

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

STATE OF MICHIGAN  
UTILITY CONSUMER PARTICIPATION BOARD

- - -

MEETING OF MONDAY, JUNE 5, 2017

12:45 P.M.

611 West Ottawa, 4th Floor  
Lansing, Michigan

- - -

PRESENT: James MacInnes, Chairperson  
Susan Licata Haroutunian, Board Member  
Sam Passmore, Board Member  
Brian Vilmont, Board Member  
Kelly Jo Kitchen, Board Assistant  
Christopher Bzdok, Michigan Environmental  
Council (MEC)  
John Liskey, Citizens Against Rate Excess (CARE)  
Douglas Jester, CARE, 5 Lakes Energy  
Don Keskey, Residential Customer Group (RCG) and  
Great Lakes Renewable Energy Association (GLREA)  
Brian Coyer, RCG and GLREA  
John Janiszewski, Assistant Attorney General  
Shawn Worden, LARA  
Jim Wilson, LARA  
Jim Ault, Michigan Electric & Gas Association  
Michelle Rison, Member of the Public  
Ed Haroutunian, Member of the Public

- - -

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

1                                   Lansing, Michigan

2                                   Monday, June 5, 2017

3                                   At 12:45 p.m.

4                                   - - -

5                                   MR. MacINNES:  Sorry I'm late everyone,  
6                                   got hung up a little bit, but I think we're ready to go.  
7                                   Paul is not going to be able to join us because I think  
8                                   he got stuck in the airport or something.  So let's go  
9                                   ahead and call the meeting to order and do a roll call  
10                                   here of members of the board and everyone.  So do you  
11                                   want to start, Susan.

12                                   MS. LICATA HAROUTUNIAN:  Susan Licata  
13                                   Haroutunian, I'm a member from Detroit, and I'm a lawyer.

14                                   MR. JESTER:  Douglas Jester, 5 Lakes  
15                                   Energy.

16                                   MR. LISKEY:  John Liskey on behalf of  
17                                   CARE.

18                                   MR. BZDOK:  Christopher Bzdok on behalf  
19                                   of MEC.

20                                   MR. JANISZEWSKI:  John Janiszewski on  
21                                   behalf of the Attorney General.

22                                   MR. KESKEY:  Don Keskey appearing on  
23                                   behalf of the Great Lakes Renewable Energy Association  
24                                   and the Residential Customer Group.

25                                   MR. WILSON:  Jim Wilson, LARA.

                                 Metro Court Reporters, Inc.  248.360.8865

1 MS. WORDEN: Shawn Worden, LARA.

2 MR. PASSMORE: Sam Passmore, member of  
3 the board.

4 MR. VILMONT: Brian Vilmont, member of  
5 the board.

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

8 MR. MacINNES: Okay. Well, welcome all.  
9 Well, hopefully everybody received all the information  
10 for the meeting here. I want to get an update of the  
11 budget. Do we have that?

12 MS. WORDEN: Yeah.

13 MR. MacINNES: Is it up there? I'm going  
14 to grab that real quick. Up to the minute, so to speak.

15 MS. WORDEN: Yep, everything was checked  
16 this morning, so it's up to the minute.

17 MR. MacINNES: Good. Okay. First item  
18 is approval of the agenda. Do we have a motion to  
19 approve the consent agenda, including the minutes and the  
20 correspondence and information received?

21 MS. LICATA HAROUTUNIAN: So moved.

22 MR. VILMONT: Second.

23 MR. MacINNES: Is there any discussion?  
24 All those in favor, please say aye.

25 BOARD MEMBERS: Aye.

1 MR. MacINNES: Opposed, same sign.

2 Okay. One of the things we wanted to do  
3 this meeting to kind of help us be better in our process  
4 is understand your process, I guess that's our joint  
5 process. Maybe we could start by -- well, maybe the  
6 first thing is just to update the budget, and I don't  
7 know if you want to do that, Shawn, or --

8 MS. WORDEN: Yeah, there were some  
9 changes, and it was from what was sent -- from what Kelly  
10 Jo had sent out, which is payments that had occurred last  
11 week or --

12 MR. MacINNES: Okay.

13 MR. WILSON: Yeah, MEC payment.

14 MS. WORDEN: Yeah. And, oh, everything  
15 that the board has approved is incorporated in this  
16 current budget.

17 MR. MacINNES: Right. So what we're  
18 looking at is we have \$49,920 --

19 MS. WORDEN: Yes.

20 MR. MacINNES: -- to spend, correct? And  
21 I wonder if, Jim, if maybe you could address this, or  
22 either one of you, kind of take us through, you know,  
23 once we do a grant, take us through the process of  
24 actually getting in the contract and how that all works  
25 and the timing of that and how you would like it to work,

1 because it's really your process.

2 MR. WILSON: Sure. I mean on the  
3 original grants, depending again if you grant the whole  
4 amount or a lesser amount of what's requested on the  
5 budget sheet, obviously if I already have the budget  
6 sheet, I don't need it to be re-sent to me, but if  
7 somebody requests 50 grand and, you know, you only grant  
8 30, then I'm going to wait for the grantee to send me the  
9 budget sheet. If I don't have it in a, you know, couple  
10 weeks, I'll reach out to them and just say, hey, I want  
11 to process grant 17-01, can you send me the sheet. Once  
12 I have the sheet, we turn it into an, either an original  
13 grant or an amendment, depending on which one it is, goes  
14 to Director Edwardton of LARA for signature first. Once  
15 she signs it, it goes out to the grantee. Once they sign  
16 it, back to me, and then I update in MAIN, which is our  
17 accounting system, which is in turn has been the way that  
18 Shawn has been collecting her information for the budget.

19 MR. MacINNES: Right.

20 MR. WILSON: And then from there, FSRs or  
21 amendments, you know, same process.

22 MR. MacINNES: So really other than if  
23 there needs to be a, kind of a submittal by the grantee  
24 on, a new submittal on anything, but I guess when the  
25 original submittal was made, if there are any changes to

1 that at all, it has to be a new submittal?

2 MR. WILSON: Correct.

3 MR. MacINNES: And also if there's  
4 additional money at a subsequent meeting, there needs to  
5 be a new submittal?

6 MR. WILSON: Yeah, yeah.

7 MS. WORDEN: We talked --

8 MR. WILSON: The sheets will always go  
9 with the amendment or whatever for signature, the updated  
10 sheets, but --

11 MS. WORDEN: And then Jim and I talked  
12 about like at a meeting, if you approve an additional  
13 amount, that I would just go ahead and on this second  
14 sheet where it says pending requests, I'll put that  
15 amount in there even if the paperwork hasn't come through  
16 for that next meeting just so it's going to be, your  
17 balance is going to be more reflective of the true  
18 amount.

19 MR. MacINNES: Now, when -- you know, as  
20 you know, in the past years we've had problems with  
21 understanding what our budget is and we've overspent, and  
22 that was a few years ago, but we still run the risk of  
23 that if we're not disciplined about the budget process.  
24 And so I'm just wondering, from your perspective, when --  
25 you know, how far before a meeting -- so when we have a

1 meeting, a board meeting like today, we want to know what  
2 the real number is, because if we don't, we could  
3 over-grant, spend money we don't have. And so how soon  
4 before the meeting like this would you want all that to  
5 be, you know, squared away and, you know, determined; a  
6 week or a few days or two weeks, or what makes sense for  
7 you? Because you've got, I know you've got other things  
8 you're doing besides this, I want to give you enough  
9 time, but yet, you know, it might take people a while to  
10 get everything, you know, figured out.

11 MR. WILSON: I mean most of the meetings  
12 are two months apart, if you maybe could institute a two-  
13 week timeframe on the grantees so they have the budget  
14 sheets to me, there's no reason it can't be processed.

15 MR. MacINNES: Two weeks, that would be a  
16 good amount?

17 MR. WILSON: Right, yeah, right.

18 MR. MacINNES: Yeah, we have two months  
19 between meetings, so that would mean you'd have six weeks  
20 to prepare your request. Does that make sense to the  
21 grantees?

22 MS. LICATA HAROUTUNIAN: Is it two weeks  
23 before the next meeting or two weeks after --

24 MR. WILSON: No. If they could give me  
25 the budget sheets -- I mean if they could commit to

1 getting me the budget sheets two weeks after the meeting.

2 MR. MacINNES: Oh, okay.

3 MR. WILSON: Like what's today, the 3rd  
4 or the 5<sup>th</sup>, whatever it is, if they have it to me by  
5 the 19<sup>th</sup>.

