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STATE OF MICHIGAN  
UTILITY CONSUMER PARTICIPATION BOARD

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MEETING OF MONDAY, AUGUST 1, 2016

12:43 P.M.

611 West Ottawa, 4th Floor  
Lansing, Michigan

- - -

- PRESENT: Jim MacInnes, Chair  
 Paul Isley, Board Member  
 Susan Licata Haroutunian, Board Member  
 Lisa Babcock, Board Assistant  
 Christopher Bzdok, Michigan Environmental  
 Council (MEC)  
 Don Keskey, Great Lakes Renewable Energy  
 Association (GLREA)  
 John Liskey, Citizens Against Rate Excess  
 (CARE)  
 Douglas Jester, (CARE)  
 Kristin Myers, LARA  
 Jim Wilson, LARA  
 LeAnn Droste, LARA  
 John Janiszewski, Department of Attorney General  
 Dave Forsberg, Upper Peninsula Power Company  
 (UPPCO)  
 Jim Ault, Michigan Electric & Gas Association  
 Ed Haroutunian, Member of the Public

- - -

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



1 board.

2 MR. MacINNES: Jim MacInnes, board chair.

3 MR. HAROUTUNIAN: Ed Haroutunian, member  
4 of the public.

5 MR. AULT: Jim Ault, Michigan Electric &  
6 Gas Association.

7 MR. MacINNES: Okay. Thank you all for  
8 attending.

9 We don't have a big agenda here today,  
10 but we do have a lot of things coming up at the end of  
11 the month on August 29<sup>th</sup> when we'll start to approve  
12 some of the 2017 grant applications. So I thought it  
13 would be good, once we finish our business items today,  
14 to really try to spend some time understanding what you  
15 would like to -- what you're proposing as grantees and  
16 kind of start that dialogue so we really understand where  
17 you see your proposals for 2017, not that -- we don't  
18 have to decide on anything today, so that's good. It  
19 will give us a chance to digest the volume of proposals.

20 Let's go ahead and begin with the  
21 approval of the agenda, it's a consent agenda. Do we  
22 have a motion to approve the agenda?

23 MS. HAROUTUNIAN: So moved.

24 MR. ISELY: Support.

25 MR. MacINNES: Is there any discussion?

1 All in favor, please say aye.

2 BOARD MEMBERS: Aye.

3 MR. MacINNES: Opposed, same sign.

4 Okay. Let's go into the business items.

5 And I have a budget sheet here showing that we have a  
6 remaining authorization of about \$11,000 out of our  
7 kitty, and still allowing us to continue to pay back our  
8 banker, better known as the Attorney General, 70,905. So  
9 do we have -- Jim, do you have any comments on this?

10 MR. WILSON: I don't have anything to do  
11 with the budget, Jim. I could go grab LeAnn. I don't  
12 think Shawn is here today, which would normally be the  
13 person discussing it. I could go grab LeAnn and see if  
14 she has anything else, if you want me to.

15 MR. MacINNES: Well, I think it would be  
16 good that we have your blessing of it.

17 MR. WILSON: Okay. You want to go grab  
18 her now, or do you want to get through the other items  
19 maybe?

20 MR. MacINNES: Well, why don't you go  
21 ahead and grab her, and then we'll move on to the other  
22 items and we'll cover that a little bit later.

23 MR. WILSON: Okay. Sounds good.

24 MR. MacINNES: We want to make sure that  
25 any grants that we award, any new grants, that we have

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1 the budget for today. And this seems to be in line with  
2 what we talked about last time I think.

3 MR. ISELY: Yes. This is exactly in line  
4 with everything that we've seen over the last three  
5 months, so the last three meetings.

6 MR. MacINNES: Well, it doesn't hurt to  
7 double check.

8 MEC has really got two transfers, not  
9 asking for any new money, so that maybe we could have you  
10 discuss your amendment, your two transfer requests, if  
11 you would.

12 MR. BZDOK: Thank you, Mr. Chair, members  
13 of the board. My name is Christopher Bzdok on behalf the  
14 Michigan Environmental Council. We have two no-cost  
15 transfer requests of existing funds into cases today.  
16 One is a transfer, 5,000 and change, from the expert  
17 budget in the DTE Electric PSCR plan case, 17920, to the  
18 legal budget in that same case just so that there is --  
19 there are funds available when we reach the exceptions  
20 and reply phase of that case following the PFD. I don't  
21 know exactly when the PFD is going to land, probably in  
22 the next month or so, and so we just want to have funds  
23 available for that work when it comes up. And we've  
24 talked about that case extensively, that's the NEXUS  
25 pipeline primarily, the agreement, the affiliate

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1 agreement relative to the NEXUS pipeline.

2 The second item is a transfer of unused  
3 expert funds from the Consumers PSCR plan case, 17918.  
4 We have held the hearing in that case now, and the expert  
5 work is fully done, and they came in under budget, so  
6 there's a request to transfer those funds that are  
7 available to the DTE rate case, 18014. As you will  
8 recall, when those rate cases popped up, they popped up  
9 unexpectedly, they were very quick turnarounds, and the  
10 funds that were limited were -- the funds were very  
11 scarce at that time, and so what the board did was to  
12 give us essentially starter budgets, there was a \$10,000  
13 legal budget for that case and a \$15,000 expert budget  
14 for that case. We've been able to get some other funds  
15 from other sources, but we're still a little strapped on  
16 the legal side, so we're seeking to transfer that 7,000  
17 and change for that legal budget. That hearing starts  
18 next Wednesday, and it will be a two-week hearing more or  
19 less. So we're gearing up for that, and so we're hoping  
20 that we can get that transfer as well today, if the board  
21 is willing. Happy to talk about details of issues in  
22 that case if the board would like. We've submitted all  
23 of that on paper, however.

24 MR. MacINNES: Does the board have any  
25 questions on this?

1                   One comment is more of an I guess  
2                   procedural one. I really like the way that you lay out  
3                   your requests and your summaries of what's happened, it's  
4                   simple --

5                   MR. BZDOK: Thank you.

6                   MR. MacINNES: -- it's clear, you have  
7                   the grant number, the case, the amount awarded, that sort  
8                   of thing, and I would like to encourage the other  
9                   grantees to take a look at this format, because I think  
10                  we do have a lot of material to consider, and while we  
11                  all, most of us on the board are pretty good at reading,  
12                  there are limits, and it would be helpful if you could  
13                  summarize things along the same line that Chris has done.  
14                  I'm sure he'd be glad to give you a copy of this, if you  
15                  don't already have it, like, for example, this July 18  
16                  summary. It's public information, right?

17                  MR. BZDOK: Yes.

18                  MR. MacINNES: So I would encourage the  
19                  other grantees to take a look at this format, how it's  
20                  laid out.

21                  One thing I would say, also, is, as you  
22                  know, we've put a lot of effort in to try to get more  
23                  funds for the UCPB, and in Senate Bill 437, there is an  
24                  additional 150,000 allocated, which is good, but I don't  
25                  think that's enough; I think we'd like to see more funds

1 because I think our track record is pretty good in terms  
2 of benefit-to-cost ratio, and the way to get that is to  
3 be more transparent on the benefits and the costs. And  
4 so in addition to the little table that you're showing  
5 here, you know, when a grant is completed, you say amount  
6 awarded, that's good, I would love to see the dollars  
7 that went to the ratepayers, so adding that so that we  
8 can track -- you know, we asked you, gee, I guess it was  
9 last year, to give us a summary of the results that  
10 you've had from intervening in cases, and I think we had  
11 some really good examples of saving. In one case I think  
12 we spent \$47,000 and we had a \$35 million savings to  
13 ratepayers; that's a pretty good benefit-to-cost ratio.  
14 That was a wind depreciation case. And what I would like  
15 to do, if we could, is to have on your submittals here as  
16 grants expire and, you know, the cases are finalized,  
17 that you put, you list in here what the -- how much we  
18 saved ratepayers, how much through your work, and whether  
19 or not the AG's office was involved, because a lot of  
20 these cases -- I think in the wind case, they were not  
21 involved; is that right?

22 MR. BZDOK: They were not in that case.

23 MR. MacINNES: They were not in that  
24 case. So that was your work, MEC's work. 47,000 spent,  
25 35 million benefit to the ratepayers; is that right?

1 MR. BZDOK: My capacity for pulling the  
2 numbers mentally is far exceeded by yours.

3 MR. MacINNES: I think that's the number  
4 that was there, and I presented it to a number of our  
5 legislators and discussed it with them. And so that's a  
6 really good example. I know they're not always that good  
7 and sometimes we don't get a benefit, but we keep trying,  
8 because the MPSC doesn't always agree with the ALJ's  
9 report, and sometimes the ALJ doesn't agree with us here,  
10 so I know it's up and down, but a few of those kinds of  
11 things really show some great benefits for our investment  
12 here.

13 So what I'd like to have you do is show  
14 what the benefit amount is, and just use a discount rate  
15 of zero, present value it. I'd like to know what the  
16 discount -- I'd like to know the present value of the  
17 savings at a zero-percent discount rate over the life.  
18 For example, I think the wind project was a \$35 million  
19 savings, and that was over what, a 15- or 20-year period,  
20 and so you add every one of those years up and just  
21 assume they all have -- it's in current dollars, which is  
22 not exactly correct, but at least it gives us a, you  
23 know, an idea of what kind of savings we're seeing. So,  
24 and then finally, a quick benefit-to-cost ratio.

25 If you've looked at the MISO MTEP,  
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1 Transmission Expansion Plans, and Multi Value Project  
2 Analysis, they do, they always do a benefit-to-cost  
3 ratio, and that's, you know, what the benefit is compared  
4 to how much was invested, a quick benefit-to-cost ratio  
5 calculation would be. It would just help us and make it  
6 easier so we can just follow this as we go along as you  
7 submit these reports, and it will help us collect the  
8 data and make this whole process more transparent, and I  
9 think it will show over time that, you know, that we're  
10 doing what we're supposed to do, which is save ratepayers  
11 money.

12 So does anybody have any questions on  
13 that?

14 MR. KESKEY: Sometimes the benefit is not  
15 in dollars, but it's in policy.

16 MR. MacINNES: Right. And I understand  
17 that.

18 MR. KESKEY: Or it's a future benefit  
19 that you really can't calculate reliably because it's  
20 going to change the next, let's say, energy or benefits  
21 that will be very hard to calculate and are many times  
22 prospective because the change, it takes two or three or  
23 four cases for something to start changing sometimes.  
24 You actually convince the Staff in case one, and then by  
25 case four, the Commission gets convinced.

1 MR. MacINNES: Well, maybe in that case  
2 you could just make a note and provide a little summary  
3 of that, you know, I mean a short summary, let's say a  
4 half a page, that would say what's going on.

5 MR. ISELY: I mean qualitative  
6 information is fine. I mean I'm an economist and I still  
7 like qualitative information sometimes, and sometimes  
8 it's the appropriate measure.

9 MR. MacINNES: All right. So does  
10 anybody have any questions on that? And I mean you all  
11 are doing your own thing, I know, but I think to the  
12 extent you're able to do this, it will help us make  
13 better decisions, and it will demonstrate that we are  
14 spending the money wisely, which I think everyone's  
15 concerned about, especially given the budget.

16 MR. ISELY: Just to clarify, though, you  
17 aren't asking for a full-blown cost benefit analysis,  
18 right, you're just asking for a couple of simple numbers  
19 for us to be able to start to see where we're heading?

20 MR. MacINNES: Well, and it would be --  
21 what I'm thinking is something similar to what we had  
22 before, which was the case has been finalized, we know  
23 what the savings, or about what the savings is going to  
24 be, and you just put that number down to the extent you  
25 know it.

1 MR. ISELY: Okay.

2 MR. MacINNES: So and then to the extent  
3 there's -- and with a little narrative on what happened  
4 so that if I want to take that and talk to some  
5 legislator, I can explain it to them. And then if there  
6 are caveats, you can put that in there, too. And then  
7 also note to the extent that you did this without,  
8 without the AG's office. Now, some, a lot of them will  
9 be in conjunction with the AG's office, well, please note  
10 that, because legislators ask me, they say, oh, well,  
11 that was the AG; well, it's like, well, no, we worked  
12 with the AG's office, they did this, we did that, and in  
13 some cases the AG's -- you know, the AG'S office can't  
14 get involved in every case, they've got too many things  
15 to do. So it's good to know the ones that the grantees  
16 worked on alone.

17 Okay. On this MEC grant amendment, these  
18 two requests, do we have a motion to approve these  
19 requests?

20 MS. HAROUTUNIAN: I move to approve the  
21 requests that have been made.

22 MR. MacINNES: Okay.

23 MR. ISELY: Support.

24 MR. MacINNES: And I think that it's  
25 detailed here, Lisa, in this agenda, so maybe you can

1 write that up.

