations, and they have capacities and online dates in their study. Billion and a half plus a billion plus 350 million plus a billion, almost 3 million Bcf of additional gas.

The problem with this approach is they only consider market growth compared to -- in demand compared to pipeline capacity, they don't consider basis differences. They don't consider the very thing that they're saying justifies this project. So if price differences or profitability of -- basically we're saying if it's profitable to build a new pipeline because you have a basis difference that makes -- that is greater than the cost of the pipeline, then that pipeline is going to get built. That pipeline is going to get built because the producers want to get this gas out. The producers -- and that's happening now.

So Wilson talks about a demand pull project, which is where we have a growth in demand over here in Michigan or wherever for the gas and there's not enough pipeline capacity to feed it, but we also have the situation that we've been having in the Marcellas, or we had in that peak where we've got so much production, but they can't get rid of the gas or they can't get rid of it economically because it's not liquid enough. And so -- and those market push projects are needed and they're already occurring, and the producers are financing them. That's what's going on. That's what -- I mean that's what happened, and that's what's going on. There are market push projects and there are projects where maybe you don't need it to physically get the gas out, but it's profitable to get the gas out because the cost of gas transport is supply and demand.

And they also didn't consider, they only considered projects from the demand areas, so, for example, from southeast Michigan all the way back to the Utica Marcellas shale. They didn't consider, well, what about smaller projects to other liquid trading points, you know, getting it far enough that then it can get out, right, because it's only bottled up right here, so do you have to get it all the way to the demand whether it's southeast Michigan or over here to the coast, or do you have to get it just far enough until you're at a hub where then it can flow, and they didn't consider that either. And the bottom line result -- remember I said they have about just under three billion cubic feet of new projects, they have just under three billion cubic feet of new projects to handle -- this is another discovery response. This is total production. So total production 2016 is 20 billion cubic feet per day; at the end of that time period, 2018, when the last projects are gone, it's about 25 billion cubic feet per day; and at the end of the agreement, it's somewhere north of 40. So the bottom line is their modeling says we're going to add 3 billion cubic feet of new pipeline takeaway capacity for 13 billion cubic feet of new production, and that's because we're only going to add a pipeline when it's physically necessary to get the gas to a demand area, not when it's economic, based on the same kind of basis differences that are driving this project.

So they greatly overstated the impact of any one assumed pipeline expansion. Of course, if you've got 13 billion cubic feet of new production and only 3 billion cubic feet of new transport pipeline, of course transport is going to be at a premium. Of course, if you've got one of those very few pipelines, you're going to make a -- it's going to be really economic, and so if you can get a deal on it, you're going to be way better off. So of course, the way they've done this, that was the only conclusion they were ever going to reach was that pipe transport was going to be at a premium.

The other part of this is MPSC Code of Conduct; because it's an affiliated transaction, this is a related issue, not the exact same issue that -- all that first discussion really is is this reasonable and prudent, is it going to save money for ratepayers over the long term. Two provisions of Code of Conduct are important: One is the electric utility's regulated services shall not subsidize in any manner, directly or indirectly, the unregulated business of the affiliate. So you can't subsidize directly, you can't subsidize even indirectly. And also, if an affiliate provides a service to an electric utility that's regulated, the compensation for that has to be at the lower of one of two things; either it has to be market price, or ten percent over the fully allocated embedded cost. So basically if you're going to do business with an affiliate, it either has to be ten percent over the embedded cost to the affiliate in providing the service or market price, whichever is lower. So market price becomes really, really relevant into whether this is a deal or not.

This is an ANR -- ANR is in this case as another intervenor. This is an ANR exhibit, and you can see Rover, which is going to get built, is here, ANR main lines are here, but then you can see all these capillaries, right, you can see all this other existing grid network which is non-ANR and then all these other points at which gas is, those -- these are all other liquid trading points. And so the question again is, can you find -- can you find basis differences from these locations to these locations and basis differences from these locations to this location that are going to be less than the cost of the new pipeline; and you can, the answer is that you can.