6 MR. MacINNES: So two weeks after the  
7 meeting where the grant is approved?

8 MR. WILSON: Right. I mean that gives me  
9 plenty of time.

10 MR. MacINNES: Okay. Does that work for  
11 everybody? So we had a situation this last time when we  
12 didn't get that, and we were short \$56,000. And Don, you  
13 submitted the information, as I understand it, on the  
14 Friday before our board meeting, and --

15 MR. KESKEY: Well, we --

16 MR. MacINNES: -- so we didn't have time  
17 to update this, and so we didn't -- when we were making  
18 grants, we thought we had 56, is that right, 56,000 more,  
19 thereabouts, than we really --

20 MR. KESKEY: The February meeting, the  
21 board approved the additional 54,000 --

22 MR. MacINNES: Right.

23 MR. KESKEY: -- and didn't make, with  
24 respect to, with respect to the major item, any changes,  
25 in other words, the budget sheets that were submitted in



1 our January 23 request was still the budget sheet that  
2 would be applicable for that additional 54,000. There  
3 was a small budget that we had requested for what we call  
4 the 6w SRM cases --

5 MR. MacINNES: Right, two of those.

6 MR. KESKEY: -- and the board had  
7 approved \$1,000 for each of those, and that's what we  
8 submitted to Jim. I guess our misunderstanding perhaps  
9 on our part is having the perception that you had  
10 approved exactly what we requested, and so we didn't  
11 think we needed to refile the same budget sheets, but  
12 when we --

13 MR. MacINNES: Was that an amendment to a  
14 prior grant?

15 MR. KESKEY: Yes.

16 MR. WILSON: Yes.

17 MR. MacINNES: Okay. Well, that was an  
18 amendment. Every time you do an amendment, you have to  
19 resubmit it.

20 MR. KESKEY: Well, we did resubmit with  
21 the January 23 request, which was approved by the board,  
22 so, and the board clearly approved that amount of 54,000,  
23 so the budget for the PSCR case and related cases was the  
24 18,000 plus the 54, which was the 72, which did not  
25 change from our request that was approved.

1 MR. MacINNES: Jim, do you have any --

2 MR. WILSON: I'd have to go look at the  
3 budget sheet to know if you had submitted one for 72 or  
4 not, I don't have it here with me. But I guess from  
5 where I sit, Don, I reached out to you on multiple  
6 occasions for all the budget sheets and you didn't reply  
7 the first time, and the second time you said you would  
8 send it the next day and you never did.

9 MR. KESKEY: Well, I -- yeah, when we  
10 realized that we hadn't sent it to you, and we missed a  
11 lot of filings and hearings, then we did send it to you,  
12 but we didn't see that there would be a major issue  
13 because the 54,000 addition didn't change from the first  
14 submission. But I mean I certainly --

15 MR. MacINNES: Well, basically it caused  
16 us to think we had 54,000 more, or thereabouts, than we  
17 did, and when we were making our decisions at the last  
18 board meeting, we were uninformed as to the reality of  
19 the budget, which I really don't like that. It's a bad  
20 thing, bad process. We need to be more disciplined on  
21 this process and not wait until -- I mean I guess I  
22 would, when it doubt, over-communicate is how I would do  
23 it.

24 MR. KESKEY: Well, I apologize for that  
25 misunderstanding, but, you know, like I say, we believed

1 that the additional 54 was clearly approved at the  
2 February meeting, and it was, the change was not a change  
3 on that budget sheet, so when we did send it, we wish we  
4 would have sent it sooner, but the board didn't retract  
5 that decision of February 3. We had done a lot of work  
6 on that case, we had emphasized since our application in  
7 August the importance of the Palisades situation and  
8 repeated that in several memos to the board, and so it's  
9 probably the most important case that will occur this  
10 year.

11 MR. MacINNES: Well, we've got a lot of  
12 important cases and not much money is the reality, we've  
13 got a lot of important cases and we'd like to be in all  
14 of them, and we've tried to get more money, but we  
15 haven't been -- we've been somewhat successful. I guess  
16 the point is, don't be sending stuff in the Friday before  
17 the Monday meeting, it just doesn't -- it's just not  
18 good, it doesn't look good, it's not good process. So I  
19 think it's really important -- I mean you know, you've  
20 been here, I've been here six years almost, you've been  
21 here much longer than I have, but you know the trouble we  
22 got into before because we didn't have the right -- we  
23 didn't know what our balance was. (Inaudible.)

24 THE REPORTER: Excuse me. You guys have  
25 to speak up.

1 MR. MacINNES: We didn't know what our  
2 balance was. Right. And you were here, you went through  
3 all that just like we all did.

4 So I don't know if the board has anything  
5 else they want to add to that conversation or not.  
6 That's my thought on it.

7 MS. WORDEN: I have one more thing to  
8 add. The assessment letters went out last week, so the  
9 utilities will be getting their assessments for '18.

10 MR. MacINNES: And when do we think  
11 they'll be submitting their money?

12 MS. WORDEN: Some of the smaller  
13 utilities do it early.

14 MR. MacINNES: Okay.

15 MS. WORDEN: And I usually send the  
16 letters out the first part of April, but because I was  
17 waiting for -- PSC had to give me FY16 numbers, and they  
18 just gave them to me a couple weeks ago. So it just all  
19 depends. Like Consumers, DTE, they usually wait until  
20 the very end to send their money, and they're due by  
21 September 15.

22 MR. MacINNES: Okay.

23 MS. WORDEN: So it could come in at any  
24 time.

25 MR. MacINNES: Okay.

1 MR. VILMONT: I guess there's only one  
2 other thing I'd like to request, I guess being new to the  
3 board, is that when we have communications, now that  
4 we've got Kelly Jo as our assistant, we appreciate that,  
5 to funnel those communications through her and that can  
6 then come back to us, she can disseminate it. I think  
7 that will make sure that all of us get the same  
8 communication, she knows that it has gone out, we know  
9 we've got it from her, it also assists us in searching  
10 for those. I know I get a lot of e-mails during the week  
11 and during month and would appreciate if I only have to  
12 look for one from Kelly Jo or Jim or a fellow board  
13 member rather than from six other people would be helpful  
14 as well. And just encourage that when you submit  
15 something, I guess try to submit that in a concise, clear  
16 package, and not multiple packages, if possible. So that  
17 would be greatly appreciated.

18 MR. MacINNES: I second that. Because  
19 what happens is we get information from our assistant and  
20 we get information from grantees, and a lot of times it's  
21 duplicate, and I have to sit there and sort through,  
22 well, let's see, I got this one and see, and we've all  
23 got day jobs, this is volunteer for us, so we don't have  
24 a lot of time to -- we need it to, you know, run  
25 efficiently to, you know, so we can do our day jobs.

1 Good point.

2 Any other comments from the board?

3 MS. LICATA HAROUTUNIAN: No.

4 MR. KESKEY: I have a question regarding  
5 that. Because events happen in cases, like, for example,  
6 the Commission issued an order in a PURPA case, one of  
7 the PURPA cases we're in, and I didn't send a report, I  
8 think it was, the order was May 31, or a copy of the  
9 order because of fear that you are expressing that  
10 there's going to be some more process on how these  
11 reports come in. And so the only thing I want to get  
12 clarity on is, because sometimes we've been criticized  
13 for not reporting to the board or reporting too close to  
14 a meeting, and should we just send all reports through  
15 Kelly and just let her decide on anything and not send  
16 anything to the board?

17 MR. MacINNES: I think so.

18 MR. VILMONT: That would be helpful.

19 Thank you.

20 MR. MacINNES: Because, you know, we plan  
21 out -- like I did my homework on the meeting, most of it,  
22 last weekend, not the most recent, but the week before,  
23 and so I try to do that, and sometimes I do it the very  
24 weekend before the meeting, but, you know, if I get  
25 something on Friday, I can't process it because I have

1 other commitments, so it doesn't, you know, it doesn't do  
2 any good, at least for me a lot of times, if it comes in  
3 on Friday before the Monday meeting, because I might  
4 have -- I mean I work weekends a lot of times, so, you  
5 know, I don't always have time to sit down and review  
6 stuff at the last minute. So I would say generally send  
7 it through Kelly Jo, and if you think it's something  
8 that's really urgent, and that's fine, that happens, let  
9 her know and, you know, she can forward it on and, you  
10 know, we can talk about it or, you know, I mean you can  
11 talk about it at the meeting, you know, just hot off the  
12 presses.