2 So we have a motion to approve the  
3 request here as listed on the agenda in Cases 17920,  
4 17918, and 18014. Is there any further discussion?

5 All in favor, please say aye.

6 BOARD MEMBERS: Aye.

7 MR. MacINNES: Opposed. Okay. Great.

8 MR. BZDOK: Thank you very much.

9 MR. MacINNES: Maybe we can go back to  
10 the LARA budget here. We just wanted to make sure that  
11 the numbers that we have are correct, and to the best of  
12 our knowledge, they are, but we wanted to just  
13 doublecheck that.

14 MS. DROSTE: And yes, they are.

15 MR. MacINNES: So this report here that  
16 you've given us, we still are going to be pay off the  
17 banker here, the AG?

18 MS. DROSTE: Yes, that's included as line  
19 70,905.

20 MR. MacINNES: And we have \$11,000 yet to  
21 spend. So does anybody have any questions on that  
22 budget?

23 MS. HAROUTUNIAN: Nope.

24 MR. MacINNES: Okay. That's all we need.

25 MS. DROSTE: You're welcome.

1 MR. MacINNES: Okay. Well, let's get  
2 into the GLREA request, I think we talked about this at  
3 the last meeting, if I recall, request for supplemental  
4 grant for 10,000 -- gee, we have enough to cover that --  
5 for legal and expert budget, and then a budget transfer  
6 in Case 17792 to Case 17920. So Don.

7 MR. KESKEY: Thank you. First of all,  
8 the transfer request, \$2,520 be transferred from U-17792,  
9 which was the renewable energy plan of Consumers Energy  
10 Company, to the ongoing DTE case, PSCR case, 17920, which  
11 will undergo a proposal for decision and also exceptions.

12 With respect to the supplemental grant,  
13 we were requesting that \$2,250 go toward the ongoing, the  
14 DTE case, 17920, and that a grant of \$7,750, which would  
15 be altogether for both legal and expert be assigned to a  
16 new case, U-18111, which is really not a new case because  
17 it is Edison's proposal to amend its renewable energy  
18 plan in U-17793, which this board approved a grant for  
19 us, but in which we had to file the testimony pro bono  
20 because it was before the meeting.

21 Interestingly, in U-17793, we had  
22 submitted quite extensive testimony advocating that, for  
23 several reasons, Detroit Edison should expand its solar  
24 energy facilities and energy giving all kind of reasons,  
25 including the very attractive federal tax credits. And

1 the Commission approved the Edison plan as it originally  
2 had been filed without altering, based on our testimony,  
3 but interestingly, Edison has now filed this amendment,  
4 which is on a very fast track, has to be completed in 90  
5 days, and we've intervened and been granted intervention.  
6 The testimony is due on August 11, and so then there will  
7 be briefing and the Commission has to make a decision by  
8 September 30, because it's a 90-day window from the time  
9 they filed. But interestingly, Detroit Edison has  
10 decided to go with more solar and more wind, they have  
11 decided to go above the ten-percent benchmark in the  
12 statute, and so they don't regard it in reality as a  
13 limit, but that they can go farther than that. And in a  
14 lot of ways, their testimony, we view it as positive  
15 because it sort of almost says what we were saying when  
16 we filed in the case originally, but then there should be  
17 some more examination of the testimony and see whether  
18 some details of their proposal should be commented on in  
19 testimony and briefing. So we're trying to be  
20 constructive in saying, DTE, this is the right direction,  
21 this is the right goal, but perhaps you should consider  
22 this A, B, C, D as you're doing this. And of course,  
23 next summer there will be another renewable energy plan  
24 case, and so when you start making progress in a  
25 direction, you try and hopefully it will carry over to

1 DTE's next filing.

2 So that's basically the transfers, and  
3 the supplemental is really to augment existing cases that  
4 you've already approved. Although that amendment of the  
5 DTE renewable energy plan has a different docket number,  
6 it really is their renewable energy plan.

7 MR. MacINNES: Does the board have any  
8 questions, comments?

9 MS. HAROUTUNIAN: I think it's an  
10 excellent direction to have going if Edison does in fact  
11 follow through, so the effort was well worth it.

12 MR. MacINNES: Well, there's a lot of  
13 causes, a lot of things are causing the utilities to  
14 incorporate a higher percentage of renewable energy, one  
15 of which is large customers are requesting it, as we saw  
16 with Switch, and General Motors is requesting it, Dow  
17 Chemical is requesting it, a bunch of large businesses  
18 are requesting it, and then plus you all are putting  
19 forth the rationale for it as well. So I think, you  
20 know, when everything comes together like that, it helps  
21 to encourage the utilities to move in that direction. So  
22 that's good. And to your point earlier, Don, I think  
23 sometimes it's not just one thing that, you know, is the  
24 tipping point, it's a combination of input from a lot of  
25 different sources.

1 MR. KESKEY: Yeah.

2 MR. MacINNES: So any other comments or  
3 questions about this, these two requests from GLREA?

4 MR. ISELY: It seems like it's a logical  
5 extension to what's, the direction that we're headed, so  
6 I think it makes a lot of sense.

7 MR. MacINNES: Okay. So do we have a  
8 motion on the table to approve both of these requests  
9 from GLREA?

10 MR. ISELY: I will move that we approve  
11 the requests as stated in the agenda.

12 MR. MacINNES: Do we have a second?

13 MS. HAROUTUNIAN: Second.

14 MR. MacINNES: Is there any further  
15 discussion?

16 Okay. All those in favor, please signify  
17 by saying aye.

18 BOARD MEMBERS: Aye.

19 MR. MacINNES: Opposed? No opposed. So  
20 the requests are granted. Thank you, Don.

21 MR. KESKEY: Thank you.

22 MR. MacINNES: Okay. Now the reports,  
23 and I was thinking that maybe in the interest of time  
24 here and volume of material, that maybe we could limit  
25 the discussion on maybe updates, unless there's something

1 really significant you'd like to update us on, and try to  
2 take the time and move into what you're proposing for the  
3 2017 year and so that we can start to digest that,  
4 because it's a big package and lots of issues, some  
5 overlapping issues, and give us a little more time to  
6 kind of cover that and prepare ourselves for the end of  
7 the month when we'll be deciding on these cases.

8 So first of all, are there any updates  
9 you want to give us on major, some things that you think,  
10 major items that happened, brief updates since the last  
11 meeting?

12 MR. LISKEY: I can just say we're in the  
13 process of all these cases in terms of exceptions,  
14 replies to exceptions and so forth. The UPPCo rate case  
15 will be decided prior to September 18 by law, the  
16 Commission has two meetings between now and then, one  
17 would be August 23, the other would be September 15. So  
18 we are obviously anxiously awaiting that. And the UPPCo  
19 PSCR plan case, we are just in the filing exceptions  
20 stage, which are due tomorrow, and then in two weeks,  
21 replies, and then the Commission is given about a month  
22 to issue its decision in that case. And then the other  
23 two cases we have going, we're just still in the  
24 discovery stage.

25 MR. MacINNES: Okay. Anything on the  
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1 MISO? I know Douglas is not here.

2 MR. LISKEY: Yeah, he had to step out.  
3 There are some things I can discuss. There's been a  
4 couple of decisions, proposals for decision at the  
5 federal level on the SSR issue. Remember, it started out  
6 that there would be a \$92 million hit to Upper Peninsula  
7 ratepayers, and then that got reduced to about half of  
8 that. An ALJ came out with his opinion last week and has  
9 reduced it even further, another third. So that case  
10 still has a ways to go, but it was good news. And, you  
11 know, it's like this process where an ALJ can make a  
12 recommendation, that doesn't mean FERC will accept it.  
13 So that's going on in that case.

14 The other group of cases, there's over 20  
15 of these cases at the FERC level, but they're really into  
16 two groups, one is what's the right amount of money, and  
17 then what's the cost allocation. And that cost  
18 allocation issue I think we refer to as the border wars  
19 because that's where the Wisconsin people and the  
20 Wisconsin Commission say they shouldn't pay anything or  
21 they should pay one percent, because they think that the  
22 Presque Isle plant in Marquette only benefits the Upper  
23 Peninsula. That case is being appealed to the District  
24 of Columbia Circuit Court of Appeals at the federal  
25 level.

1                   There's an element of that in terms of  
2 MISO went ahead and, you know, they had to pay WEPCo to  
3 keep the plant running, so they're looking to get whole,  
4 and so there's, it's called the refund case, and that  
5 came out just in the last week or two, and that's kind of  
6 reignited the border wars where the Wisconsin Commission  
7 is filing and the Michigan aligned parties, which  
8 includes the Attorney General's office and the MPSC  
9 Staff, those cases, you know, those parties are taking  
10 the position that, you know, the cost allocation should  
11 be spread. And then I just read today, I think you may  
12 have sent it to me, about ATC coming up with a proposal  
13 that will help, and I haven't had time to digest that.

14                   MR. MacINNES: Right. Commission for  
15 the -- Jim, what's the name of that plant? Pine --

16                   MR. AULT: White Pine.

17                   MR. MacINNES: White Pine.

18                   MR. AULT: Yeah, that proposal would use  
19 a transmission reconfiguration to eliminate the need to  
20 keep White Pine alive --

21                   MR. MacINNES: Where is White Pine?

22                   MR. AULT: It used to be part of UPPCo, I  
23 think it's split off. My recollection is a little fuzzy  
24 on that, though. It's an old plant, it's like 60 years  
25 old.

1 MR. MacINNES: Where is it located, do we  
2 know?

3 MR. LISKEY: I think it's in the, maybe  
4 the Houghton area.

5 MR. KESKEY: It's in Ontonogon County,  
6 north of Bruce's Crossing. It's between, as the crow  
7 flies, it's just northeast of Ironwood and Wakefield,  
8 probably 45 miles or so, where the White Pine copper mine  
9 used to be a big mine at one time.

10 MR. MacINNES: So that sounds like a  
11 good -- I know Greg White showed me that at the Michigan  
12 Energy Providers Conference, pointed that out.

13 MR. AULT: There's a letter from -- I've  
14 got it here somewhere -- Michigan basically supporting --

15 MR. MacINNES: Valerie Brader supported  
16 it.

17 MR. AULT: Yeah, this is it --

18 MR. MacINNES: I saw that.

19 MR. AULT: -- July 27 --

20 MR. MacINNES: Yeah, that's good.

21 MR. AULT: -- indicating support, support  
22 for the concept. I think they still have to look at the  
23 details.

24 MR. MacINNES: Right. That's where  
25 operations research comes in, to understand if power

1 flows in the grid. And on that note, I spoke with a, at  
2 your conference, I spoke with a representative from MISO  
3 about that, about operations research, and I was thinking  
4 about bringing in Laura Rauch again, the electrical  
5 engineer with MISO, to talk about how that all works, you  
6 know, how they go through the modeling process in a  
7 little more -- I know we've talked about it before, but I  
8 think, you know, that provides the, you know, at least  
9 the physics of the low-cost energy solution, it's not  
10 always the politically easy one, but I thought it would  
11 be good to have an expert or someone who's very familiar  
12 with the process of operations research math and how  
13 that, explain how that all works.

14 And that's what they do when they do,  
15 when MISO does the MISO Transmission Expansion Plans,  
16 they do this math -- well, it's computer -- to look at  
17 the mix of projects, and it's usually not -- you have to  
18 take it as a mix, as a system. It's not like, oh, let's  
19 take this wire here, and oh, we don't want to do that  
20 wire, and yet we'll take that one, you've got to look at  
21 all the investments as a system, and then you evaluate it  
22 and then you change it up and look at different ones, and  
23 then you do that enough times and you come up with the  
24 low-cost energy solution for the region, and that's what  
25 MISO does in their MVP, Multi Value Project, planning.

1 And I think it would be good to refresh us and explain  
2 how that, how they do that work. Pretty cool stuff  
3 actually. And so that means a lot of times that the  
4 low-cost energy solution might not be just in, within a  
5 state, so that's -- that gets you into the federal rights  
6 versus states' rights and that sort of thing. So there  
7 are a lot of factors in that discussion, but it's  
8 important that we understand that.

9 MR. LISKEY: Yep. The other big issue  
10 coming up in the next month at MISO is the capacity  
11 auction market is scheduled as a hot topic for the MISO  
12 board, and we're playing an instrumental role in that,  
13 primarily with Ken Rose's background and papers he's  
14 written, academic papers, and so forth, and we -- the way  
15 that process works, you know, it's a stakeholder process,  
16 so when they sit around the table, the Public Advocate  
17 Sector gets a couple votes and the Organization of MISO  
18 States gets a couple votes, and so we try to lead our  
19 sector and we try and align with OMS, which is headed by  
20 Sally Talberg, so that's -- we correspond with her pretty  
21 regularly just to make sure we're on the same page.

