

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

* * * * *

In the matter of the application of)
CONSUMERS ENERGY COMPANY for a financing)
order approving the securitization of certain regulatory)
assets and other qualified costs.)
_____)

Case No. U-12505

At the November 10, 2011 meeting of the Michigan Public Service Commission in Lansing,
Michigan.

PRESENT: Hon. John D. Quackenbush, Chairman
Hon. Orjiakor N. Isiogu, Commissioner
Hon. Greg R. White, Commissioner

OPINION AND ORDER

In its October 24, 2000 order, the Commission authorized Consumers Energy Company
(Consumers) to securitize up to \$468,592,000 of regulatory assets and other qualified costs.
Among other issues addressed by the order, the Commission concluded that there must be periodic
true-ups of the securitization bond and tax charges to ensure that the amounts collected are
sufficient to service the securitization bonds and to recover the associated tax liability. The
Commission stated:

The record clearly shows that not only are periodic securitization and tax charge
true-ups necessary, but (to provide the certainty needed to obtain a AAA bond
rating) they need to be undertaken in a way that allows for their swift and certain
resolution. For this reason, the Commission finds that Consumers' proposal should
be approved, but with two relatively minor changes. First, based on recent
indications by the utility that annual true-ups would be sufficient until one year
prior to the bonds' final maturity date (See, Consumers' initial brief, p. 9), the
utility should be limited to undertaking no more than one routine true-up per year
until the final year that securitization is in place. Moreover, during that final year,

true-ups shall be limited to no more than one per quarter. Second, Consumers should initiate each routine true-up by filing an application that (1) explains the basis for its proposed revision of the securitization and tax charges, (2) shows the computation of its revised charges, and (3) seeks Commission approval--on an expedited basis--of those new charges before they can be implemented. All proceedings must be completed and a final Commission order regarding the utility's request for a routine true-up must be issued within 45 days after Consumers files its application.

October 24, 2000 order, Case No. U-12505, p. 49 (footnote omitted).

On October 13, 2011, Consumers filed its tenth annual routine true-up adjustment report. The company requested an increase in its bond principal and interest securitization surcharge from \$0.00125 per kilowatt-hour (kWh) to \$0.001767 per kWh (December 2011 through February 2012) and \$0.001365 per kWh (March 2012 through November 2012) for bills rendered on and after the December billing month. The company also requested an increase in the tax surcharge for the entire period, from \$0.000597 per kWh to \$0.000761 per kWh. In the alternative, Consumers requested that the Commission approve a levelized securitization charge of \$0.001467 per kWh (for the entire period) and the new securitization tax charge of \$0.000761 per kWh (for the entire period). Consumers indicated its preference for the accelerated method of recovery because it would enhance the high level of creditworthiness of the securitization bonds.

The Commission Staff (Staff) reviewed the proposed adjustments and concluded that the adjustments were routine, the calculations were accurate, and the proposed adjustments conform to the method approved by the Commission. Because the amount collected from customers will be exactly the same using either of the proposed methods, the Staff recommends that the Commission approve the new securitization charges of \$0.001767 per kWh (December 2011 through February 2012) and \$0.001365 per kWh (March 2012 through November 2012) and a new securitization tax charge of \$0.000761 per kWh (for the entire period) for bills rendered on and after the December billing month.

After considering Consumers' filing and the Staff's review, the Commission agrees that the proposed adjustments are routine, the calculations are accurate, and the proposed adjustments conform to the approved method. Consumers should therefore be authorized to implement the adjustments effective for bills rendered on and after the December billing month.

THEREFORE, IT IS ORDERED that:

A. For bills rendered on and after the December billing month, Consumers Energy Company is authorized to increase the bond principal and interest securitization surcharge from 1.25 mills per kilowatt-hour to 1.767 mills per kilowatt-hour (December 2011 through February 2012) and 1.365 mills per kilowatt-hour (March 2012 through November 2012), and to increase the tax surcharge from 0.597 mills per kilowatt-hour to 0.761 mills per kilowatt-hour (for the entire period).

B. Prior to its December billing month, Consumers Energy Company shall file with the Commission tariff sheets essentially the same as those set forth in Exhibit A of its application.

The Commission reserves jurisdiction and may issue further orders as necessary.

Any party desiring to appeal this order must do so in the appropriate court within 30 days after issuance and notice of this order, pursuant to MCL 462.26.

MICHIGAN PUBLIC SERVICE COMMISSION

John D. Quackenbush, Chairman

Orjiakor N. Isiogu, Commissioner

Greg R. White, Commissioner

By its action of November 10, 2011.

Mary Jo Kunkle, Executive Secretary

M.P.S.C. No. 13 – Electric
 Consumers Energy Company
 (To reflect Securitization True-up)

Sheet No D-5.00

SECURITIZATION AND SECURITIZATION TAX CHARGES

The actual Securitization Charge and Securitization Tax Charge are authorized pursuant to Rule C9., Securitization Charges, Tax Charges, Initial Implementation and True-up Methodology. The Securitization Charge and the Securitization Tax Charge are billed to all full service and ROA customers based upon usage. These charges shall be shown separately on the customer's bill.

The actual Securitization Charges applied to customers' bills are as follows:

<u>Billing Month</u>	<u>Securitization Charge</u>	<u>\$/kWh Securitization Tax Charge</u>	<u>Total Securitization Charges</u>
December 2001 - November 2002	\$0.001427	\$0.000250	\$0.001677
December 2002 - November 2003	0.001328	0.000418	0.001746
December 2003 - November 2004	0.001299	0.000419	0.001718
December 2004 - November 2005	0.001311	0.000424	0.001735
December 2005 - November 2006	0.001302	0.000447	0.001749
December 2006 - November 2007	0.001265	0.000456	0.001721
December 2007 - November 2008	0.001269	0.000535	0.001804
December 2008 - November 2009	0.001358	0.000611	0.001969
December 2009 - November 2010	0.001327	0.000629	0.001956
December 2010 - November 2011	0.001250	0.000597	0.001847
<i>December 2011 – February 2012</i>	<i>0.001767</i>	<i>0.000761</i>	<i>0.002528</i>
<i>March 2012 – November 2012</i>	<i>0.001365</i>	<i>0.000761</i>	<i>0.002126</i>

Issued XXXXXXXXXX XX, 2011 by
 J. G. Russell,
 President and Chief Executive Officer,
 Jackson, Michigan

Effective for bills rendered on and after
 the Company's December 2011 Billing Month

Issued under authority of the
 Michigan Public Service Commission
 dated XXXXXXXXXX XX, 2011
 in Case No. U-12505