13 MR. VILMONT: I think generally Kelly is  
14 trying to get those out a week, at least a week ahead of  
15 the meeting, so she's preparing the packet. So I guess  
16 it would be like any other body where it would be, I  
17 think it makes sense to have that one week period where  
18 if you can get it in, get it in, but if you're a Thursday  
19 before, it's just not going to be in the packet. You  
20 know, unless someone's house is on fire or something else  
21 is happening, I think it's just that respect of time for  
22 each of us. And I think we want to make sure that, as  
23 responsible board members, we give your submittals due  
24 consideration and review.

25 MR. MacINNES: Okay. I wonder if maybe,  
Metro Court Reporters, Inc. 248.360.8865

1 John, if we could hear from you a little bit on, you  
2 know, our -- we just talked about our budget being  
3 \$49,000, so it's pretty skinny here going forward, and,  
4 you know, we've met with Valerie Brader and Mike Moody in  
5 the past about cases and prioritization and which cases  
6 you're going to be in and which cases, you know, which  
7 cases we should be in, thinking about being in, and I'm  
8 just wondering, you know, you all are closer to what's  
9 coming down the line than we are, I don't always hear,  
10 well, you know, yeah, Consumers Energy is going to file a  
11 new case on August 3<sup>rd</sup>, I don't hear that stuff always.  
12 So is there anything, given our -- is there anything you  
13 see coming down the pike that you think from the AG's  
14 office perspective that we should try to keep some dry  
15 powder for yet, you know, that maybe, you know, you need  
16 help with and/or maybe we could supplement your work, or  
17 that you're not going to cover that you think we should  
18 be aware of, is there anything like that in the pipeline,  
19 cases in the pipeline that, before we start deciding how  
20 to spend the money, if there's anything we should know  
21 about from the AG's perspective?

22 MR. JANISZEWSKI: Sure, I'd be happy to  
23 briefly comment on -- I obviously don't have a crystal  
24 ball, but there are certain cases potentially coming  
25 through this year, and not that we don't already have



1 enough cases pending with, you know, the 6w cases, the  
2 Palisades case, and some general rate cases as well, so  
3 everybody's schedule is jam-packed. Obviously I can't  
4 speak for what the utilities are going to do, but there  
5 have been public statements made by DTE along the lines  
6 of indicating a certificate of necessity case coming  
7 sometime this year, I can't speak to the exact date.  
8 Those certificate of necessity cases are highly involved  
9 and definitely experts are heavily relied on in those  
10 cases dealing with looking at alternative sources of  
11 generation. And the two cases that we've litigated in  
12 the past dealing with certificate of necessity, one was  
13 the upgrade to the Cook nuclear plant, and then another  
14 one was Consumers Energy filed to build a new natural gas  
15 plant in Thetford, which actually ended up leading them  
16 to purchase an existing power plant in Jackson, so that  
17 certificate of necessity case was never finalized; but  
18 both of those cases, they involved a lot of parties and a  
19 lot of experts. So that will be something that --

20 MR. MacINNES: You know, and I apologize,  
21 I'm kind of putting you on the spot here, I probably  
22 should have been in touch with your office about a week  
23 ago, but I think it would be helpful if, you know, when  
24 you all attend these meetings, if you can talk to your  
25 people and find out, you know, get a little list of

Metro Court Reporters, Inc. 248.360.8865

1 things you see coming down the pike at, you know, the  
2 possibility, because we were able to do that with Valerie  
3 and, you know, maybe you guys have a good relationship  
4 with Valerie, and find out, you know, yeah, we got this  
5 coming, we got the DTE CON case, we got this case, we got  
6 this coming, and any idea when you would expect that they  
7 would be there, and I think it might be -- I might want  
8 to throw into the agenda here a comments from the AG's  
9 office along those lines at the beginning before we get  
10 into all the grants, I think that -- I mean if you could,  
11 maybe you could go back and talk to Mike and see if, see  
12 if that's something you all could provide at each  
13 meeting. I mean it's great to have you here; you know,  
14 we had, years ago we had a lot of meetings without any  
15 representation from the AG's office, which is not  
16 helpful, we need, really need to have you here.

17 MR. JANISZEWSKI: Yeah, absolutely.

18 MR. MacINNES: So if you could think  
19 about preparing something like that for us at the, maybe  
20 at the beginning of meeting, you know, about this time we  
21 could put you on the agenda and you could tell us what's  
22 coming down the pike, and I'm sure it will help us make  
23 better decisions.

24 MR. JANISZEWSKI: Yeah, we can look into  
25 that, I can talk to Michael about it and think about the  
Metro Court Reporters, Inc. 248.360.8865

1 best way to do that internally.

2 And another main, major concern is just  
3 the integrated resource planning process that's playing  
4 itself out right now through work groups. Our office has  
5 always been over-extended to the point where we haven't  
6 been able to get into the energy optimization and  
7 renewable reconciliation cases, and that seems to  
8 continue right now when we're looking at energy waste  
9 reduction cases; just from a resource allocation  
10 standpoint, our office is a little bit pressed for  
11 resources and over-extended; and we obviously know this  
12 is a building up to this very important integrated  
13 resource planning process in the future, and we know that  
14 other parties are going to play a very, very important  
15 role in that as well, so that's something that's also on  
16 our mind.

17 MR. MacINNES: Yeah. That's a good one,  
18 IRP cases. That would be a good one for us to move on  
19 with I think. Okay. But there's nothing else that you  
20 know definitive, like in July there's going to be, you  
21 think there's going to be a filing for --

22 MR. JANISZEWSKI: No, not at this time.

23 MR. MacINNES: And if any of you know of  
24 anything during your presentation, let us know, would  
25 you, if you know something that comes up, just let us

1 know so we can make better decisions.

2 MR. PASSMORE: Quick question. The  
3 certificate of necessity case, are those things that  
4 extend over multiple years or would we be, typically be  
5 looking at a grant in one year and then another grant the  
6 next year?

7 MR. JANISZEWSKI: Most likely not. The  
8 statute was amended late 2016, and I believe it has a set  
9 statutory deadline. Under the old statute, I think it  
10 was 180 days, and I do believe it's an accelerated  
11 process that plays out very quickly.

12 MR. PASSMORE: Okay.

13 MR. MacINNES: Good question.

14 Okay. Well, let's go ahead and get into  
15 the business items with the grantees. Chris, do you want  
16 to talk to us about your, what's going on at Michigan  
17 Environmental Council and what grant, what requests you'd  
18 like to make?

19 MR. BZDOK: Certainly. Thank you,  
20 Mr. Chairman, members of the board. Christopher Bzdok on  
21 behalf of the Michigan Environmental Council. We have  
22 three business items for you today, two are no-cost  
23 transfers of relatively modest amounts of money, and then  
24 the other is a request for a significant amount of new  
25 money of approximately \$25,000 for the DTE Energy, the  
Metro Court Reporters, Inc. 248.360.8865

1 DTE Electric general rate case which has been filed  
2 recently and has now had a prehearing and a schedule set.

3 On the small transfers, there are two  
4 items, one deals with the DTE Electric and Consumers  
5 Energy PSCR reconciliation cases. You will recall that a  
6 couple meetings ago the board -- we requested and the  
7 board granted to us starter budgets of \$4,500, give or  
8 take, basically to evaluate those cases and report back  
9 to the board. Those grants were -- we had proposed those  
10 grants as divided between legal and expert budgets. And  
11 we did provide you with a report that goes into some  
12 detail about those reconciliations in the submittal that  
13 we gave you, it's the one with all the color charts and  
14 et cetera, et cetera, and we identified some issues that  
15 we think are worth looking at that seem to be coming up  
16 again and again. We're not convinced that -- so these  
17 are issues we feel would have merit to pursue; however,  
18 in a prioritization that involves the rate cases, that  
19 involves some of these other large matters that are  
20 coming, both on your end and frankly on our end, it seems  
21 like this doesn't make a cut, understanding that, you  
22 know, we're really down to asking for new money for maybe  
23 one more case for this fiscal year at least.