This is the DOE's, you know, long-term natural gas outlook, and so what Wilson did was he took Pennsylvania, which is the closest to Kensington, it's the closest to Dominion South, and he took -- and then he took Chicago, which is further -- we didn't have, they didn't do a projection for MichCon -- and he did -- and then he took that network, he used those blunt points, Pennsylvania, basically here, with Kensington a little further downstream, and then Chicago, which is a little further past us, and then he kind of walked back these intermediate points, and he did a thumbnail estimate. He said Marcellas is essentially Pennsylvania, Chicago is more or less a proxy for MichCon. He could use these proxies because he had all the projections from ICF. So if ICF said prices are higher in Chicago than MichCon, then Chicago is a pretty conservative assumption using the DOE data. The differential from Kensington to MichCon should be less than the differential from Pennsylvania to Chicago, right. So Pennsylvania to

Chicago is pretty safe; based on the DOE projections, it's 15 cents per decatherm is the long-term difference according to DOE. That's basically going to be the long-term basis difference. So he used the forward prices to 2020, and then he used the long-term decatherm of 15 cents per dollar -- or 15 cents per decatherm value for the years past 2020, and he said the present value cost to customers would be 140 million, or 295 million in nominal dollars. So it's a loser. It's a loser if you look at a combination of the forwards differences and then you look at the differences in the long-term DOE projections, so if you look at objective independent information, I mean anybody can make projections, but if you're going to talk about what's a market price for transport, starting with the forwards market basis differentials and then looking at DOE basis differentials, probably a pretty good, you know, a pretty objective indicator of what might be a market price, and it's 140 million in present value dollars over market price, so it's not a permissible affiliate transaction.

That's it.

MR. MacINNES: So why would they build this when it doesn't have a positive return for 13, 14 years? I mean why wouldn't they wait until a little closer to the time it was supposed to be positive?

MR. BZDOK: That's a good question, and that question actually touches on another -- a number of other layers.

MR. MacINNES: I mean just think about it: If you were going to make an investment, it's like, okay, I can make this investment based on some 30-year projection that's all backloaded, which --

MR. BZDOK: Yep.

MR. MacINNES: -- who the heck knows where that's going to go, and you're not going to get any benefit for the first 13 years --

MR. BZDOK: And you don't need the gas.

MR. MacINNES: What's the rush? What's the rush?

MR. BZDOK: And you don't need the gas.

MR. MacINNES: Why not wait and get, you know, and cut that down to five years, seven years, or less.

MR. BZDOK: You don't have any gas -- I'm sorry. Your only use of gas is to start up a cold coal unit plant once in a while, which is this tiny little green sliver, and to run a peaker a certain number of days a year. You don't need this gas -- you don't need gas coming in a main from the Utica Marcellas best case until the early 2020s.

MR. MacINNES: Right. So why would you do that?

MR. BZDOK: And another graphic I didn't -- I had in the presentation, I cut it because I was trying to cut this down, is Michigan has the greatest, the largest storage and the largest storage relative to demand. So I mean there is no justification to do this to serve peakers starting in the fall of 2017. You don't -- it's going to, even on their numbers, it's going to lose money until 2024-'25, and you don't need the gas until 2021-'22. Now, there may be an answer about long lead time and, you know, but I think it's about --

MR. MacINNES: Well, and the more we shift to other things like Don was talking about, you know, with solar, with wind, which is really cheap, you're not going to need as much of this combined-cycle gas turbine. Look at how much the increase, you know, the over the next -- and as the grid develops --

MR. BZDOK: And I think there's probably also an answer that has to do with there's only so many of these big mains that are going to get built all the way from the Marcellas to southeast Michigan; you know, there's three proposed, Rover is going to go forward, ANR East is, appears to not be going forward, so it's also a matter of, you know what I mean, there's only so many of these and, you know, NEXUS is 50 percent DTE Pipeline Company. So I mean it's an affiliate project. I'm not -- you know, I mean I always sound so strident, right, when I get up here about -- but it's, you know -- and that's why we're fighting it, that's why we're opposed to it, we think it's a bad deal.

MR. MacINNES: Okay.