22 MR. MacINNES: Well, I know one of the  
23 big issues on this whole capacity idea is that several of  
24 the merchant nuclear plants are being -- looking at  
25 closing in Illinois.

1 MR. LISKEY: Yeah.

2 MR. MacINNES: And, you know, there's  
3 been a lot of discussion about how do we keep existing  
4 nuclear running, because it's low carbon. And actually  
5 there was some discussion at the Michigan Energy  
6 Providers conference, Greg White, who is now the  
7 executive director of NARUC, the National Association of  
8 Regulatory Utility Commissioners, and he talked about,  
9 you know, a lot of, several of the different approaches  
10 that are being considered, such as a production tax  
11 credit, and that's for nuclear, for example, and then  
12 looking at different ways -- I know PJM is also looking  
13 at different ways to value capacity, because the markets  
14 don't seem to be doing that. And one of the ways that  
15 Greg thought made sense was a carbon tax, and that so far  
16 has not been very palatable, but I know he felt that that  
17 was the, probably the most cost-effective approach to  
18 that, and that would really help nuclear, the merchant  
19 nuclear. Not that we want to support plants that are  
20 uneconomic because of, you know, too high a cost, too  
21 much money that will need to be spent to keep them  
22 running, but those plants that are still, you know,  
23 safely operating, maybe we need to look at something like  
24 that. So it's a big deal, because nuclear supplies about  
25 19 percent of our energy in this country, and that's a

1 big, and a much bigger percentage of the clean, you know,  
2 zero-carbon energy, zero-carbon, zero-methane kind of  
3 thing. So that, Jim, I think was a good discussion at  
4 your conference. Okay.

5 MR. LISKEY: One final thing, I know  
6 Douglas would, if he was here, would give a report. He  
7 attended MISO's annual meeting last month, which was in  
8 Detroit, so.

9 MR. MacINNES: Okay. Chris, do you have  
10 anything?

11 Are there any other questions of John  
12 here?

13 MS. HAROUTUNIAN: No.

14 MR. MacINNES: Chris, do you have  
15 anything you want to comment on briefly?

16 MR. BZDOK: By way of updates, just  
17 briefly, and this is included in our status report, but  
18 there were two orders issued in two Consumers PSCR plan  
19 cases relatively close together, the 2014 and 2015, and I  
20 just wanted to point out a couple of things. So and all  
21 of those are laid out, there are four or five issues, a  
22 couple of them were unfavorable outcomes, three of them,  
23 three a half of them were favorable outcomes, mostly  
24 setting up the current reconciliation. And the thing  
25 that was perhaps most interesting was, in both of those

1 orders, the Commission agreed with the ALJs, who agreed  
2 with us, that the market energy price forecasts that  
3 Consumers used to do its modeling for its PSCR plan, that  
4 that market energy price forecast was inflated, and the  
5 reason it was inflated was that Consumers took a forecast  
6 based on market forwards, just on traded forwards, and  
7 added an additional adder -- added an adder, I don't know  
8 a better way to say that -- added a markup, so to speak,  
9 for an anticipated spike in market energy prices due to  
10 retirement of older coal plants because of the Mercury  
11 and Air Toxics Standard, or MATS, and in both cases, the  
12 ALJs agreed with us that Consumers had no evidence --  
13 Consumers didn't support its point of view that that,  
14 that impact of that retirements and that -- that that was  
15 not already reflected in what was going on out in the  
16 energy trading world, and so if there was going to be an  
17 increase in cost for MATS adder, the traders involved in  
18 the markets forwards that were creating those numbers  
19 were already anticipated.

20 MR. MacINNES: Should be baked in.

21 MR. BZDOK: And the Commission agreed in  
22 both cases and cautioned Consumers that if you have  
23 excess costs in the reconciliation attributable to your  
24 market energy forecast being too high, you're going to --  
25 you may end up eating those, Consumers.

1                   And in the reconciliation, which is  
2                   pending now, Consumers reported that their net -- their  
3                   MISO interchange revenue, so in other words, the revenue  
4                   that they're receiving off of -- and this again is  
5                   reported later in the section of the reconciliation -- is  
6                   that their MISO interchange revenue was down from  
7                   projection by \$86 million, so and it's due to lower  
8                   volumes of energy delivered to MISO than projected, which  
9                   has to do with how much do you think energy's going to  
10                  cost and, therefore, how much your plant's going to  
11                  dispatch, and lower market prices paid for the energy  
12                  than projected. So the reason for the \$86 million swing  
13                  was a lower energy, actual market energy prices than they  
14                  forecast. The key question is going to be, well, how  
15                  much extra cost can be attributed to their forecast  
16                  versus just, you know, this is the way things are. So  
17                  I'm not -- I'm just saying that's, obviously that's going  
18                  to be a major focus now in the reconciliation because we  
19                  had these two plan cases, we said your forecast is too  
20                  high, they've now come in, the Commission agreed, you  
21                  know, gave the caution squarely on, and now in the  
22                  reconciliation they said, our MISO revenue was much lower  
23                  than we thought and it was because the market energy  
24                  prices were lower than we projected they would be. So  
25                  it's interesting. I'm not saying that's an \$86 million

1 error, it's not; I mean some of that is just, you know,  
2 plans are plans and forecasts are forecasts, but it's  
3 going to be -- it obviously is a major focus of the  
4 reconciliation.

5 MR. MacINNES: Well, and some of that,  
6 would you agree that some of that might just be due to  
7 the fact that the economy is not as robust as we,  
8 everyone has talked about, with the recent GDP numbers of  
9 what, 1.2-percent increase, so if the economy is not  
10 robust, people are demanding less electricity, and the  
11 price drops. I mean does that make sense?

12 MR. BZDOK: I think that makes sense. I  
13 think weather has a lot to do with it. I think -- I mean  
14 there's a whole -- so I'm not saying that anybody's being  
15 held to that number, I'm just saying that it's a very  
16 crystallized case of we said you're wrong and here's why  
17 you're wrong, two different ALJs, two different  
18 Commission orders said we agree with you, and then in the  
19 reconciliation, you know, it turned out to be right. So  
20 it's just a very crystallized -- the issue is very  
21 crystallized and it's going to be a matter of figuring  
22 out what additional costs can be attributed to that as  
23 opposed to it just being a variance.

24 MR. MacINNES: How about the NEXUS  
25 pipeline?

1 MR. BZDOK: NEXUS pipeline is mostly --  
2 so we have fully briefed that and it's waiting for a PFD  
3 in our case. One of the issues that we are arguing in  
4 our case, and the Attorney General is also arguing this  
5 issue in our case and also in a gas case, is that, in  
6 2016 cases, the Commission does not have the legal  
7 authority to approve costs that will be incurred in 2017.  
8 So the Commission reviews the five-year forecast, the  
9 Commission reviews the plan for the plan year and  
10 approves and disapproves costs in that plan year, and  
11 then reviews the whole five-year forecast, and can  
12 indicate items that it believes it's likely to not  
13 approve or to disapprove based on present evidence. So  
14 that's always been a subject of the board's reporting to  
15 the legislature, that's been an area we have worked on in  
16 a number of different fronts. But the statute is not  
17 symmetrical, it doesn't say you can indicate costs you  
18 are likely or unlikely to approve, only costs in the  
19 forecast you're unlikely to approve. And so DTE  
20 occasionally will come in and say, well, we want you to  
21 indicate that you're unlikely to be unlikely to approve,  
22 and so the argument that we're making and the AG's making  
23 in both the electric case and the gas case is that that  
24 means you don't have -- you can't preapprove costs for  
25 later years, so you should (A) tell them you're unlikely

1 to do this, but in any case, there's no way you can give  
2 them what they want, which is to tell them that it's  
3 likely to get preapproved, which in the contracts for  
4 NEXUS is a precondition to DTE Electric having to move  
5 forward. And so in the gas case that the AG's involved  
6 in, that ALJ, who is different than ours, did say, did  
7 agree with that argument on a companion agreement with  
8 DTE Gas and NEXUS, and said no. So we're hopeful that  
9 that's going to carry the day.

10 MR. MacINNES: At least for this year.

11 MR. BZDOK: At least for now. It puts us  
12 in a position of we can only do well, and we can't -- we  
13 can only win and we can't lose.

14 MR. MacINNES: Well, and we appreciate  
15 the AG's participation in this. I know Bill Schuette  
16 came out and made some statements about this case, which  
17 we appreciate support, so.

18 Okay. Don, do you have any --

19 MR. KESKEY: Primarily the focus in the  
20 next few months would be on the, again, U-18111, which is  
21 the amendment of DTE's renewable energy plan, and then  
22 DTE's PSCR plan and forecast case, U-17920; those would  
23 be the primary focus that remains in these ongoing  
24 matters.

25 As I indicated, U-17792 is Consumers' REP

1 plan case, that case is over, the Commission has issued  
2 decisions.

3 In U-17918, the Commission, there's some  
4 more briefing to be done, but the Commission has not made  
5 a decision in the case. And that is one of three cases  
6 that the Commission issued an order a couple months ago  
7 that said that they were going to depart from having a  
8 proposal for decision, but they're going to decide three  
9 Consumers Energy cases by reading the record and deciding  
10 it directly, which is I don't know why Consumers Energy  
11 has been given this treatment and not Detroit Edison, or  
12 DTE, but that's the current situation, as I understand  
13 it. So our focus -- and that's why we made these budget  
14 adjustments on the two DTE cases, which are ongoing.

15 MR. MacINNES: Okay. Douglas, when you  
16 were out, we talked a little bit about MISO.

17 MR. JESTER: I apologize.

18 MR. MacINNES: We missed you. But we  
19 should talk some more about that, maybe not today, but I  
20 think it's a -- looking at the assumptions of gas prices  
21 going forward and load are two really critical things,  
22 and attending the planning sessions, speaking with the  
23 representative from MISO at the Michigan Energy Providers  
24 Conference, that's an important place to be if we can be.

25 MR. JESTER: We've -- because of the

1 limited size of the grant, we've been economical by doing  
2 mostly telephone work, all of their meetings are by  
3 phone. But I've been in the last couple months involved  
4 in both the independent load forecast working group,  
5 which is -- and let me just observe that I found an issue  
6 there that I raised with the Commission Staff and we're  
7 both kind of working on it, which is the planning reserve  
8 margin that's used in capacity planning includes an  
9 element of load forecast uncertainty, and the load  
10 forecast uncertainty is higher in Zone 7, Lower Michigan,  
11 than any of the other zones. The way they do that is  
12 based on the historical variability of load, which I  
13 think is actually theoretically unsound, but even aside  
14 from that is driven by the fact that we're more  
15 industrial and we had the downturn. And so I think Zone  
16 7 is carrying too much responsibility for MISO's overall  
17 reserve margin, and that would actually be big enough to  
18 offset the current projected shortfall.

19 MR. MacINNES: Which is 300 some  
20 megawatts.

21 MR. JESTER: Yeah. So anyway, there's  
22 more work to do there, but, you know, it's an issue that  
23 we're working.

24 MR. MacINNES: So one question I continue  
25 to have and I don't understand, maybe you can help me

1 with, and maybe Jim could help me with this, too, Senator  
2 Nofs is concerned, as is everyone, about having enough  
3 capacity, but yet we have industrial users and large  
4 customers who sign up for interruptible supply, but my  
5 sense is nobody's willing to interrupt them because of  
6 the backlash that, the PR backlash to the Governor's  
7 office, to the senate, to legislators. And I attended an  
8 ABATE meeting a couple of years ago and one of the MISO  
9 people there said, this was a senior executive of MISO  
10 who's involved, who's in the know, and he says, we never  
11 interrupt interruptible customers, we never interrupt  
12 them; and I'm thinking to myself, well, we have a  
13 capacity shortfall or concern about that, we have some  
14 people who are buying, are getting a discount buying  
15 interruptible service, but yet we're not willing to  
16 interrupt them because it will interrupt their business,  
17 which I understand that. I don't buy it, I don't buy  
18 interruptible service myself, I can't stand to be  
19 interrupted, so I pay the premium to not be interrupted.  
20 And I'm just wondering why -- how that figures into the  
21 whole thing. If we're short, shouldn't we start to --  
22 shouldn't we go back to these customers and say, gee, you  
23 know, we're getting a little tight and we might have to  
24 start interrupting you and it could be very disruptive to  
25 your business, so maybe you should pay the extra to have

1           uninterruptible service? What's your take on that,  
2           Douglas?