24 So what we're proposing to do, we've  
25 provided you with the evaluation, we're happy to talk

1 about it in more detail or to answer questions about it,  
2 however, we're not at this time proposing any additional  
3 money for these cases, though we are proposing to  
4 transfer the small expert budgets over to legal so that  
5 we can do some additional discovery, or do some discovery  
6 in these cases; the prehearing in the one just occurred  
7 and then the prehearing in the other is a couple days  
8 from now. So these are evaluations of the filings we've  
9 provided, but there are a few of these areas where we  
10 want to do some discovery, where we say, for example, to  
11 give one example, we say that it seems like the utilities  
12 are again and again underestimating how much net purchase  
13 and sales expense they're going to have, and then we  
14 heard from one of the utilities in the last  
15 reconciliation case, well, that's because under FERC  
16 accounting rules, the way they project those purchases  
17 and the way they report the actual purchases are sort of  
18 apples to oranges, so we need discovery to figure out is  
19 this, you know, apparent under-projection of how much  
20 energy they were going to have to purchase off the market  
21 or what the expense was, is that a matter of an  
22 accounting issue or is that something more real than that  
23 would be just one example of a few items where -- another  
24 one would be DTE's generation was down so far, how much  
25 of that is due to the, you know, extraordinary outage

1 situation that they had, how much of that is due to unit  
2 performance against the market. So there are issues like  
3 that where we need to do some discovery I guess I'd say  
4 before making a final decision. So we're just proposing  
5 to the take the \$1,800 we set aside for experts and move  
6 that over to legal to do that discovery and then to be  
7 able to make a final decision.

8 We're not going to ask for more money in  
9 this fiscal year for these cases, but really this is only  
10 with an eye towards getting the information because  
11 perhaps it's going to be relevant to next year's round of  
12 cases, or getting the information and trying to basically  
13 sit tight on these cases until your next fiscal year, in  
14 which case maybe we would come back and want to pursue  
15 something further. So it's kind of finishing that  
16 initial evaluation by doing the discovery necessary to  
17 answer some of the unresolved questions. That's one of  
18 the two transfer requests, so it's 1,800 from expert to  
19 legal in each case.

20 The second no-cost transfer request is a  
21 request to transfer \$5,000 from the legal budget in the  
22 Consumers 2017 PSCR plan case to the legal budget in the  
23 DTE Electric 2017 PSCR plan case, and that's just really  
24 a matter of -- and this is a continuation of a balancing  
25 that we've done with you in a prior meeting as well where

1 when we -- basically what it comes down to is this: When  
2 we looked at Consumers initially, we said we wanted to  
3 pursue this issue relative to wind energy proposals, and  
4 also we wanted to be looking into the economic  
5 evaluations that were being made of the Campbell 1 and 2  
6 and Karn 1 and 2 coal fire generating units because there  
7 were some indications that perhaps those units, based on  
8 Consumers' own evaluations, that those units were not  
9 economic to continue investing in and operating until  
10 their current projected retirement dates, and the PSCR  
11 case was the next case to pursue that, however, when we  
12 had done that, the Consumers rate case, the Commission  
13 order requiring Consumers to file a retirement study in  
14 its current rate case, none of that had happened yet,  
15 that's something we had asked for, but it hasn't  
16 happened, we didn't know the Commission was going to  
17 order it -- I mean we were hoping they would, we didn't  
18 know that they would -- and then we didn't know Consumers  
19 was going to file that next rate case so quickly. So  
20 really that set of issues which we originally had pitched  
21 to you in the PSCR case has moved over to the rate case.

22 And so we had one transfer like this  
23 where we transferred some money out in a prior meeting  
24 and then we're trying to, we're trying to move some of it  
25 over to DTE Electric as well where we're pursuing two



1 issues, one of which is this NEXUS issue. And I have  
2 some updated information for you on that. The thing I  
3 was just looking at a second ago, I'm no longer looking  
4 at. Now where is that? I apologize.

5 MR. MacINNES: Now, the NEXUS case has  
6 been delayed because of the FERC board, right, there's  
7 not a full FERC board?

8 MR. BZDOK: So two issues in NEXUS: Yes,  
9 one is will DTE incur costs for transportation over the  
10 NEXUS Pipeline in 2017, and we filed, as we indicated to  
11 you in the last meeting we would, a motion for summary  
12 disposition that basically said there's no evidence on  
13 which any person could credibly conclude that there's  
14 going to be gas running through this pipeline in 2017,  
15 and therefore, that there's going to be PSCR expense  
16 related to this pipeline in 2017. The utility asserted  
17 that it was still possible that this would happen, and  
18 the ALJ said, well, the Commission indicated that it  
19 wanted, in the last case that it wanted in this case a  
20 full evidentiary presentation of the costs related to  
21 this contract, and because it's theoretically possible  
22 that gas could flow through that contract because DTE  
23 asserts that it is, I'm going to have the full hearing on  
24 it, and so we had the full hearing on it.

25 And so we looked in the hearing at the  
Metro Court Reporters, Inc. 248.360.8865

1 questions of what is the likelihood that that's actually  
2 going to happen, and then secondarily, what does the cost  
3 picture for ratepayers look like of this contract based  
4 on essentially updated information. On the issue of the  
5 likelihood that gas will flow through -- so DTE has two  
6 main experts who support this pipeline, one expert is an  
7 in-house person who is sort of the project manager of,  
8 you know, NEXUS in one form or another, there's been a  
9 couple different people.

10 MR. MacINNES: Is this part of the  
11 regulated or nonregulated group?

12 MR. BZDOK: Part of the regulated group.  
13 And so that witness testifies as part of the regulated  
14 group. And then they have the outside firm, ICF, which  
15 is a large consultancy who does the cost projection. And  
16 we did ask the ICF witness on the cost projections  
17 because they update the gas market constantly, right, and  
18 when he goes on the stand, he wants to tell you that he's  
19 an authority and he's got his kind of finger in all the  
20 different moving parts of this complex market all the  
21 time, and so we asked him, when do you, you know, when is  
22 your current firm's point of view as to when the NEXUS  
23 Pipeline is going to be up and running, and he said, in a  
24 pleasant surprise, November of 2018. So that was pretty  
25 significant, given the utility's claim all through that

1 we still think there's a chance this could be 2017,  
2 because he's not the Company witness, he's the outside  
3 witness, and he knows that they have there in writing out  
4 there in the internet sphere, and so, you know, so he  
5 honestly said that's their basically, you know, that's  
6 their point of view right now on when that pipeline is  
7 going to come in. So that was significant, and we think  
8 that's going to be important evidence.

9           The other evidence that I wanted to show  
10 you was -- and I'm sorry I don't have this blown up any  
11 further -- but this was a chart when we did the NEXUS  
12 presentation to you in the past that you've seen before  
13 that was blown up that plots the cost of transportation  
14 under the contract in green against the projected by ICF  
15 basis difference between the cost of gas basically at the  
16 origin point of this pipeline, I mean the Marcellus-Utica  
17 basin, and the receipt point at the MichCon City Gate,  
18 and so what you can see is you can see sort of a level  
19 contract transport cost, and then you can see that that  
20 basis difference, the difference in price between the two  
21 locations of the pipeline span is less than the cost of  
22 transporting gas over the contract for some early years,  
23 and then it rises above, and then it has this big spike  
24 very late in the timeframe, it's in the late 2020s. And  
25 we talked about this at great length in some

1 presentations about why, you know, is that a good  
2 investment profile and is that a good, you know, is that  
3 prudent to basically enter into a contract where all your  
4 savings were going to start, you know, 12 or -- where it  
5 basically was going to be in the money starting 12 or 13  
6 years from now. But then I wanted to show you another  
7 one.

8 So this reads just, you know -- so  
9 there's all those arguments. But then there's also the  
10 question of updated information, and so the chart I'm  
11 showing you here, it looks a little different just  
12 because I think the scale is different, but if you look  
13 at the -- so this, the orange line that goes up is  
14 another expression of that ICF projection upon which the  
15 original contract proposal to the Commission was based of  
16 the basis difference between those two locations. The  
17 second line, however, the blue one that goes up in the  
18 mid 2020s and then drops way out again, that's an updated  
19 ICF projection of the same information from 2016, so same  
20 consultancy, same witness looking at the same information  
21 a year later came up with what really is a very different  
22 conclusion.

23 MR. MacINNES: So instead of the curve,  
24 you know, being under water for the first 8 or 10 years  
25 and then going up like this, it drops in the years, the

1 future years where they're trying to forecast the price  
2 out from years 10 through 20 or --

3 MR. BZDOK: In the year where all the  
4 money is, right.

5 MR. MacINNES: Where the money is.

6 MR. BZDOK: And you know why, because, he  
7 said this on cross, because -- or we brought it out on  
8 cross is because in the 2016 forecast, he did make a  
9 conclusion that at some point when the difference does  
10 get big enough in price, it becomes economic to build  
11 more pipelines to capture some of that value, and so the  
12 building of additional pipelines then drops that basis  
13 difference down, which was, you may recall from the  
14 presentations we made to you, that was our expert's  
15 position was that if the gap gets big, people are going  
16 to build pipelines because there's value if the gap gets  
17 big, and so -- and that's going to reduce that basis back  
18 down, and it turns out that in the ICF later study,  
19 that's exactly what they conclude. Now, they're  
20 concluding it because they believe there's going to be  
21 more production in the Marcellus-Utica than at the time  
22 they did the 2015, but at least in principle they're more  
23 with us now. And the ultimate point is, if you were to  
24 use this projection of the basis difference, the  
25 contract's not economic, not by a long shot, not even in

1 the out years.