MS. HAROUTUNIAN: Apparently they don't give any alternative reasons for wanting it, like Jim was saying, why they're doing it?

MR. BZDOK: So they're saying they need gas for the CTs, but again, you know, these combustion turbines, I mean they're peakers, they run, you know, not very often, they don't burn very much gas in the scheme of things; they're saying if they sign up now, they get anchor shipper status, which is essentially more or less if we give somebody else a better rate, meeting certain terms and conditions, you know, then you're entitled to that. Basically you're getting our best rate.

Now, ANR and I think maybe the Attorney General, we filed testimony on this as well, ANR I know, and I think the Attorney General filed some testimony that the anchor shipper is not -- it's either not significantly beneficial or kind of an illusion. And then we filed on the economic basis and on this question of overall gas suppression.

MR. MacINNES: So the other intervenors are ANR. Is there anybody else?

MR. BZDOK: ANR, the Attorney General, MEC. That's it. Staff is in the case, I mean Staff's always in the case, but they didn't file testimony.

MR. KESKEY: And GLREA, but this --

MR. BZDOK: And GLREA.

MR. KESKEY: -- is not our issue.

MR. BZDOK: Not on this issue, right.

MR. KESKEY: Not that we can't be sympathetic, it's just that we're focusing on the other issues.

MR. BZDOK: Right, right. I didn't mean to neglect, I was trying to think of who filed testimony on this issue.

MR. MacINNES: Wow.

MR. BZDOK: So it's a big deal. Whether you agree with us or disagree with us, I mean it's a lot at stake.

MR. MacINNES: What's the investment, total investment, or DTE's investment in this? They will get a 10.3-percent return on, right?

MR. BZDOK: Well, this is -- no, this

is -- because this is an unregulated affiliate.

MR. MacINNES: This is unregulated.

MR. BZDOK: I have that, Jim. I know I have that. I thought it was in my bullets, but it's not in my bullets. The total project cost?

MR. MacINNES: Well, the DTE portion. Of course, if it's unregulated, I suppose --

MR. BZDOK: No, we do have a number on the -- we do have a number on the total cost of the pipeline. The total potential cost of the agreement to DTE Electric customers is 320 million, I mean that's the total of the charges. And I thought I had it available, but I don't, I don't see total pipeline cost here. I'll have to get you that, Jim.

MR. MacINNES: So your concern is that the DTE regulated, you know, the regulated side is subsidizing this for the unregulated, is that it?

MR. BZDOK: Yes. Yes, that's what we believe the evidence shows. And then we also believe that even if you take their numbers at face value, it's an investment that would never be made other than with an affiliate.

MR. MacINNES: Any questions?

MS. HAROUTUNIAN: No.

MR. BZDOK: Thank you for hearing me out

on that.

MR. MacINNES: It would be interesting to follow the progress.

MR. BZDOK: You know, you backed our use of this expert, and I believe he was the right guy, and I just wanted to give you some of the, you know, the specifics of what he's put in the record for us.

MR. MacINNES: I wonder if these types of pipeline, and I have, I'm not familiar with them really, but that type of a -- you're predicting 30 years out, and the return, the positive cash flow doesn't start for 15, 13-15 years, how can you do that?

MR. BZDOK: So let me tell you one other, I call these fun facts. Rover's fully subscribed, this one right here is fully subscribed. NEXUS is, I want to say it's 65-percent subscribed, but 30 percent of that, 30 of the 65, 15 is DTE Electric and 15 is DTE Gas, so nonaffiliate subscriptions to Rover -- sorry. Rover is fully subscribed. Non-affiliate subscriptions to NEXUS are like 35 percent. So the market is not demonstrating --

MR. MacINNES: But some of the subscriptions might be -- well, they would certainly be the gas well people, right, wouldn't they be investors in this?

MR. BZDOK: What's that?

MR. MacINNES: The gas well people. Because they need to sell their gas, and they don't, for some reason they don't feel they can get it out of there, so wouldn't they be the other investors, a big part of it?

MR. BZDOK: Wilson has said that they're helping to finance it, finance some of these market push projects.