3                       MR. JESTER: I think a little bit of that  
4           is happening, not quite the way you're describing, not in  
5           the sense of the regulators or utilities going to them  
6           and saying you should sign up, but rather that, you know,  
7           we've been in a position of excess supply, so the  
8           probability of interruption was pretty low. As it  
9           becomes more likely, I think some of them will look at  
10          that and say, well, now that it might really happen, I  
11          don't want to do that. So the big ones haven't gone  
12          there yet, the big interruptible customers, but I've been  
13          hearing a little bit about others thinking that way. You  
14          know, Jim --

15                      MR. MacINNES: What's your take on that?

16                      MR. AULT: I'll just speak generally from  
17          my own knowledge, not anybody else's. But I think the  
18          issue with the MISO part of it is, there's interruptible  
19          customers out there, if you get into a curtailment  
20          situation where you have to do a general curtailment  
21          because there's a lack of adequate capacity, like on a  
22          really hot summer day, and I guess we came, we approached  
23          that I think a week ago Thursday, whatever, it was a day  
24          within the last couple weeks got a little bit tight;  
25          curtailment doesn't work that way, you curtail in the

1 system and there's priorities for that and policies, but  
2 you're not going to target the customers, say that --  
3 there, the utility would have to do, they would be asked  
4 to do that, and there's just a reluctance to curtail in  
5 general in the industry. And I think whoever said, you  
6 said I think that there's been a surplus situation for a  
7 long time and interruptible is the way to get more  
8 affordable rates I guess in the eyes of those that get it  
9 and the risk is low, and I think if that changes, which  
10 we seem to be heading towards, I think Doug's right, it  
11 will change the assessment the businesses would make of  
12 that. Because like you or some process business, they  
13 would never think of putting themselves on interruptible  
14 because you'll lose your product, you know, and --

15 MR. MacINNES: Yeah, and it's very  
16 expensive, I know it would be for what we have. People,  
17 we'd have to pull people off the ceiling they'd be so mad  
18 if we lost electricity.

19 MS. HAROUTUNIAN: I've been interrupted.  
20 I'm a residential customer, but yeah, mine's cut off  
21 during the day when it's hot.

22 MR. MacINNES: Well, do you have  
23 interruptible?

24 MS. HAROUTUNIAN: Yeah, I do. I chose  
25 it. But I get interrupted.

1 MR. AULT: Is that for the air  
2 conditioning? You're a DTE customer, right?

3 MS. HAROUTUNIAN: Yeah.

4 MR. AULT: Because DTE has like a -- it's  
5 been around a long time. They've got an air conditioning  
6 utility control program that they use as demand  
7 reduction, so they can --

8 MS. HAROUTUNIAN: I have a separate  
9 meter.

10 MR. AULT: Yeah. They cycle your air.  
11 They use that a lot to save on --

12 MR. MacINNES: Oh, okay.

13 MR. AULT: Customers agree to that.

14 MR. MacINNES: But that would be specific  
15 to the air conditioning, not your whole house? Or is  
16 that your whole house?

17 MS. HAROUTUNIAN: Yeah. Well, the air  
18 conditioner is on a separate meter, so I don't know if  
19 it's just the one meter that gets interrupted. But my  
20 point is, they have no problem interrupting residential  
21 customers.

22 MR. MacINNES: Right. But that's  
23 something that -- like I've heard of that program, and  
24 that's all -- but my concern is that we're concerned  
25 about having enough capacity, we're concerned about

1 making sure the utilities are financially secure, and  
2 that if they are -- they need to be taking care of that,  
3 I think. I mean that just seems to me -- I know I would  
4 never do it, my business couldn't stand it.

5 Yes, Chris.

6 MR. BZDOK: This is coming up in the DTE  
7 rate case; we didn't bring it up, but the Staff did. DTE  
8 is making some capital investments that are demand  
9 response related, and the Staff filed interesting  
10 testimony. I think you're in that. No, you're in  
11 Consumers and Mike's in -- Staff filed interesting  
12 testimony that said, we support the investments, but the  
13 Commission needs to be aware that the utilities have an  
14 investment to -- they have an incentive to invest in DR,  
15 but a disincentive to actually use it, because by using  
16 it, they reduce the demand for additional or new or, you  
17 know, capacity, which is a big part of their future  
18 revenue planning. So I mean Staff was more or less  
19 saying so there needs to be metrics for how successful  
20 the demand response is actually being used as a condition  
21 of the approval of these investments, but. And DTE's  
22 pushing back in rebuttal testimony that got filed last  
23 Friday, and it's going to be interesting, it's something  
24 we're watching closely, because it does get at some of  
25 this dynamic that you're talking about.

1 MR. MacINNES: Well, and then beyond  
2 that, as you point out, Chris, the utilities are looking,  
3 again, for another bite at the apple on cost of service  
4 changes and putting more cost of, production costs on  
5 ratepayers, on residential ratepayers.

6 MR. BZDOK: Right.

7 MR. MacINNES: So you would have, it's  
8 like, oh, we're going to build a new plant and we're  
9 going to make the residential ratepayers pay for it.  
10 It's kind of like -- I look at it as a double whammy, you  
11 know, I mean to the extent, okay -- you know, what you  
12 just said, to the extent they're, hey, we want to build  
13 another plant and, oh, by the way, we're going to argue  
14 that the production costs go to the residential  
15 ratepayers, which we've dealt with twice now and spent  
16 \$250,000 intervening in these cases, and they're coming  
17 back again. Is that -- am I missing that?

18 MR. BZDOK: No, I think you're exactly  
19 right. In the Consumers rate case, Consumers more  
20 explicitly makes the argument that the reason we need to  
21 shift production cost to allocation is to, so that we can  
22 attract and retain more large industrial customers. And  
23 then separately, they and DTE are both -- and this isn't  
24 an issue, an Act 304 issue, so we're not involved in it  
25 directly -- but they're both asking for the first time to

1 start obtaining recovery of O&M expenses related to  
2 economic development, which appears to be mainly doing  
3 things somehow in coordination with MEDC related to  
4 attracting and retaining large industrial customers,  
5 so --

6 MR. MacINNES: But they're doing that by  
7 lowering their rates and putting on, they're putting  
8 higher rates on the residential ratepayers, aren't they?

9 MR. BZDOK: In part, because the  
10 residential ratepayers are going to help -- I mean it's  
11 not a huge amount in the grand scheme, but the  
12 residential ratepayers are going to help refinance their  
13 economic development efforts to recruit the large  
14 customers, so you're going to pay more money and then  
15 you're also going to help subsidize --

16 MR. MacINNES: Well, and I just checked  
17 the latest EIA data, and Michigan continues to have the  
18 highest residential rates in the midwest, based on it was  
19 May results, and if you go to the website, you can check  
20 that out.

21 MR. KESKEY: Actually, there's been a  
22 pancaking over several years of repeated efforts in this  
23 direction, and that is the Act 295, the deskewing  
24 feature, which was the shift based on the theory that the  
25 residential class was not paying adequately what the cost

1 to serve them is. And then in the CECO's Case U-18087,  
2 which ended up in a settlement, but there was a fight  
3 during the settlement conferences and meetings about  
4 they're shifting these allocations, and they got a  
5 partial shift, but they didn't get what they wanted, and  
6 then it resulted in the legislative acts, I think was Act  
7 169, or resulted in the cases that the board had funded,  
8 and they got some more shift, and then the utilities keep  
9 proposing more shift, and meanwhile the industrial rates  
10 are being cut when the residential rates are being in a  
11 series of rate cases continually increased by a  
12 significant percentage.

13 MR. MacINNES: Well, and we certainly  
14 need to encourage business in Michigan, I agree with  
15 that, but I just think there needs to be some more equity  
16 in the process.

17 Anyway, well, we've covered a lot of  
18 material here, but why don't we go ahead and move on to  
19 the 2017 proposals that you all have, unless there are  
20 other questions from the board --

21 MR. ISELY: No.

22 MR. MacINNES: -- on what we've talked  
23 about.

24 MR. LISKEY: Can we go first, because I  
25 know Douglas needs to be --

1 MR. MacINNES: Sure.

2 MR. LISKEY: -- step out.

3 MR. MacINNES: Sure, John.

4 MR. ISELY: Can I just ask one question  
5 quick? Are we expecting sort of the same amount of money  
6 this coming year as we had last year, best guess?

7 MR. MacINNES: I think so.

8 MR. LISKEY: Yeah.

9 MR. MacINNES: There will be a small  
10 adjustment up maybe.

11 MR. ISELY: Okay.

12 MR. LISKEY: And it's by statute.

13 MR. ISELY: Well, it's percentage, but --

14 MR. LISKEY: Yeah.

15 MR. MacINNES: It will be similar.

16 MR. ISELY: -- so it varies.

17 MR. MacINNES: It will probably vary, but  
18 it will probably be similar.

19 MR. ISELY: Okay.

20 MR. LISKEY: So thank you. Our request  
21 is essentially similar to all of our previous requests.  
22 We -- I outlined it for the whole year, totaling  
23 \$135,000, but for the August 29<sup>th</sup> meeting, we really  
24 are requesting \$85,000. And the different -- we're  
25 focused, continue to be focused on the four Upper

1 Peninsula utility companies; that's Northern States Power  
2 and WPS and UPPCo and WEPCo. So there's the plan, 2017  
3 plan cases that we're requesting \$50,000 for those four  
4 cases, and then \$35,000 to continue our participation in  
5 MISO for the entire year. And then we would come back in  
6 April or next March and request \$50,000 for the 2016  
7 reconciliation cases. So that's the numbers of what  
8 we're -- what we're requesting.

9 MR. MacINNES: So John, when you say  
10 MISO, are you just focusing on the U.P. utilities with  
11 MISO?

12 MR. LISKEY: Oh, no. Oh, no. That's, as  
13 Douglas mentioned, when he has discovered an issue that  
14 affects Zone 7, that's the Lower Peninsula. And all of  
15 our work in MISO is -- we got into it because of the  
16 Upper Peninsula and the SSR and all that, but we take a  
17 position for the entire state, so that's important  
18 because that's several million residential ratepayers.

19 MR. MacINNES: Okay.

20 MR. LISKEY: And there's specific issues,  
21 I'll let Douglas discuss, with regards to the plan and  
22 reconciliation cases, we've identified really five issues  
23 there that are on page 17, or page 18 -- page 18 and 19  
24 of our grant proposal identified there. And let me let  
25 Douglas go ahead and enunciate those better than I can.

1 MR. JESTER: Sure. There are, of course,  
2 four investor-owned utilities operating in the Upper  
3 Peninsula, but the two that are most likely to warrant  
4 attention, pending what we see in the applications, are  
5 UPPCo and WEPCo. UPPCo will be moving toward terminating  
6 their current power purchase agreement with Wisconsin  
7 Public Service, and what the new arrangements will be  
8 will likely come up in the plan case. Doesn't  
9 necessarily have to, but that's likely. And so that's  
10 the vast majority of their current power supply, so  
11 that's a very important matter, what follows from them.

12 MR. MacINNES: When do they switch or  
13 when do they have to redo that?

14 MR. JESTER: The formal end of their  
15 agreement I think is end of 2017, but their -- they can  
16 potentially minimize their, the amount that they're  
17 getting from that current agreement, start to phase in  
18 something else, and they haven't said what they're going  
19 to do, so we're just, you know, at readiness to look at  
20 that. And per our discussion a few minutes ago, almost,  
21 somewhere between 35 and 40 percent of their load is  
22 considered interruptible, and we continue to be concerned  
23 that other customers are overpaying for capacity by way  
24 of interruptibility, the thing we were discussing a few  
25 minutes ago. And then they have one customer class where

1 the rate is just a passthrough of MISO costs, which are  
2 much less than what all of their other customers pay for  
3 power, so there's -- it's arguable whether that's a  
4 subsidy or not, but that continues to be of concern to  
5 us.

6 MR. MacINNES: So do you think there's  
7 more of this interruptible issue in the UP than there is  
8 in the Lower Peninsula?

9 MR. JESTER: As a percentage, certainly.  
10 Not quantitatively, but as a percentage.

11 MR. MacINNES: So when you bring this up,  
12 what do people say?

13 MR. JESTER: Well, so far the arguments  
14 have principally been that it's been approved by the  
15 Commission in the past and there's no reason to change  
16 it.

17 MR. MacINNES: And but you say, I assume  
18 you say that, well, gee, you know, we're starting to look  
19 at a capacity shortfall in Zone 7. Is this Zone 7?

20 MR. LISKEY: That was Zone 2.

21 MR. MacINNES: Zone 2. Is that a  
22 shortfall or not?

23 MR. JESTER: It's not at the same level  
24 of Zone 7, but if you look out sort of in the five-year  
25 time range, then people are saying we should be worried

1 about MISO in total.

2 MR. MacINNES: Right. Maybe that's why  
3 there's less concern about this in the U.P., even though  
4 it may be more prevalent as a percentage of customers.