2 MR. MacINNES: So this projection assumes  
3 the NEXUS Pipeline is built?

4 MR. BZDOK: Yes.

5 MR. MacINNES: Okay. So in other words,  
6 they build it and here's what the difference is going to  
7 be because of the new pipeline and all the other new or  
8 other new pipelines that might be supplying gas,  
9 cumulative effect of that?

10 MR. BZDOK: Yes. So what's happening  
11 right now is that that basis difference is doing this, it  
12 spiked, right, as production went up and there wasn't  
13 enough takeaway pipeline to get it out, and now people  
14 are putting pipeline in, especially with the approval of  
15 Rover in February, it's dropping, and NEXUS is assumed to  
16 come in and continue at that drop and then it starts to  
17 rebound at some point.

18 MR. MacINNES: So on the vertical access,  
19 it's a dollar -- anywhere from zero to 1.40, that's the  
20 differential, or what is that again?

21 MR. BZDOK: That's the basis difference,  
22 that's the difference in price at the two points.  
23 Basically it's Kensington, or sometimes they say Dominion  
24 South Point, which is another nearby point basically in  
25 eastern Ohio or southwest Pennsylvania, that's basically

1 around the location where the gas would be put into the  
2 NEXUS Pipeline, and then MichCon City Gate at the other  
3 end.

4 MR. MacINNES: So this totally goes  
5 against the original projection that the adjustment was  
6 made on?

7 MR. BZDOK: This is significant evidence  
8 that supports our position. And then the bottom line  
9 that you see down there is -- that's only a near-term  
10 projection, but -- that's not a projection, it's  
11 forwards, it's the market forwards through like 2021, so  
12 the basis difference based on market forwards of gas.  
13 Basically gas futures you could buy today at those two  
14 locations is even further down than these projections.  
15 And it's not true -- let me say that a different way.  
16 There is a good argument that forwards are not the same  
17 as projections, right, and that forwards, just because  
18 it's down through 2021 doesn't tell you anything about  
19 what it's going to be in 2028, so that's all true. But  
20 in terms of the near years of the PSCR plan forecast, it  
21 again means we're talking about transported above market  
22 rates, and the forwards are down, depending on who you  
23 believe, based on some combination of warm winter weather  
24 and the approval of a couple big pipelines by FERC,  
25 including Rover.

1 MR. MacINNES: So have you done a  
2 calculation on the present value of the savings using the  
3 new curve?

4 MR. BZDOK: Yes. In the amendment  
5 request that we made on this one, page 2, answer to  
6 question 7, we've indicated that our witness, James  
7 Wilson, estimates that based on current market forward  
8 prices, the cost to DTE Electric customers of  
9 transporting gas under the NEXUS agreement would exceed  
10 the savings by \$18 million net present value, 21 million  
11 on a nominal basis, over the five-year PSCR forecast  
12 period; total length of the agreement, \$79 million net  
13 present value, 157 million on a nominal basis; and then  
14 we also reference, we didn't pull their numbers, but the  
15 Attorney General's witness also projects the cost of  
16 NEXUS to exceed its savings, different I think rationale  
17 or different methodology, but we're not the only ones  
18 saying this. So --

19 MR. MacINNES: So let me make sure I  
20 understand here. So the original graph was going like  
21 up, going upward, and there was a present value savings  
22 of what, do you recall what the original number was? In  
23 other words, you build -- they invest a billion in a \$2  
24 billion pipeline, is that -- well, their nonregulated  
25 subsidiary invests a billion in a the \$2 billion



1 pipeline?

2 MR. BZDOK: Correct, correct.

3 MR. MacINNES: And then there was  
4 supposed to be a savings to rate, you know, to gas, to  
5 the regulated utility?

6 MR. BZDOK: Correct.

7 MR. MacINNES: And in the early years, it  
8 was a cost --

9 MR. BZDOK: Correct.

10 MR. MacINNES: -- for the first 8 or 10  
11 years, and then after that, it went up, you know, toward  
12 the sky in years 10 through 20 or thereabouts?

13 MR. BZDOK: Correct.

14 MR. MacINNES: And then you present value  
15 all that back at -- I don't know if you used the utility  
16 discount rate or whatever.

17 MR. BZDOK: The number that is sticking  
18 out in my mind is \$79 million in contractual savings.

19 MR. MacINNES: So there was tens of  
20 millions of dollars of savings by doing that?

21 MR. BZDOK: Yes.

22 MR. MacINNES: So what is the number now  
23 under this same, under the same, looking at the present  
24 value of the 20-year savings under the current graph,  
25 that's what I'm trying to ask? See what mean. In other

1 words, this graph changed from this to going like this  
2 now.

3 MR. BZDOK: Yeah. So the 79 I gave you,  
4 I think that is Jim's Wilson's number for net present  
5 value using the updated information --

6 MR. MacINNES: 79 million?

7 MR. BZDOK: -- cost. Yes.

8 MR. MacINNES: So that's not a savings?

9 MR. BZDOK: Correct.

10 MR. MacINNES: And before we had tens of  
11 millions in savings?

12 MR. BZDOK: Correct. And I can pull  
13 those numbers, I might not be able to pull them  
14 immediately while I'm -- I can pull them for you during  
15 this meeting because I have them right here.

16 MR. MacINNES: Because that's a pretty  
17 radical change in the years 10 through 20, would you say  
18 that?

19 MR. BZDOK: Yes. We -- going in, that  
20 was our expectation was that -- when I say our, that was  
21 our witness's expectation was that conditions in the --  
22 the changes in the market, the shale gas market of  
23 northeast Ohio and southwest Pennsylvania and all the  
24 pipeline activity and all the infrastructure activity  
25 surrounding that is obviously something that is evolving

1 at a very rapid rate, right, and he -- his belief was  
2 that the new information that was out there in the world  
3 indicated that there would be less value than projected  
4 before based on the changes which had occurred. Some  
5 changes moved the needle in a direction that's positive  
6 for this contract, mainly the increase in production out  
7 of Utica-Marcellus, but other changes moved the needle in  
8 a negative direction for this agreement, and he believed  
9 that the sum of those changes made this contract less  
10 favorable looking at it now than it was when this  
11 forecast was first done in the fall of 2015, and what we  
12 didn't know was that ICF would have a projection that  
13 basically said the same thing.

14 MR. MacINNES: Well, that's an  
15 understatement, isn't it, that it's less favorable? I  
16 mean in one case you were going to save tens of millions,  
17 and in this case you're talking about you're going to  
18 lose --

19 MR. BZDOK: We never believed the savings  
20 was real.

21 MR. MacINNES: No, no. But based on  
22 their analysis, their financial analysis of the project  
23 that they gave you before --

24 MR. BZDOK: So the main thing they're  
25 going to argue now is they're going to argue, well,

1       irrespective of the contract value, there is still going  
2       to be a savings in natural gas costs to customers in  
3       Michigan if the NEXUS Pipeline is built, irrespective of  
4       whether DTE Electric holds a contract on it or not, okay,  
5       which is true. I mean the more infrastructure brings  
6       gas, you know, supply and demand, to MichCon City Gate,  
7       the lower gas prices will be overall. So their -- the  
8       argument they're going to lean on most heavily as a  
9       result of this updated ICF forecast is, whether we have a  
10      contract or not, gas prices will be lower in Michigan if  
11      the NEXUS Pipeline is built than if it is not, and that's  
12      not an unreasonable prediction, however, our position is  
13      that does not justify an affiliate contract at an  
14      above-market rate. That's what it comes down to. If  
15      NEXUS is built, fine, but to say we want you to approve  
16      us to sign a contract -- they've signed the contract --  
17      we want you to approve our recovery of costs under this  
18      contract for the life of the contract because it will  
19      facilitate getting this pipeline built by our affiliate,  
20      I mean that's affiliate transaction stuff, that's the  
21      stuff you're not supposed to do, in our belief, so that's  
22      why --

23                   MR. MacINNES: So maybe you can, just for  
24      the board's benefit, talk about this Code of Conduct  
25      issue. I mean that's what you're talking about, correct?