MR. MacINNES: Because if that were the case, then they would get the return on the gas, not on the pipeline, so they would be willing to accept a deal like this, maybe more willing, because they're going to get their return on the gas sales as opposed to the return on the pipeline investment itself. See what I mean?

MR. BZDOK: Yes. I think the transport still has to be economic. Again, you're getting a little bit outside of my --

MR. MacINNES: I mean if it's not economic, why would you invest in it, as this, an outside investor, right?

MR. BZDOK: Yeah. And how much of it is equity and how much of that --

MR. MacINNES: But I can see where DTE

might, you know, a gas user might invest in it, and a gas supplier might invest in it.

MR. BZDOK: Uh-huh. Uh-huh.

MR. MacINNES: But if you -- let's say you had a chance to invest in it, would you, you know, or if we had a chance to invest, it's not something that we probably would invest in unless it was really a great deal, which looking at that cash flow stream doesn't look that -- it looks awfully speculative.

MR. BZDOK: Yes. I mean that's their -- those are their numbers. I mean, and again, ours would look different, ours would be, you know, below for most of it. I'm sorry I don't have that. If I had it, I should have had the computer up and then I could have searched for it. But Rover is -- the bottom line is Rover is essentially fully subscribed, NEXUS is not fully subscribed, and when you take away the affiliate subscriptions, it's really not very subscribed. So, so far at least, you know, the market is not showing a huge push to sign on for long-term transport on this program.

MR. MacINNES: Okay. Well, good presentation. Thanks.

MR. BZDOK: Thirty-six percent.

MR. MacINNES: Thirty-six percent is --

MR. BZDOK: So Rover's fully subscribed,

NEXUS has 56 percent of its planned capacity subscribed, and the affiliate subscriptions out of that 56 percent are DTE Electric, DTE Gas, and Union Gas, which is an affiliate of Spectra Energy, the other partner. So the market support so far, market subscriptions, unaffiliated subscriptions are 36 percent of the planned capacity. Rover is 95 contracted by the time it filed its FERC application in February 2015. So yeah, the question of, you know -- the answer to the question is, of why would you sign on for this, is that a lot of that support is coming from affiliates, and we don't think the PSCR customers should be signing on for it.

MR. MacINNES: Right.

Okay. I did want to read before we wrap up here a comment, I got a comment from IEI, who, Dan Scripps, who wanted me to pass this on to the board.

Dear members of the UCPB:

In advance of this afternoon's meeting, I wanted to provide a brief update on the one ongoing case in which IEI is an active intervenor. Case U-17317, Consumers Energy Company's 2014 PSCR case, remains active in front of the Commission. Judge Eyster issued his PFD on November 20, 2015, and IEI filed timely exceptions to that PFD on December 11, 2015. We'll continue to await final decision from the Commission on this proceeding, at which time we plan to review the decision and any appeals before making a decision of whether any further action is warranted. I will provide an in-person update to the board once the final decision is issued by the Commission, but at this point we continue to wait.

Please let me know if any of you have any questions or would like to discuss.

Best regards,

Dan Scripps, IEI.

So there you go. Maybe we'll get Dan in here next time.

Okay. I think we're to the public comment section. Are there any public comments?

Hearing none.

Next meeting is June 6.

And do I have a motion it adjourn?

MR. DINKGRAVE: So moved.

MR. MacINNES: We're adjourned. Thank you.

(At 3:48 p.m., the meeting concluded.)

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STATE OF MICHIGAN)
)
COUNTY OF MACOMB)

I, Lori Anne Penn, certify that this transcript consisting of 109 pages is a complete, true, and correct record of the proceedings held on Monday, April 4, 2016.

I further certify that I am not responsible for any copies of this transcript not made under my direction or control and bearing my original signature.

I also certify that I am not a relative or employee of or an attorney for a party; or a relative or employee of an attorney for a party; or financially interested in the action.

April 18, 2016 Lori Anne Penn
Date

Lori Anne Penn, CSR-1315
Notary Public, Macomb County, Michigan
My Commission Expires June 15, 2019