5 MR. JESTER: Right.

6 With respect to WEPCo, the very large  
7 share of their load is the mines, the iron mines. The  
8 Empire Mine is closing this summer, and then it's a few  
9 years down the line, not certain when, but the Tilden  
10 Mile, you know, will play out at some point. All of the  
11 issues we've had with inadequate demand to support the  
12 Presque Isle power plant and then the SSR payments  
13 following on that were related to their load being lost  
14 from WEPCo to the retail choice market. They're back  
15 with WEPCo, but if they close, we still have that load  
16 loss, and looking at how that plays out is going to be  
17 important in looking at WEPCo's cases.

18 And then we didn't put it in the  
19 application, but because it was late last week, but  
20 there's a FERC order of a refund of some of the SSR  
21 costs, and so we'll -- that's been such a complicated  
22 story of how SSR costs have been charged, reallocated,  
23 now to be refunded, just tracking all that through and  
24 making sure it's done right with respect to the customers  
25 is not going to be a minor matter.

1 MR. LISKEY: I can elaborate on that one.  
2 So it's possible, one scenario we're on the alert for is  
3 where Upper Peninsula ratepayers have paid into the SSR  
4 fund, and then through the refund process, some of that  
5 money is being refunded to Wisconsin ratepayers. So  
6 that's an issue we've identified that we need to closely  
7 monitor.

8 And there's -- I guess any questions on  
9 the plan case, plan cases before we talk about our MISO  
10 issues in the application?

11 MR. MacINNES: The, you know, the focus  
12 on the rates, I mean we spent a lot of time talking about  
13 UPPCo and their rates, so WEPCo is -- what are their  
14 rates?

15 MR. LISKEY: About 16 cents a kilowatt  
16 hour for residential.

17 MR. MacINNES: Oh, okay. So they're  
18 nowhere near --

19 MR. JESTER: Right.

20 MR. MacINNES: So really when it comes to  
21 residential rate issues, the UPPCo is the big fish there?

22 MR. LISKEY: Yeah.

23 MR. JESTER: Yes, the big outlier, and  
24 it's the larger number of residential customers.

25 MR. LISKEY: I put together a graph I can

1 pass around, I've got some copies.

2 MR. MacINNES: Okay. Got that. Is there  
3 anything -- so you're going to move to MISO now?

4 MR. LISKEY: Yep.

5 MR. MacINNES: Just MISO in general, not  
6 U.P. MISO?

7 MR. LISKEY: Correct.

8 MR. JESTER: So it's a stakeholder  
9 process. By your grant we get to be at the table, and  
10 part, in large part, driven by MISO and others, so  
11 we're -- this is more anticipating what the issues will  
12 be than actually knowing. That said, you know, we can be  
13 pretty sure about some of these.

14 We've talked about it, the MISO capacity  
15 in general is getting tighter, which means that the  
16 issues around resource adequacy, capacity cost  
17 allocation, are going to become more contentious, so  
18 we'll be looking at that. And then, of course, there's  
19 this sort of special circumstance in the competitive  
20 market areas, which are mostly MISO Zone 4, southern  
21 Illinois, but because of the ten-percent retail choice  
22 allowance, MISO Zone 7 is currently included in MISO's  
23 deliberations on the competitive market area. This is  
24 where MISO is moving toward a forward auction, instead of  
25 a quick auction, so looking ahead three years and doing a

1       phased series of auctions to acquire capacity, but that's  
2       not all settled by any means.

3               MR. MacINNES: Is there anybody else in  
4       this state, I mean who else is at the table from Zone 7  
5       on that issue with MISO? I guess the utilities, yeah.

6               MR. JESTER: The utilities, the  
7       Commission Staff --

8               MR. MacINNES: Commission Staff is there?

9               MR. JESTER: -- and the Michigan Agency  
10       for Energy are all participating, and we do talk with  
11       them.

12               MR. MacINNES: So it's got everybody's  
13       attention?

14               MR. JESTER: Yeah.

15               MR. MacINNES: As it should.

16               MR. JESTER: And the way that MISO is  
17       structured, there are these different stakeholder groups,  
18       and so when you get to the top level committees and who's  
19       at the table there, they represent sectors rather than  
20       states, for example. So there's the Organization of MISO  
21       States, Sally Talberg is currently chair, represents  
22       Michigan. There's, you know, there's several different  
23       sectors for utilities, depending on whether they're just  
24       a load-serving entity or they're generators or they're in  
25       the transmission business, and then we're in the consumer

1 representatives sector. So the fact that we in Michigan  
2 talk to each other and then represent a point of view in  
3 each of those sector environments is important.

4 MR. MacINNES: How about is the AG's  
5 office involved in this Zone 4 and 7 capacity issue, do  
6 you know?

7 MR. JANISZEWSKI: I'm not --

8 MR. JESTER: In the FERC cases that  
9 follow from MISO's filings, you are.

10 MR. JANISZEWSKI: Right. I believe  
11 Michael is working on that specific case.

12 MR. MacINNES: It's such a big issue, you  
13 would think it would be all hands on deck.

14 MR. LISKEY: They're a member, they are  
15 participating.

16 MR. MacINNES: Because this is a big  
17 deal, this is capacity price. And that's how we got to  
18 this 7.2 cent number, isn't it, kind of, is these issues,  
19 \$72 a megawatt hour?

20 MR. JESTER: That's certainly part of it,  
21 uh-huh.

22 MR. MacINNES: Which it went from \$13 a  
23 megawatt hour, wasn't that something like that, up to \$72  
24 a megawatt hour in one year?

25 MR. JESTER: Yeah, it was a big shift.

1                   In addition to that, you know, MISO every  
2 year does a cycle of planning on transmission. The MTEP  
3 17, which is the plan that's supposed to be completed  
4 towards the end of 2017, is already under way. This is  
5 the first of the plans that attempts to reflect the  
6 transmission requirements that follow on from the Clean  
7 Power Plan and other low carbon futures. So we're likely  
8 to see more than the usual amount of change in MISO's  
9 plans in the 2017 process. We've recently voted on the  
10 futures, there are three of them, one of them sort of  
11 business as usual, one reflects essentially Clean Power  
12 Plan, and another reflects essentially the high gas price  
13 future but where everything goes to renewables and things  
14 like that because gas is expensive.

15                   MR. MacINNES: What -- how expensive is  
16 gas under that scenario?

17                   MR. JESTER: Well, it's a gradual growth  
18 path, but it ends up in the \$6 or \$7 a million Btus range  
19 in 2030. So those are the kind of things that we'll be,  
20 you know, looking at.

21                   And then third, which is specific to the  
22 Upper Peninsula, is we continue to have the voltage  
23 stability issue that really came to the fore with Presque  
24 Isle, but it always constrains our choices there, and so  
25 it needs further work.

1                   MR. MacINNES: Do you know if they've, on  
2 that issue, have they looked at synchronous condensers,  
3 do you know, have they looked at that route?

4                   MR. JESTER: A little bit, but just as,  
5 you know, part of bigger proposals rather than as a  
6 specific solution. I think there's room to do some  
7 engineering work. And as an example of something finally  
8 happening, last week ATC proposed a topological change  
9 in, essentially away from a grid or network to a radial  
10 design for the transmission system in the U.P., which  
11 actually improves the voltage stability in the western  
12 end and should allow the SSR to be eliminated for the  
13 White Pine plant. So, you know, we're beginning to get  
14 out of the big let's rebuild the transmission system and  
15 into these more concrete solutions.

16                   MR. MacINNES: Well, you've got -- I know  
17 that in Long Beach, they did, they took the Long Beach  
18 gas-fired plant, I think it was in El Segundo, and they  
19 shut it down for a while and they just ran the machine,  
20 they didn't generate power, they just used it for  
21 rotational inertia so that it would provide stability in  
22 the grid, so it was basically a synchronous condenser  
23 kind of thing, so they didn't have to put fuel in, they  
24 just ran it, and then if it was an upset in the area, the  
25 rotational inertia helped stabilize everything. And then

1 you have FACTS, right, which is Flexible AC Transmission  
2 Systems, which will actually -- now, that's an expensive  
3 solution, but it's a way to remotely stabilize the  
4 voltage and frequency at a distance.

5 MR. JESTER: Right.

6 MR. MacINNES: So I'm assuming that they  
7 would be looking at those since -- and especially given  
8 that you've already got the Presque Isle plant up there,  
9 you've already got these rotating machines that you can  
10 convert potentially.

11 MR. JESTER: Yeah. But that plant's  
12 scheduled to close in 2020 roughly, and so the planning  
13 now is really looking beyond that.

14 MR. MacINNES: Right. But you could  
15 still maybe use it.

16 MR. JESTER: Yeah, potentially.

17 MR. MacINNES: I mean, you know, shut it  
18 off, don't put fuel in it --

19 MR. JESTER: Potentially could.

20 MR. MacINNES: -- but run the machines.

21 MR. JANISZEWSKI: For purposes of clarity  
22 of the public record, you had asked a question about the  
23 Attorney General's involvement in something; I was  
24 checking an e-mail. Can you please clarify what exactly  
25 you were referring to? Was it the SSR?

1 MR. MacINNES: It was the -- what I was  
2 referring to was the issue with Zone 4, MISO Zone 4 and  
3 Zone 7, the whole capacity issue, and it looks like we're  
4 going to have, particularly Zone 7, a 300-some megawatt  
5 shortfall, 2017, and it relates to the nuclear plants,  
6 merchant nuclear plants being shut down in Illinois, Zone  
7 4, and we're being, Zone 7 is being lumped into Zone 4,  
8 as I understand it, from a capacity standpoint, so I'm  
9 just wondering if, you know -- I mean utilities are  
10 involved, CARE wants to be involved, has been involved,  
11 I'm just wondering if the AG is involved in that?

12 MR. JANISZEWSKI: And this is a FERC  
13 docket specifically dedicated to analyzing capacity  
14 shortfalls arising out of potential closures of nuclear  
15 plants in Illinois?

16 MR. JESTER: Can I clarify?

17 MR. MacINNES: Yeah.

18 MR. JESTER: MISO subsequently has a  
19 stakeholder process under way to propose a change in  
20 their tariff --

21 MR. JANISZEWSKI: Right.

22 MR. JESTER: -- with respect to capacity  
23 planning.

24 MR. JANISZEWSKI: Right.

25 MR. JESTER: When they file that, which

1 they have not yet, it will become a FERC docket.

2 MR. JANISZEWSKI: Correct. I am aware of  
3 that, it's something on our radar. It is -- the Attorney  
4 Generally is certainly very concerned about potential  
5 capacity shortfalls in Zone 7, and in MISO in general,  
6 there are a lot of changes going on, and that's something  
7 that we'll continue to stay involved in.

8 MR. MacINNES: Yeah. I just wanted to  
9 flag it as, to me, you know, looking at it as just an  
10 interested party, it's a big deal.

11 MR. JANISZEWSKI: I appreciate you  
12 raising the issue, I just wanted to clarify where we were  
13 at.

14 MR. MacINNES: Okay. Anything else?  
15 MTEP 17, first look at Clean Power Plan, the implications  
16 of that on MISO Transmission Expansion Planning for 2017.

17 MR. JESTER: Right. And the big issues  
18 yet to be worked through in that analysis, the MTEP 17,  
19 are the load forecasts, the expected mix of gas versus  
20 renewables, and then the expected geography of where new  
21 plants might be located.

22 MR. MacINNES: Are you saying gas plants  
23 or any plant?

24 MR. JESTER: Both gas and renewables.

25 MR. MacINNES: Okay.

1 MR. JESTER: Yeah. I should add they've  
2 already committed that their analysis in 2017 for the  
3 first time is going to include any transmission problems  
4 that might be anticipated for future closures of coal  
5 plants rather than just waiting until the plant files the  
6 requests to retire, then saying, horrors, we have a  
7 problem.

8 MR. MacINNES: Right. Surprise.

9 MR. JESTER: And that was something that  
10 we pushed, and successfully.

11 MR. MacINNES: Yeah.

12 MR. LISKEY: This would be an appropriate  
13 time to also mention that Douglas is not going to be here  
14 for the August 29 meeting, so if you have any other  
15 questions.

16 MR. MacINNES: Well, this is good, good  
17 discussion, it helps us understand what's going on with  
18 MISO, and it's a big player and we need to be aware and  
19 input I think.

20 So how about gas prices, will it get into  
21 gas prices?

22 MR. JESTER: There are sensitivity  
23 analyses in each of the scenarios around the ranges of  
24 gas prices from sort of current prices up to those high  
25 ones that I was talking about earlier.

1                   MR. MacINNES: The comment I got from the  
2 MISO person at the meeting the other day was that there  
3 is a concern that the gas price forecast sensitivities  
4 might not be high enough in some cases, \$4 versus \$6,  
5 let's say.