1 MR. BZDOK: Yes.

2 MR. MacINNES: It's one of the Code of  
3 Conduct issues, which the utilities tried to eliminate in  
4 the last energy law, they wanted to eliminate the Code of  
5 Conduct provisions, right?

6 MR. BZDOK: I wasn't there, I couldn't  
7 speak to that.

8 MR. MacINNES: Well, I was there, and  
9 they tried to do that. So tell us about the Code of  
10 Conduct.

11 MR. BZDOK: The Code of Conduct is  
12 required by statute, and the Commission basically issues  
13 it, and they issued it as an order in a case some years  
14 ago, and it has a number of provisions about the  
15 separation of regulated utility business from unregulated  
16 utility entities, of which there are many, and that's  
17 the -- that's sort of part of the way this industry, you  
18 know, does business, and understandably so, so the Code  
19 of Conduct just puts in certain restrictions and certain  
20 requirements. The one that's most relevant for -- the  
21 two that are most relevant for us are, number one, a bar  
22 on the business of a regulated utility subsidizing the  
23 business of an unregulated affiliate. And so when we  
24 have documents that say we need to increase our initial  
25 commitment to the pipeline to help them make sure it gets

1 built, to us that sounds like subsidizing the business of  
2 an unregulated affiliate. And then the second thing is  
3 that an affiliate -- and this shows up in the PSCR  
4 statute and in the Code of Conduct, a regulated utility  
5 can not pay the affiliate -- and this is not a quote,  
6 this is my best memory or paraphrase -- more than  
7 essentially market cost, or must pay the lower of actual  
8 or market cost is actually -- I think the language is  
9 sort of cumbersome -- but must be the lower or actual  
10 market cost. And so our position is that if you have a  
11 contract transport rate that's just higher than the  
12 difference in price between the two locations, then  
13 your -- you know, it's carrying coal to Newcastle, so to  
14 speak. Not exactly, because we're not really producing  
15 any gas at the MichCon City Gate. But you're  
16 transporting something to a point at a cost of transport  
17 that's higher than the difference in the two, at the two  
18 locations, and so for that reason, we're saying that's an  
19 above-market cost situation, and it's prescribed by  
20 the -- or prohibited by the Code of Conduct in the PSCR  
21 statute. So that's basically where we're coming from on  
22 that.

23 So the long and the short of it is that  
24 we have this issue about whether the Commission can  
25 approve any costs this year, but then we have all these

1 other issues where the Commission said they wanted this,  
2 this transparent evidentiary presentation, and we feel  
3 like that it is an opportunity to show, based on the  
4 updated information, that this looks worse. And we think  
5 it's significant that the decision was made not to  
6 update, right, there was DTE presented a forecast from  
7 2015 in this case, they did not present a forecast from  
8 2016 in this case.

9 MR. MacINNES: So this is -- so all of  
10 this that you're talking about, this is your rationale  
11 for -- I mean how does that tie into your request here I  
12 guess?

13 MR. BZDOK: To move the five from  
14 Consumers to DTE?

15 MR. MacINNES: Yeah.

16 MR. BZDOK: Because we are doing a heavy  
17 lift on two issues in DTE, this being one and the other  
18 being the River Rouge plant economics. So basically  
19 we're doing full bore on both of those issues -- we can  
20 talk about River Rouge in detail now or later if you like  
21 as well -- whereas in Consumers we're still doing full  
22 bore on the wind proposal, but we have backed off the  
23 economics of the Medium Four coal units because that is  
24 an issue we're pursuing in the rate case which came up  
25 more quickly than we had anticipated it would come up.

1 So that's the rationale, to basically relatively take a  
2 little bit off the gas on the gasoline pedal, the gas  
3 pedal on the Consumers and push the accelerator down a  
4 little bit further in DTE.

5 MR. MacINNES: And you've done a lot of  
6 work and we've funded work on the NEXUS?

7 MR. BZDOK: Yep, yep. I just want to,  
8 yeah, I just want to, you know, show you that we're not  
9 walking in the same footsteps, we're --

10 MR. MacINNES: Yeah, that's important new  
11 information I would say.

12 MR. BZDOK: Yep, yep. So that's the  
13 story on that one.

14 MR. MacINNES: And then the River Rouge  
15 plant, do you have a quick update?

16 MR. BZDOK: Sure. So River Rouge Unit  
17 3 -- let me back up. So River Rouge Unit 2, and this is  
18 something we've talked to you about before, River Rouge  
19 Unit 2 had a crack in its rotor and went on forced outage  
20 a year and a half ago, and the decision was made then to  
21 retire that unit.

22 MR. MacINNES: And what's the age of that  
23 unit?

24 MR. BZDOK: I think the River Rouge plant  
25 is over 50 years old. Again, that's information I can



1 pull out. But at the time -- prior to doing the -- prior  
2 to the River Rouge Unit 2 rotor cracking, there were  
3 economic analyses of the whole plant looking at  
4 potentially, you know, retiring it sooner than its  
5 current retirement date, which is 2020, and basically it  
6 was, it barely, sort of was barely economic according to  
7 the DTE analysis, and then there was a retire -- there  
8 was another analysis done after the rotor cracked of  
9 whether to bring Unit 2, basically to repair it and  
10 continue operating it, and that analysis concluded that  
11 it was so barely razor thin to keep that it didn't make  
12 sense. So you've got two evaluations on either side of  
13 the outage of the whole plant that are fairly marginal,  
14 and then you've got -- and then you've got a set of costs  
15 that were shared, common plant costs that were shared  
16 across both units that now are being fully borne by just  
17 the one unit that remains, and then you've got lower  
18 capacity prices than were projected at the time these  
19 evaluations were done and lower energy market prices than  
20 were projected at the time these evaluations were done,  
21 and all of that strongly suggests that it might not be  
22 economic to continue -- basically that you're going to  
23 spend more money on River Rouge Unit 3 to continue  
24 operating it through 2020 than you're going to get in  
25 revenue to net against the PSCR.

1 MR. MacINNES: So I've got a question.  
2 So what's your understanding of the current growth rate  
3 in generation in the state, do you -- are you up to speed  
4 on that; in other words, is it flat, is it going down, is  
5 it going up a little bit, or --

6 MR. BZDOK: Are you talking about load?

7 MR. MacINNES: Load growth, yes.

8 MR. BZDOK: It is my belief that -- no, I  
9 don't have a number for you. I think that generally load  
10 forecasts are more modest by the utilities than they  
11 would have been four or five years ago.

12 MR. MacINNES: Does anybody else here  
13 have that data?

14 MR. JESTER: I can tell you that over the  
15 last decade, it's been essentially zero on a statewide  
16 basis. Underneath that, DTE has had a decline of a  
17 couple percent, and Consumers has had corresponding  
18 growth.

19 MR. MacINNES: And but that is a factor  
20 when you're trying to decide the capacity factor of a  
21 plant, right?

22 MR. BZDOK: Yes.

23 MR. MacINNES: If the growth, if load  
24 growth is flat or declining potentially?

25 MR. BZDOK: Yes. So in the rate case, in  
Metro Court Reporters, Inc. 248.360.8865

1 the last DTE rate case, 18014, the Commission said that  
2 it agreed with us, and that based on -- the ALJ said and  
3 then Commission said that they agreed with us, and based  
4 on the evidence that was presented, there was good reason  
5 to believe that perhaps the River Rouge plant was not  
6 economic to continue operating, and so the Commission  
7 declined to allow the inclusion in rate base of the  
8 capital investments that were proposed for the test year  
9 in River Rouge; and it's not a ton of money, but it's --  
10 for that, you know, it was a million and a half dollars  
11 or a million point six, I mean that's a lot of money, but  
12 it's also about stopping to spend money if it is  
13 uneconomic. So the Commission agreed with us and they  
14 issued this disallowance.

15           And then we got into the PSCR case and we  
16 did -- we used whatever updated information we had and we  
17 made similar, you know, we offered a similar viewpoint,  
18 and DTE responded with basically a new PSCR analysis  
19 that, the conclusion of which was that if the fuel  
20 blending was optimized based on market conditions at the  
21 plant, that the plant would have -- would be profitable  
22 in the PSCR at a number which I'm not at liberty to  
23 disclose because they designated it confidential, but  
24 which looks better than these earlier NPVs and therefore  
25 we were wrong, and then when we got into the hearing, we

1 got into that to get that number, there were certain  
2 variable costs that had to basically just be removed from  
3 this analysis and say, well, those would obviously have  
4 to be recovered somewhere else, and those were basically  
5 expenses associated with the plant that are, accounted  
6 for an increase the more the plant runs, so really  
7 maintenance, like kind of routine maintenance type costs,  
8 wear and tear type costs, so that was all sort of moved.  
9 So the PSCR profitability was based in part on moving  
10 that stuff out, which arguably those are not PSCR costs,  
11 but they were in the modeling analysis, and then based on  
12 some other assumptions about capacity value and  
13 et cetera, and also based on not including in that  
14 analysis, because it was in a PSCR case, any fixed O&M  
15 costs or any capital costs. And based on the fixed O&M  
16 for River Rouge Unit 3 in the last rate case and in the  
17 current rate case, which is somewhere like \$17 million a  
18 year, it doesn't appear to us that when you pull all  
19 these costs back into one place, that there's any chance  
20 that it's going to be economic.

21 So this was another issue we're pursuing  
22 in the PSCR plan case, and then it's an issue that we're  
23 going to continue to pursue in the new rate case, which  
24 was our other, you know, part of our other request, that  
25 was one of two components of our request for the 25 was

1 this River Rouge plant issue, as well as looking at St.  
2 Clair, the unit that's being repaired, as well as looking  
3 at the fixed-charge increase for monthly flat fee charge  
4 that residential customers paid, that's an issue we've  
5 beaten back a few times or we've at least fought to a  
6 middle ground in the last case of just what is the fixed  
7 monthly charge and can you increase it and increasing it  
8 is regressive, it's harder on lower energy users, which  
9 is associated with our lower income residential  
10 customers. It's also, you know, it degrades the  
11 economics of energy efficiency or of just flat out  
12 conserving, you know, independent of energy efficiency  
13 investments, and it has other downsides related to that.

14 So that's, I sort of bled in my PSCR  
15 request for the transfer of the 5 to my DTE rate case  
16 request for the 25 of new money. But that's -- that  
17 River Rouge as well as some St. Clair and this  
18 fixed-charge issue are what we're going to -- are what  
19 we're asking for in that amendment case as well.

20 I want to say one thing about the CON  
21 that John Janiszewski talked about. So DTE is going to  
22 file a certificate of necessity IRP case under 6s of the  
23 statute for a new gas plant, we're told it's July, we're  
24 told it's maybe a thousand megawatts, but that's just  
25 rumors, I don't know, right, that's just the rumors that

1 we hear. We are going to participate in that case, we  
2 are dealing with that case with the understanding that as  
3 to this fiscal year, the board is not going to be in a  
4 position to fund our participation in that case, and so  
5 we will be coming back as part of our fiscal '18 request  
6 for a -- with a request for money for that case, but we  
7 have money lined up to bridge from other sources until  
8 then. So I just want to let you know that we are aware  
9 of that case is coming, we are aware that there's  
10 essentially a shortfall where there won't be money  
11 available here to do that case, and so we are not  
12 planning -- we are planning to ask you for money for that  
13 case, but not until fiscal '18. And that's all I have  
14 for you.

15 MR. MacINNES: Okay. A lot of good  
16 stuff. But we do have to keep moving. So we've talked  
17 about (a), your requests (a) and (b). Does the board  
18 have any other questions on those items?

19 MS. LICATA HAROUTUNIAN: He well covered  
20 it.

21 MR. PASSMORE: Could I ask, not to extend  
22 the conversation longer, but maybe as a new guy on the  
23 block, in general, I think it makes sense to allow the  
24 grantee to shift resources within the budget based on  
25 their judgment about priorities and opportunities, but I

1 would like to understand a little better, you know, what  
2 the criteria is that you're using that, you know,  
3 particularly you're shifting from, you know, one company  
4 to another company within the grant, but is it  
5 opportunity to save money for ratepayers? I mean what's  
6 the -- what causes you to say this is the priority as  
7 opposed to something else, because they're all important?

8 MR. BZDOK: So I would say that while the  
9 requests are expressed quantitatively, the decision-  
10 making process that we have is more qualitative, and then  
11 the request is just the funds that seem like they might  
12 be available to directionally adjust priorities, that's  
13 how I would say that.

14 MR. PASSMORE: I have no idea what you  
15 just said.

16 MR. BZDOK: Okay. So our decision-making  
17 sort of went like this: We had thought we were going to  
18 be involved in the Consumers case on two issues, the  
19 circumstances made it such that one of those issues  
20 really is going to be emphasized in the rate case, so  
21 that lessened the need for funding in the Consumers case.  
22 There's no exact accounting or science by which we  
23 determine how much did it lessen it by. What seems clear  
24 is -- and we moved some expert money in the last meeting  
25 I believe on this same basis -- that we just don't need

1 as much money for this case. And so -- and on the DTE  
2 side, we knew NEXUS was -- we thought NEXUS was going to  
3 be a battle, there was this chance that maybe we would  
4 file this motion for summary and that the whole thing  
5 would get kicked to next year; if that had been done, we  
6 would have had a lessened need for resources in NEXUS.  
7 That motion was not granted, and so there was a need to  
8 put on, you know, all these proofs and to do all this  
9 briefing now, which is ahead of us, the four briefs that  
10 will come in the case. And then the River Rouge, in the  
11 PSCR case we didn't know how far it was going to go;  
12 well, it seems like it went a long way, to us, and so we  
13 ended up doing, you know, sort of like heavy lift/light  
14 lift, right, or heavy lift/lighter lift, and so we ended  
15 up doing heavy/heavy in DTE, so there is -- so we're  
16 getting a little tight for the remainder of the case,  
17 basically for the briefing stage, because we're further  
18 along in our budget as of the trial portion being done  
19 than we would have anticipated because we went heavier on  
20 the -- we went maximum heavy on the two issues.

21 So the dollars attached to that, there's  
22 no science or accounting to it that I can give you to be  
23 just totally candid, it's a qualitative, you know. I'm  
24 quite confident I won't use that five in Consumers, just  
25 like I was quite confident I wasn't going to use whatever



1 the expert money was that we had proposed to shift last  
2 time, so, you know, but I'm quite confident I need all of  
3 it and more in DTE, so that's the basis for the thinking.

4 MR. PASSMORE: Thank you.

5 MR. MacINNES: And that's a really good  
6 question, Sam, because we did talk the last time about,  
7 you know, hey, if you're not going to use money, turn it  
8 back in and we'll reallocate it, and I think -- I mean to  
9 me one of the arguments is, particularly like you're  
10 talking about the NEXUS case, we're kind of all in with  
11 that, right, I mean that's a big thing and we want to  
12 make sure, especially with big new information, to me  
13 there's a reason to invest a little bit more in it.

14 It's, you know, it's a judgment call I guess. I mean  
15 it's just like, well, we could take that money and put it  
16 in the kitty, you know, does that make sense or not. I  
17 mean I don't know, that's something for the board to  
18 decide. But I do know some of these cases we've -- are  
19 pretty important, and we've put a lot of resources in  
20 them currently.

21 MR. BZDOK: I also would say that we  
22 wouldn't come to you with a request to reappropriate  
23 \$60,000 this way, you know what I mean. If it's 5,000 or  
24 less, you know, at least my, in the dialogue we have with  
25 you, to me that seems like there's some balancing, and so

1 that's why we bring it to you in this vein, but  
2 ultimately it's obviously your decision.

3 MR. MacINNES: Okay. Any other questions  
4 on these items, these two?

5 Okay. How about if we go into your  
6 request for the new money for DTE Electric?

7 MR. BZDOK: That's more or less, I more  
8 or less blended that with the end of my PSCR. So River  
9 Rouge, based on the issues I've just indicated to you,  
10 again, we're going to seek to have the capital, you know,  
11 disallowed for River Rouge. We're interested in St.  
12 Clair, we want to do some discovery on the St. Clair  
13 rebuild; most of the St. Clair rebuild is done with  
14 insurance money, that was there was a chart in the  
15 reconciliation's memo about that, so we're not feeling  
16 overly confident that there's going to be a lot to say  
17 there, but we at least need to do the due diligence and  
18 take a look at that, and then the fixed charge issue,  
19 which I mentioned. This is another case where we will  
20 absolutely be coming back to you in fiscal '18, you know,  
21 that case is going to go through next April, and so most  
22 of it's going to fall into fiscal '18 anyway. But so  
23 really the 25 is, you know, for half legal and half  
24 expert to get us, basically to get us to October.