6                   MR. JESTER: Right. Their range is  
7 between kind of current prices and the EIA reference  
8 forecast, which should be kind of the median case, and  
9 not the really high price, you know, that would bracket  
10 the --

11                   MR. MacINNES: Well, we know the EIA has  
12 not been very accurate, right --

13                   MR. JESTER: No. You're correct.

14                   MR. MacINNES: -- in many areas?

15                   MR. ISELY: And I'm sorry. You said \$6  
16 to \$7 was your high cost reference earlier, was it?

17                   MR. JESTER: In 2030.

18                   MR. ISELY: In 2030?

19                   MR. MacINNES: In 2030, yeah. That's a  
20 long way out. So is there any way to look at, figure out  
21 a way to get -- to get that sensitivity to consider  
22 higher gas prices earlier on?

23                   MR. JESTER: In the stakeholder process  
24 as it develops over the next few months, we can push for  
25 that, but it's, in the end, something MISO decides.

1 MR. MacINNES: Because that really  
2 determines what transmission expansion, what new wires  
3 and whatever, they're going to build for them, build out.  
4 It's a big deal.

5 MR. JESTER: Right.

6 MR. MacINNES: So I guess if gas prices  
7 go way high because of the, we're using up the sweet  
8 spots in fracking, and the high decay of the fracked gas,  
9 then prices could go up high, and then we will have made  
10 these sensitivity studies and decisions based on too low  
11 of a gas price and not enough transmission.

12 MR. JESTER: It's a very real risk.

13 MR. MacINNES: It's a concern. It's  
14 like -- it's like shutting -- to me, it's like shutting  
15 off nuclear plants because they can't compete because gas  
16 prices are so low, gas prices are so low, let's just let  
17 the nuclear plants go, it's the same kind of thing, in my  
18 mind. You're betting everything on the gas.

19 MR. JESTER: There are a lot of people  
20 doing that.

21 MR. MacINNES: And we're already at, the  
22 U.S. is already at about a third gas, like coal now, it's  
23 a third coal and about a third gas, and that's going to  
24 keep going up because of low gas prices. So yeah, it's  
25 really something to watch.

1 Okay. Anything else, John?

2 MR. LISKEY: No, nothing, that's it.

3 Thank you.

4 MR. MacINNES: That's a good discussion.

5 Wow.

6 Okay. Let's go to Don on your -- you're  
7 representing two groups now, one is the Great Lakes  
8 Renewable Energy Association, and the other is the  
9 Residential Customer Group. Let's start with the  
10 Residential Customer Group, because I've never heard of  
11 them. Who are they?

12 MR. KESKEY: They're individual  
13 residential customers that as a group have participated  
14 in the last rate cases for Consumers and Detroit Edison,  
15 and are also intervened and participating in the ongoing  
16 rate cases for Detroit Edison and Consumers, and I'm  
17 talking about the general rate cases.

18 MR. MacINNES: So who funded them? It  
19 didn't come through us, and it --

20 MR. KESKEY: No, it did not. It's been  
21 only recently formed formally with the filing of its  
22 articles of incorporation, but prior to that, it was  
23 informal in terms of relying on donations from the  
24 individuals and --

25 MR. MacINNES: From individual

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1 residential customers?

2 MR. KESKEY: Residential customers.

3 MR. MacINNES: And how many were involved  
4 in this?

5 MR. KESKEY: There was actually -- it  
6 started off with about 20 to 25 in Edison and 20 to 25 in  
7 Consumers, but some of the people who are donating were,  
8 if you added up all the donations, it would be more than  
9 that. But they're undergoing a membership expansion  
10 effort, so hopefully the numbers will get up to the  
11 hundreds or thousands through their various plan  
12 meetings, town meetings and so forth.

13 MR. MacINNES: Uh-huh.

14 MR. KESKEY: As far as the Residential  
15 Customer Group, again, the focus is as a non-profit  
16 organization focusing specifically on the residential  
17 class of customers and their concerns about the  
18 increasing cost and shift of utility rates to the  
19 residential customers. It seems to be the warm knife  
20 through the warm butter, there's really no, not enough  
21 focus to protect the residential ratepayers specifically.  
22 And that effort can be directed not only in challenging  
23 specific costs of the utility that may be too high or may  
24 be unreasonable or imprudent, but also can deal with the  
25 cost shifts between classes of customers and how that's

1 being allocated.

2 The two issues that the Residential  
3 Customer Group would propose focusing on generally would  
4 be nuclear issues and coal issues. And with respect to  
5 the coal issues, we all know that both Consumers Energy  
6 and DTE have announced the closure of several coal  
7 plants, and it's in a very short timeframe, it's  
8 generally within the forecast period of these cases. We  
9 also know that these, both these utilities traditionally  
10 have relied very heavily on long-term multiyear fixed  
11 coal contracts. DTE also operates a coal dock in  
12 Superior, Wisconsin, that ships coal, and they, both  
13 utilities have leased rail cars and they're set up for  
14 assumptions of large coal purchases, and one of the  
15 questions is, with the closing of all these coal plants,  
16 what's going to happen. In other words, are they going  
17 to get hung with huge coal inventories; are they going to  
18 need as many rail cars; are they going to lose revenues  
19 from their coal dock; how are they going to renegotiate  
20 their coal contracts; and of course, how much of a hit  
21 are they going to take in adjusting to the new world; and  
22 who's going to pay for it; is this all going to shift to  
23 the PSCR, or combination of rate cases and the PSCR; is  
24 it going to be substantially placed on the shoulders of  
25 the residential ratepayer, and over a multiyear period.

1 MR. MacINNES: So let me ask you this:  
2 How much experience does your team have with these coal  
3 issues?

4 MR. KESKEY: Actually, of course my  
5 experience and with the, being counsel for the division  
6 that represented the Commission that was involved in  
7 challenging forced burning of fuel in many cases, I've  
8 cited some of them in the plan case. In one case, we got  
9 a \$38 million adjustment affirmed by the courts for  
10 Consumers Energy's forced burning of high-priced oil, and  
11 that was an Act 304 case. Some of the witnesses that we,  
12 that have worked on those cases, auditors and so forth,  
13 have been very, very familiar with coal issues, going all  
14 the way back to how to do the ratemaking treatment for  
15 the coal dock in Superior, Wisconsin, because that was an  
16 affiliated issue, affiliated issue, affiliated company  
17 issue. So yes, the expert witnesses have had substantial  
18 experience with not only evaluating purchased power, but  
19 also coal and also coal contracts.

20 MR. MacINNES: Are these, your experts,  
21 are these experts we've approved?

22 MR. KESKEY: Yes.

23 MR. MacINNES: They're already approved?

24 MR. KESKEY: Yeah. So I can't come here  
25 and tell you that, okay, we found a \$50 million issue

1 right now, it's you have to dig in and find out what's  
2 going on. We do know this, that there's going to be  
3 substantial change, and if you don't start looking at it  
4 now, you're going to have this pass through to you before  
5 you can do anything. And this is the problem where one  
6 case builds on another. Even in that forced burning of  
7 oil that we dealt with when I was at the Commission, or  
8 their attorney, it was preceded by a case that went all  
9 the way to the Michigan Supreme Court, and that's the  
10 Union Carbide versus PSC, where the Commission had tried  
11 to interrupt the contract and, of course, the Supreme  
12 Court said no, you can't interrupt the contract, but you  
13 have your ratemaking powers to protect the ratepayers.  
14 So in the subsequent case where we got the \$38 million  
15 reduction was an Act 304 case and that was where the  
16 Commission, as affirmed by the courts, would not allow a  
17 certain portion of that high-priced forced burning to be  
18 passed through to the ratepayers.

19 MR. MacINNES: So let me ask a question  
20 of Chris. You've worked on these coal projects, coal  
21 issues?

22 MR. BZDOK: Uh-huh.

23 MR. MacINNES: Right? Would you call it  
24 a forced burning, the must run, you know, that we've had  
25 on some of these cases where in essence they run the coal

1 plant even though it's not economically productive, is  
2 that a forced burning, or what would you call that? Is  
3 that just another way of saying that?

4 MR. BZDOK: Sure. Sure. Where those  
5 have landed are, in the plan cases the Commission has  
6 said, if you're running these things at a loss and not  
7 decommitting them, that we're going to look at evidence  
8 of that in the reconciliation as opposed to evaluating  
9 that in the plan case. It's one thing to plan to do it,  
10 but then they say, but in our actual operation, we do  
11 something different, we do short-term outlooks and make  
12 decisions, but it appears that those decisions are always  
13 to run. So that could be -- I mean you could call that a  
14 forced burning, or you just call it a forced operation at  
15 a loss. And sometimes there are reasons to do that,  
16 there are good reasons to do that, but maybe sometimes  
17 there are not. And so we're -- that is an issue that --  
18 that's different I think than what Don's talking about  
19 because that's sort of in the day-to-day operational  
20 decisions as opposed to the long-term contract type  
21 issues that he's talking about, but yeah.

22 MR. MacINNES: Right. So at the -- at  
23 Jim's conference there, I spoke with one of the  
24 regulatory people from Consumers Energy about -- it was  
25 one fellow who spoke about he ran the -- they ran a 1952

1 vintage coal plant for 572 days without stopping, and so  
2 I brought this up to the regulator, or to their  
3 regulatory guy who's involved in rate cases, and I said,  
4 is that economic dispatch, and I told him we were  
5 concerned about that. He said we had a fair point. To  
6 run a 1952 vintage coal plant for 572 days without  
7 stopping. I mean that was a good run, and from an asset  
8 utilization standpoint, I can see the benefits of that,  
9 but it gets back to the question, is that the right thing  
10 to do for the ratepayers. So anyway.

11 MR. KESKEY: I did a fair amount of  
12 cross-examination in a Consumers PSCR a few years ago,  
13 three or four years ago, on this must-run situation, and  
14 what we're talking about here is trying to explore  
15 several impacts that would happen because of the closing  
16 of the plants; it could be excess inventories, it could  
17 be --

18 MR. MacINNES: So it's different  
19 basically?

20 MR. KESKEY: It's -- a forced burn is an  
21 issue, and there is a provision in the Act 304 that says  
22 that if you want to pursue it in a reconciliation case,  
23 you have some duty to pursue it in a plan case, but it's  
24 also the forecast period, the five-year forecast, and is  
25 there -- how are they going to adjust to this; are they

1 going to have excess inventories; are they going to have  
2 excess rail cars; are they going to lose money on the  
3 Superior dock which is rolled in; are they going to force  
4 burn; are they going to sell this -- are they going to  
5 renegotiate their coal contracts; what kind of penalties  
6 are they going to have; how are they adjusting; are they  
7 going to sell excess coal to a third party at a loss.

8 MR. MacINNES: Okay. Well, it --

9 MR. KESKEY: There could be -- and when  
10 you get into the discovery, one issue could be bigger  
11 than the other. And you can also force burn indirectly,  
12 but it's hard to find it, and that is, for example, if  
13 they underbid to MISO, there's -- you know, their costs,  
14 MISO is going to perhaps dispatch Consumers' plants or  
15 Edison's plants more than they would under a true bid  
16 process, under a correct economic bid process, that's a  
17 way to burn more inventory.

18 MR. MacINNES: Right.

19 MR. KESKEY: But in the end, there's  
20 going to be, when there's a reconciliation, there's going  
21 to be a problem.

22 MR. MacINNES: Okay. How about -- are  
23 there any other questions on the coal issue from the  
24 board?

25 MR. ISELY: No.

1 MR. MacINNES: How about the nuclear?

2 MR. KESKEY: The nuclear, there's always  
3 been issues about what both utilities are doing with  
4 respect to some regulatory fees they pay and whether they  
5 are enforcing their contracts adequately, not only with  
6 respect to spent nuclear fuel and what kind of  
7 settlements are going on, but also what's called the  
8 decommissioning and decontamination fund, which is a  
9 separate fee.

10 But with respect to nuclear, besides  
11 Edison's sort of plans to set up the structure for a  
12 third unit, which is sort of being deferred I believe  
13 because of the economics of natural gas, the Palisades  
14 plant is a problem, and the Palisades plant is under a  
15 15-year purchased power agreement between Entergy, which  
16 bought Palisades from Consumers Energy, and Consumers  
17 Energy. And we, under a grant from the board, challenged  
18 the purchased power agreement when it was approved by the  
19 Commission, in fact, we challenged the sale of the plant.  
20 And the purchased power agreement was front-loaded, in  
21 other words, the ratepayers were carrying a percentage  
22 higher part of the cost in the early years of the  
23 contract, and this was supposed to be, you know, come out  
24 in the wash later, I mean there would be some savings,  
25 but it's not clear that the ratepayers who are paying

1 under Act 304 for the Palisades PPA are, that the power  
2 is reasonably priced; the contract may need to be  
3 renegotiated or there may be some examination about why  
4 the cost of Palisades plant is higher than alternatives.

5 MR. MacINNES: What, was it \$57 a  
6 megawatt hour, is that what you value it, something like  
7 that?

8 MR. KESKEY: I can't recall.

9 MR. MacINNES: That seems like it would  
10 be pretty, maybe it's not as cheap as gas, but it seems  
11 like --

12 MR. KESKEY: Well, there's some other  
13 issues, and that is, for example, is Consumers, even if  
14 you didn't suggest a renegotiation of the contract, is  
15 Consumers fully administering and enforcing the existing  
16 contract. For example, when Palisades has outages, which  
17 they've experienced several, who is paying for the  
18 replacement power; are they being reimbursed; what are  
19 the rights under the contract versus what are they doing.  
20 If it's easy to pass it through to the ratepayer, this is  
21 one thing that might be done.

22 The other problem with Palisades is that  
23 by now the embrittlement of the facilities, the  
24 generator, has got to be quite severe, and the cost to  
25 refurbish or rebuild this plant may be just economically

1 completely out of the ballpark. And so what is the plan  
2 and what is, in the forecasted period, what is the plan;  
3 how is -- how are we going to re-adjust to the realities  
4 of the situation.

5 MR. MacINNES: Right.

6 MR. KESKEY: And it's again an inquiry  
7 that not only for the short term should be looked at, but  
8 it should be looked at as -- we should get on the road  
9 with this examination rather than get caught at the last  
10 minute when it's crisis.

11 MR. MacINNES: So these are your two main  
12 issues, then -- I'm trying to move it along here -- the  
13 coal and the nuclear, the Palisades. How much of that  
14 would be spent SNF, you know, spent nuclear fuel issues  
15 versus just the Palisades issue, I mean how do you see --

16 MR. KESKEY: Probably the DND fund and  
17 the SNF would be a minor part of it, more minor part of  
18 it.

19 MR. MacINNES: Are they any new -- you  
20 know, as you know, we spent a lot of money intervening in  
21 those cases years back, and I'm just wondering if there's  
22 any new law that deals with SNF and whether, how much  
23 that really needs to be revisited?

24 MR. KESKEY: Well, there have been some  
25 recent decisions by the courts, the federal courts, that

1 finally, and I think it was built on earlier cases that  
2 the states had sued the DOE, but the federal courts have  
3 stopped the collection of the SNF fee prospectively,  
4 however, there's \$40 billion sitting there, and now there  
5 are ongoing things happening as to how that money could  
6 be spent or saved or protected, or how is the federal  
7 government going to either build an interim facility to  
8 store it, or is Yucca Mountain going to be revived, and  
9 there's just a lot of things --

10 MR. MacINNES: Of course, a lot of that's  
11 probably going to be a function of the political outcome  
12 here in November.

13 MR. KESKEY: Well, that's what they  
14 always say, they say that through about 8 administration  
15 and 16 secretaries of the DOE.

16 MR. MacINNES: So is that a separate  
17 issue from the -- would you call it a separate issue from  
18 the Palisades?

19 MR. KESKEY: The SNF issue would be an  
20 issue that you should keep an eye on and update yourself  
21 relative to what's going on, but as you are doing this  
22 search into what's going on at Palisades, which is a big  
23 SNF site, by the way, Entergy has the SNF site up in  
24 Charlevoix and the one in --

25 MR. MacINNES: They're all SNF sites,  
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1 aren't they, to one degree or another, that's where you  
2 store all the waste at every nuclear power plant?

3 MR. KESKEY: Yeah, yeah. The Big Rock  
4 plant was completely decommissioned, but the spent  
5 nuclear fuel is there. Entergy owns it, Consumers worked  
6 that out when they sold the Palisades plant. But the  
7 Palisades plant has two what they call ISFSIs, which is  
8 the installations where the spent fuel is kept and, you  
9 know, one of the questions would be, you know -- but as  
10 you're -- I'd say economically in the short term in the  
11 forecast, the coal issue and the nuclear issue would be  
12 with respect to those assets and the economic impact of  
13 those assets, but in that process, the SNF issue should  
14 be looked at because there's -- because if the Palisades  
15 plant closes, there's no generating plant to support the  
16 SNF site.

17 MR. MacINNES: Yeah. Right. Okay. In  
18 the interest of time here, do our board members have any  
19 questions on this Residential Customer Group proposal at  
20 this point?

21 MR. ISELY: None at this point for me.

22 MS. HAROUTUNIAN: No.

23 MR. MacINNES: Okay. What I'd like to  
24 propose is moving on to Chris for his presentation, and  
25 then we can come back and do the Great Lakes Renewable

1 Energy Association at the end, if that's agreeable.

2 Okay. Well, this is very helpful. I  
3 think -- I think I understand what you're trying to do  
4 here.

5 So Chris, do you want to talk a little  
6 bit about your proposal for 2017.

7 MR. BZDOK: Certainly. Thank you. What  
8 we have put in front of you is our phase one grant  
9 requests, which consist of three cases; the PSCR plan  
10 cases for DTE and Consumers Energy, and then a backfill  
11 request for \$10,000 for the Consumers Energy rate case,  
12 the one that's pending. The only other two cases I'm  
13 anticipating that would be Act 304 that would be eligible  
14 under current law will be the Consumers and DTE  
15 reconciliation cases, which will be filed at the end of  
16 March of 2017, so I don't really have any useful  
17 information for you on those.

18 On the plan cases, I would, you know, I  
19 have identified what -- some primary issues we're  
20 anticipating looking at in those cases. Obviously when  
21 the cases are filed, there may be other issues. The  
22 first one as an outgrowth is wind energy power purchase  
23 agreements or wind energy additions to Consumers'  
24 resource portfolio. And we've indicated to you that in  
25 the pending plan case, we sort of started pulling a

1 thread which began as a request to align in an  
2 application for a request to approve a wind contract in  
3 the renewable energy program, in which Consumers said the  
4 all-in levelized cost of this wind contract is lower than  
5 our total overall PSCR cost on average. So that  
6 obviously we're very interested in, the idea that a wind  
7 contract would have a lower cost all in than the  
8 company's PSCR costs all in.

9 MR. MacINNES: Now, when you say all in,  
10 are you including dealing with the intermittency issues?

11 MR. BZDOK: No. I'm dealing with the  
12 levelized --

13 (Multiple speakers.)

14 MR. MacINNES: The LCO --

15 MR. BZDOK: Yes. Yes. So we have -- we  
16 spent some time on that, and we had this argument in the  
17 plan case about whether or not the company has some  
18 obligation if it's projecting savings, ratepayer savings,  
19 there's an attachment in here that has all these. In  
20 these attachments, the red is good, because the red is  
21 the reduction in cost, and so there are these projection  
22 reductions in cost, savings to customers from these  
23 various options of wind contracts from these various  
24 offerers, and the good news is Consumers entered into one  
25 of those agreements with one of the projects, and the bad

1 news was that they didn't at that time pursue the other  
2 two projects any further even though they were projecting  
3 those other projects would have significant savings. So  
4 we've gotten fairly deep into that issue on that level,  
5 and we had a fair amount of discussion with Consumers on  
6 cross-examination in the hearing about kind of where is  
7 all this going, and at that time, they were contemplating  
8 some additional wind RFP activity, to perhaps seek other  
9 contracts, and then after that hearing closed, they did  
10 issue an RFP for additional wind project.

11           And what we learned in the cross-exam --  
12 I think you mentioned it, Jim, a little bit earlier in  
13 this meeting -- that the company's interest in that is  
14 that some of their large primary industrial customers,  
15 large primary customers, let's say, were coming to them  
16 and saying, we want opportunities to make our -- the  
17 generation serving our, you know, credited to us more  
18 renewable. So it was customer driven that led the  
19 company to -- and so they were -- they had these contacts  
20 from a few customers and then they sought out discussions  
21 with other customers, were they also interested, and  
22 based on those discussions, they've issued this RFP. And  
23 so we're obviously very interested in that because all of  
24 the offers that they had last fall were producing savings  
25 for customers over the business as usual.

1 MR. MacINNES: So the project they chose,  
2 is that the Apple Blossom?

3 MR. BZDOK: Uh-huh.

4 MR. MacINNES: Is that the one owned by  
5 Sempra Energy?

6 MR. BZDOK: Geronimo Wind Energy.

7 MR. MacINNES: Geronimo, yeah. Well,  
8 something ironic, the Sempra Energy is now the owner.

9 MR. BZDOK: Okay, I'm listening.

10 MR. MacINNES: And my old boss did  
11 negotiate that deal with Geronimo and with David Ronk of  
12 Consumers Energy. His name is Larry Folks. Someone you  
13 should meet, you guys. He's a very, really great guy.  
14 He worked for BP Wind for a number of years, and he's a  
15 financial person, but he's very savvy on these wind  
16 deals. And I wouldn't be surprised if Sempra Energy,  
17 that's San Diego Gas & Electric, is the parent of San  
18 Diego Gas & Electric, that they would be doing more work  
19 in Michigan.

20 MR. BZDOK: Apparently there are still a  
21 number of interested independent renewable energy  
22 developers looking to do more business here. And so  
23 they've issued this RFP, and there are issues that arise  
24 out of this RFP that we anticipate are going to come up  
25 in the plan case. So one issue, like in this current

1 case, is if you get multiple offers, all of which show  
2 customer savings, are you going to limit it at some  
3 particular amount, or are you going to pursue all the  
4 cost-effective savings that you can integrate? A second  
5 is if these projects are going to produce savings, which  
6 is great, are the savings going to be sort of special  
7 purposed to these large primary customers who are  
8 interested in that, or are these savings going to flow to  
9 all of your PSCR customers. That's a big --

10 MR. MacINNES: And who's going to pay for  
11 them, the savings?

12 MR. BZDOK: Right. Well, if the savings  
13 is a savings over business as usual case, yeah, it's  
14 who's going to, you know, who's going to -- there seems  
15 to be this -- it's all over the rate case and it's  
16 elsewhere, and I'm sure it's true of any utility that  
17 serves large customers, but it seems like it's just a  
18 more prominent objective with Consumers is everything is  
19 driven at, you know, the industrial customer, which is  
20 understandable on some level, but on another level, you  
21 know, they're a regulated monopoly and so there needs to  
22 be equities there, too. So that's another issue.

23 And then a third issue is that the RFP  
24 requires that any proposal allow Consumers to take  
25 ownership, because moving from PPAs to owned resources is

1 a high priority of Consumers, at least as you can glean  
2 it from all the presentations that they to do to  
3 investors, they talk about PPA replacement. So what's  
4 that going to cost, right. I mean if you have -- you're  
5 going to get proposals, and the proposals are going to  
6 have some levelized cost per megawatt hour, and if that's  
7 a passthrough like with Apple Blossom, we know what that  
8 costs, and then if Consumers obtains ownership, then how  
9 is that going to transfer both how the costs are  
10 recovered, are they rate based at that point, presumably  
11 they are, so you go from a PSCR cost to a rate base cost,  
12 but what overall are you going to see, you know, where  
13 does the customer come out when you add your 10. whatever  
14 percent ROE and your weighted average cost of capital,  
15 you know what I mean, as opposed to starting with this --  
16 we know where we're going to start; where are we going to  
17 end up? So that's an interesting question that's going  
18 to come up in that respect as well.

19 So I don't have any answers, I'm just  
20 saying these are things that are sort of percolating  
21 based on the most current events.

22 We're also interested -- we're also  
23 looking at, and it's a long-term forecast issue, but  
24 Consumers is claiming zero capacity credits, zero zonal  
25 resource credits for Palisades starting in 2021. So --

1 and again, they're calling that a PPA replacement  
2 opportunity. So again, that's going to just start to  
3 come to the fore is what is the next chapter for the  
4 company. It's going to happen with Palisades first, and  
5 then it's going to happen with Midland after that. I  
6 mean they, every investor presentation, they talk about  
7 these are our opportunities for the future is we're going  
8 to get out of contracts, we're going to build our own  
9 stuff, and that's going to provide us with a greater rate  
10 base and more ROE opportunity. So that again is just,  
11 it's a long-term forecast issue, but it's something we're  
12 looking at.

13 Finally, an issue that we know is going  
14 to come up in Consumers is sorbent costs, so the costs of  
15 pollution control for Mercury Air Toxics Standard is an  
16 issue, and we've gotten in the Commission -- I quoted the  
17 Commission order in our materials to you basically saying  
18 no, you're not providing enough information on this and  
19 you need to do it in the next plan case; what are these  
20 costs going to be; what are the application rates going  
21 to be. It's an issue we've been litigating in DTE, and  
22 the Commission order even referenced a DTE order and  
23 said, you know, so what's your plan. So I don't know  
24 what the answer to that is or what positions we're going  
25 to take, I just know that they've now been required to

1 provide more detailed information on that issue.

2 DTE PSCR plan, NEXUS is going to come up  
3 again because NEXUS is not going to be over. If the  
4 Commission agrees with the ALJ in the gas case and with  
5 the positions we and the Attorney General have taken in  
6 the electric case, that they can't approve costs until  
7 2017 at the earliest, it's going to come up then. If the  
8 Commission has not made a final order on the evidence  
9 regarding the affiliate transactions and the projected  
10 costs and the differences in price between the various  
11 locations and all these other issues, which they're not  
12 going to have an order out, it's going to come up again.  
13 So we anticipate that will continue to sort of pour into  
14 the next electric case, and that's going to be a priority  
15 issue.

16 Pollution control sorbents again is going  
17 to come up in DTE. We had -- we talked about this and  
18 talked about this and talked about this. In PSCR orders,  
19 the Commission said, boy, the evidence, and specifically  
20 the contradictions in the evidence the company's provided  
21 and the inconsistent evidence that the company's provided  
22 is a source of concern, but it needs to be handled in the  
23 context of the capital projects to install these systems  
24 in the next rate case; and then we got that rate case,  
25 and the Commission said, boy, the evidence is still

1 contradictory and not well supported, and the spreadsheet  
2 that they provided had all these problems that nobody  
3 could explain on the stand, and the ALJ recommended that  
4 PSCR costs, PSCR recovery of those costs be capped at the  
5 company's assumptions in the projections when they looked  
6 at are they economic projects to do or not. And the  
7 Commission said, oh, well, no, we can't do that, so we're  
8 going to send you back to the PSCR case, which is very  
9 frustrating, but we also don't want to give up on it, and  
10 so that's going to show up in the next PSCR plan case.  
11 How do their current assumptions compare with the  
12 assumptions that they were making at the time they  
13 decided that these projects were economical, and if  
14 they're -- and if they're more, what should be done about  
15 it in terms of ratepayer relief. That's going to come --  
16 that's going to come to a head in the PSCR plan.

17 And then finally, River Rouge Unit 3 is  
18 an issue we've been pursuing not with your money in the  
19 DTE rate case, it sort of came up in discovery in a  
20 reconciliation filing. So River Rouge has two units,  
21 Unit 2 and Unit 3.

22 MR. MacINNES: How big are they?

23 MR. BZDOK: I don't know, I can send you  
24 that. I just don't know off the top of my head.

25 MR. MacINNES: I think it would be

1 important for us to know, I mean how big is this issue,  
2 how big is this plant. It would be good to know that.  
3 Are we talking 10 megawatts or 300?

4 MR. BZDOK: Oh, no, it's hundreds, it's  
5 hundreds of megawatts. It's a base load coal plant, it's  
6 a very old base load coal plant.

7 Unit 2 and Unit 3, Unit 2 went on forced  
8 outage last year and it has not been repaired. What  
9 they've decided is that they think it has a crack in the  
10 turbine rotor and that -- and so they've done a couple  
11 things. So before, at least before the decision was made  
12 not to repair Unit 2, DTE had done some economic analyses  
13 of the continued operation of the River Rouge plant as a  
14 whole, and in those economic analyses, they more or less  
15 came out that it was marginally economic to continue  
16 running it as a whole, and that was produced by some  
17 assumptions about PSCR issues honestly; market energy  
18 price forecasts, capacity revenues, and being the main  
19 two that are demonstrably no longer correct. So if you  
20 back those out and then if you assume that the costs of,  
21 the common costs of the plant which were being shared  
22 between two units are now only being borne by one unit,  
23 it's pretty clear that it's not economic to continue  
24 running Unit 3. And that's also based in part on data  
25 that was used in a subsequent NPV on just Unit 2, which

1 was the basis for the decision not to repair it. So  
2 that's an issue we've introduced in the rate case, but we  
3 expect it's going to continue to play out in the PSCR  
4 plan case, because while we've introduced it in the rate  
5 case, there's not a ton of capital being spent on River  
6 Rouge Unit 3 in the rate case, so we expect that this  
7 is -- you know, we're going to be needing to look much,  
8 much harder at the economics of the, sort of the  
9 day-to-day or the forecasted operation of River Rouge  
10 Unit 3 now that it's sort of the last unit standing, and  
11 some of these numbers have been updated in a way that's  
12 less favorable to the unit's continued operation. So  
13 those are just overview issues that we're aware of are  
14 going to come up in these cases based on developments in  
15 the cases that are going on right now.

16 And then the Consumers rate case, like I  
17 said, is we've briefed you on those issues, you gave us a  
18 starter budget. What we've attempted to do, given your  
19 fiscal situation, is to bridge our requests for  
20 supplemental funds for that case into the next fiscal  
21 year, which is something we told you we were going to  
22 seek to do. So we're asking for \$10,000 to continue to  
23 work in that case. That case is later than the DTE rate  
24 case, so that option exists for Consumers.

25 So that's our FY17 phase one request.

1 MR. MacINNES: Okay. And then stage two  
2 would be, you say PSCR reconciliation cases for March?

3 MR. BZDOK: Yeah, those will come up,  
4 those will be filed March 30 of '17.

5 MR. MacINNES: Okay. Any questions on  
6 this?

7 MR. BZDOK: And if you get your scope  
8 expanded, you know, we expect an IRP case for DTE in  
9 early 2017.

10 MR. MacINNES: Uh-huh. Well, that's a  
11 big if right now.

12 MR. BZDOK: Yep. I'm just flagging it.

13 MR. MacINNES: Maybe they'll give us  
14 special legislation to do it if they haven't figured out  
15 the rest.

16 Any questions?

17 MR. ISELY: So the costs of the  
18 reconciliation isn't in this, right?

19 MR. BZDOK: Correct.

20 MR. ISELY: Okay.

21 MR. MacINNES: Okay. Well, that helps,  
22 helps us to kind of take all the volume and sling it down  
23 to the different sections.

24 Okay. Let's go back here to Don and see  
25 if we can get a quick overview of your GLREA proposal.

1 MR. KESKEY: The GLREA proposal has  
2 basically two issues. With respect to DTE and Consumers  
3 Energy, we would propose to continue the course we've  
4 been on, urging that the utilities consider more solar  
5 facilities and energy in their mix for many reasons and  
6 the benefits it provides, and that their plan and  
7 forecast cases should start reflecting that. Of course,  
8 now DTE is amending its REP, so it's hopefully going to  
9 come up with a plan and forecast case that reflects that  
10 expansion realistically, which has not happened in the  
11 past. And in that process, there's a continual effort to  
12 update the testimony, supplement the testimony, use  
13 studies that are coming out that are more recent, and  
14 then continue to show these trends and try to encourage  
15 the utilities to reasonably forecast these matters and  
16 how it impacts the other cases -- excuse me -- the other  
17 costs in the overall Act 304 plan and forecast.

18 The other issue is the, is PURPA, and  
19 that is that we have attended some of the meetings at the  
20 Commission and the collaborations on PURPA pricing. Our  
21 Commission has not reset or reevaluated or  
22 comprehensively looked at PURPA prices for decades. And  
23 of course the federal law, the PURPA is a short  
24 terminology for a federal law that was aimed at  
25 encouraging independent sources of energy and set a

1 standard that the utilities would pay based on the  
2 avoided cost and the energy that they would save if they  
3 purchased the energy from an independent supplier; in  
4 other words, sort of like a clearing price or a benchmark  
5 as to how much would it cost the utility to acquire this  
6 if it did it itself compared to obtaining it from one of  
7 these renewable or other independent projects, and once a  
8 price is set, that sort of sets the guidelines for what  
9 kind of development you're going to have in the state  
10 relative to renewable energy.

11 MR. MacINNES: Well, and also doesn't it  
12 affect whether the existing plans can continue to be  
13 financially viable?

14 MR. KESKEY: Yes. They're --

15 MR. MacINNES: For example, the biomass,  
16 we have six to eight biomass plants around the state and  
17 they're subject to those contracts.

18 MR. KESKEY: And the contracts, when they  
19 expire, then there's hydro, too, that are affected. For  
20 example, there's one over in Lowell which is when their  
21 contracts expires and there's a new PURPA price set, it's  
22 an existing facility producing energy, what is the  
23 correct objective measure for this price. I mean, the  
24 utility, the utilities may want to have a low price so  
25 they can discourage renewables, and the renewables would

1 want a higher price, but the real test of these PURPA  
2 proceedings is to set the academically objective correct  
3 price based on complying with the federal law.

4 MR. MacINNES: So is that one price fits  
5 all, or is it going to be different prices for different  
6 generator types?

7 MR. KESKEY: Well, I'm not -- I can't  
8 answer all your questions until I look more deeply into  
9 this, but I would think that there is some variation  
10 based on the type of facility it is. The operational  
11 characteristics are different, I mean the energy produced  
12 may be different, so I guess it might be a combination of  
13 both.

14 MR. MacINNES: Because for a hydro  
15 project, there's very little operating costs, and the  
16 biomass project, you got a high fuel cost, right, among  
17 other things, and plus 25 people to run the plant.

18 MR. KESKEY: Right, yeah. Now, the  
19 collaborative, that's involved a lot of interested  
20 parties and Consumers and DTE and there have been  
21 filings, there's a website on the Commission, and the  
22 utilities have made their filings. There will be -- the  
23 process has been set, the prehearing has been held, GLREA  
24 has been granted intervention.

25 MR. MacINNES: So let me ask you this:

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1       Would you be working with any other groups, like let's  
2       take the biomass for a minute, because there's, you know,  
3       18- to 36-megawatt plants around the state. Would you be  
4       working with the Biomass Association on any of this, or  
5       at least talking with them to get their opinion on that,  
6       or how does that --

7               MR. KESKEY: Well, the budget that we  
8       proposed is very modest because I see -- I foresee these  
9       kind of interested groups that have been in the  
10      collaborative, that this process will continue; but the  
11      formal filing and testimony is in one case due in October  
12      and the other case December 1, so that this process I  
13      envision is going on with a certain amount of consensus  
14      building, et cetera. I think it would be fair to say  
15      that we would be trying to see if the consensus comes at  
16      an objective price that meets the federal standards.

17             MR. MacINNES: So these cases, did you  
18      just say that they would be October and December?

19             MR. KESKEY: Yeah.

20             MR. MacINNES: So that --

21             MR. KESKEY: They're coming, the  
22      deadlines are coming very quickly.

23             MR. MacINNES: So we wouldn't need to  
24      approve these in August?

25             MR. KESKEY: Well, in order to get your  
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1 testimony prepared, including, you know, for October --

2 MR. MacINNES: Oh, October 1. Okay.

3 MR. KESKEY: Yeah, this is October of  
4 2016.

5 MR. MacINNES: Okay. But for the one in  
6 December --

7 MR. KESKEY: It's December 1.

8 MR. MacINNES: -- we would have time on  
9 that, we could wait on that one?

10 MR. KESKEY: Well, if you look at what  
11 our grant request is, it's 12,000 for each case only,  
12 because we do envision that there will be a certain  
13 amount of collaboration going on and with the cooperation  
14 with others. But I would say no, I think that it would  
15 be something you should consider in your August meeting  
16 because December 1 -- from September 1 to December 1 is a  
17 very short timeframe for preparation of testimony.

18 MR. MacINNES: Could you talk with the  
19 Biomass Association and just see what they have to say?

20 MR. KESKEY: Okay. Sure.

21 MR. MacINNES: I know there's an active  
22 group in Michigan, and it would be interesting to hear  
23 their -- get their take on this.

24 MR. KESKEY: So that basically is it.  
25 It's the PSCR, the two PSCRs, Consumers and Edison, and  
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1 the PURPA dockets are immediately being faced, and  
2 whereas, as you know, the PSCR dockets start with their  
3 filings on the 30th of September is when the cases start.

4 MR. MacINNES: Okay. Are there any  
5 questions for Don on the 2017 for GLREA? Okay. I guess  
6 I don't have anything else either for now.

7 Well, we've got a few weeks to digest all  
8 this, but appreciate your comments.

9 Okay. Shall we move on to public  
10 comment? What's the pleasure of the board here?

11 MS. HAROUTUNIAN: That's fine with me.

12 MR. MacINNES: Move on with the agenda.  
13 Public comments, is there any public comment? Nobody  
14 with public comment.

15 The next meeting is August 29, and we  
16 hopefully will have everyone, all hands on deck for that  
17 one.

18 And a motion to adjourn?

19 MR. ISELY: So moved.

20 MR. MacINNES: Okay. We're adjourned.  
21 Thank you.

22 (At 2:55 p.m., the meeting concluded.)

23 - - -

1 STATE OF MICHIGAN )  
 )  
2 COUNTY OF MACOMB )

3 I, Lori Anne Penn, certify that this  
4 transcript consisting of 89 pages is a complete, true,  
5 and correct record of the Utility Consumer Participation  
6 Board Meeting held on Monday, August 1, 2016.

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

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

15  
16  
17 August 8, 2016  
Date

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

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