25 MR. MacINNES: While we have you here,  
Metro Court Reporters, Inc. 248.360.8865

1       could you talk a little bit about the must-run coal  
2       units, the PSCR, DTE 2015 PSCR reconciliation case and  
3       the idea of, you know, identified 75 opportunities to  
4       reduce costs by taking coal units offline, but only 6  
5       where, DTE acted on only 6 of these? That was on page 2  
6       of your May 16 submittal. Could you kind of talk about  
7       that a little bit?

8                   MR. BZDOK: Yes. Give me just a second,  
9       because I've mixed up my papers at this point. So this  
10       is an issue that we have been going round and round with  
11       the utilities about for a number of years, and there are  
12       issues that sort of tie in and relate to it. But  
13       basically what it comes down to is the utilities offer  
14       generation into the market and the market -- and when the  
15       market price for energy is at or above the bid cost that  
16       the utility offers it into, which is more or less its  
17       variable cost of operation, fuel and other things that  
18       are reflected in the PSCR, the utility -- the unit is  
19       dispatched and provides service, generation into the  
20       grid. The --

21                   MR. MacINNES: So --

22                   MR. BZDOK: Certain units -- go ahead.

23                   MR. MacINNES: Okay. So they offer in as  
24       must-run and the RTO dispatches it as they want, is that  
25       what you're saying?

1 MR. BZDOK: So what I'm saying is, I'm  
2 laying, that's the baseline, and then certain units,  
3 because of the nature of those units or because of  
4 utility decision-making, are offered in -- are committed  
5 they call it as must-run, which means they run at minimum  
6 load regardless of whether or not their bid price is  
7 above or below the LMP, the market price of energy.

8 MR. MacINNES: So minimum load would be  
9 40 percent?

10 MR. BZDOK: Depends on the unit, depends  
11 on the age, the --

12 MR. MacINNES: Something like that?

13 MR. BZDOK: -- type, the -- yeah.

14 MR. MacINNES: It wouldn't be at full --

15 MR. BZDOK: Correct.

16 MR. MacINNES: -- full tilt, it would  
17 be -- because you can turn those down to about 40 percent  
18 I think generally with a coal plant?

19 MR. BZDOK: Yeah. Coal and nuclear  
20 basically is what we're talking about, nuclear is cheap  
21 to dispatch, so I mean it's really not so much an issue  
22 with nuclear. And so --

23 MR. MacINNES: And the utilities, they're  
24 the ones that designate that?

25 MR. BZDOK: Correct. The grid determines

1       whether to dispatch, but the utility determines whether  
2       to commit at least at minimum load, and if they commit,  
3       then they run at minimum load irrespective of economics,  
4       and if they don't receive as much revenue as their  
5       variable cost, that's a net cost to customers in the  
6       PSCR. And so we've been concerned about that for a long  
7       time --

8                   MR. MacINNES: And if I could say one  
9       more thing. So let's say they run them at 40 percent as  
10      their minimum load, and I don't know what the exact  
11      number is, but that's not a very efficient way to run a  
12      plant, at 40-percent capacity, it's not very efficient.

13                   MR. BZDOK: I would tend to agree with  
14      that. I don't know directly, but --

15                   MR. MacINNES: That's just not very  
16      efficient.

17                   MR. BZDOK: -- it makes sense to me. So  
18      in the PSCR plan cases, there are projections made about  
19      unit operation and revenue and cost and fuel needed to  
20      supply all of this, and all of this, you know, goes into  
21      the, I still call it the Bowmar Brain, but the PROMOD  
22      model and, you know, generates the PSCR factor based on  
23      all these different inputs and all these different  
24      outputs. And in the modeling, by and large, the modeling  
25      is done with the assumption that all coal units will be

1 must-run all of the time, committed all the time, except  
2 for when they're on outage of course; and then in  
3 actual -- and so we've had cases where we've said we  
4 think that's imprudent and the utilities -- basically the  
5 Commission has said the reason that's okay is that  
6 because the utilities in actual operation do something  
7 different; in actual operation, they do on an ongoing  
8 basis short-term economic outlooks, and it is based on  
9 these economic outlooks that they decide whether or not  
10 to commit the unit must-run or not, or whether they  
11 decide to bring the unit back off of outage or not, and  
12 these outlooks are typically a two-week period. And we  
13 have had arguments about should the period be longer or  
14 shorter than that, should -- how should the cost of fuel  
15 be calculated when that's happening, all sorts of  
16 different sort of down in the weeds details about those  
17 modeling, where it really comes out to is our belief is  
18 that the utilities -- this is very general -- but if a  
19 unit's on outage and they run the outlook and the outlook  
20 is not economic, they'll leave it off. By and large, if  
21 the unit is on and they run the outlook and the outlook  
22 shows that the unit is not economic to continue  
23 committing as must-run, they'll leave it on for another  
24 day and check again the next day; and then if it's still  
25 not economic the next day, they'll leave it on another

1 day and check the next day.

2 And so what seems to happen is that units  
3 are not -- very generally I'm speaking -- units are  
4 not -- are much -- it's much more likely that a unit will  
5 be not recommitted if its outlook is negative if it's  
6 already on -- if it's already on, you know, basically at  
7 an outage and the work is done, it will stay idle, they  
8 will -- units will occasionally stay idle based on these  
9 outlooks, but they won't be made -- they won't be idled  
10 based on them. And, you know, so that's basically an  
11 issue that we are litigating in the 2015 reconciliations,  
12 both DTE and Consumers, and I would say that our case  
13 looks better in Consumers than DTE for a variety of  
14 reasons.

15 MR. MacINNES: Now, when they do these  
16 production cost models, they take into account all the  
17 generation; is that right?

18 MR. BZDOK: Yes.

19 MR. MacINNES: So it's not just looking  
20 at one plant in isolation?

21 MR. BZDOK: Right.

22 MR. MacINNES: Because it's a system?

23 MR. BZDOK: Right. When they model the  
24 system in PROMOD for the plan case, yes. When they do  
25 the outlook for -- they do the outlooks, they do them for

1 each individual unit based on a projection of market  
2 prices over the two-week period and a projection of costs  
3 of operating the unit usually under two different fuel  
4 blends for the same period. So in other words, if market  
5 prices are low, this is what they -- when they talk about  
6 optimizing, they will blend -- when market prices are  
7 lower, they'll burn 100-percent western coal, the unit  
8 will have a lower capacity, but it will also operate  
9 cheaper. When market prices are relatively higher,  
10 they'll blend in some eastern coal, higher capacity, burn  
11 hotter, generate more, but then the market price is  
12 higher enough to pay for it, so that's the optimization  
13 part of it that they do as well.

14 MR. MacINNES: So what -- you're going to  
15 continue to pursue this?

16 MR. BZDOK: Yes.

17 MR. MacINNES: What do you think is the  
18 opportunity to save ratepayers money?

19 MR. BZDOK: So in Consumers -- in  
20 Consumers, the way that case is shaking out, there were  
21 more periods in which this situation was occurring than  
22 in DTE, and the justifications were less convincing in  
23 Consumers than in DTE. Part of the -- if -- part of the  
24 discovery we want to do in the two pending PSCR  
25 reconciliations is basically for these same outlooks, and



1 so that's part of the request to transfer the 1,800 as  
2 well, just to see what happened last year. But it's not  
3 -- so we're -- basically we're going at it hard in  
4 Consumers right now. And DTE had some pretty good  
5 explanations for a lot of it in their PSCR reconciliation  
6 case, so again, we had a relative -- and the board -- and  
7 we did do a shift in emphasis and resources between those  
8 two cases that the board approved a couple meetings ago  
9 for the same idea.

10 MR. MacINNES: But so you don't really  
11 have a number, you just feel there's --

12 MR. BZDOK: I don't think we're going to  
13 produce any savings in the DTE, I believe we are going to  
14 produce some savings in Consumers.

15 MR. MacINNES: A million dollars, \$10  
16 million?

17 MR. BZDOK: Probably, it probably lies in  
18 the lower end of the range between those two numbers. I  
19 mean --

20 MR. MacINNES: Hard to say?

21 MR. BZDOK: Yeah. What I will say is our  
22 requests lie in between those two numbers based on the  
23 evidence, having had the case tried now and having  
24 submitted an initial brief now.

25 MR. MacINNES: It could be a good ROI

1 even if it was a million-dollar savings, right?

2 MR. BZDOK: Yep, yep. The objective on  
3 those is partly about a million -- just like River Rouge,  
4 it's partly about a million dollars and it's partly about  
5 trying to change the calculus going forward.

6 MR. MacINNES: Make it more transparent?

7 MR. BZDOK: If I can get the money  
8 anyway, then I'm going to be -- I'm saying if I'm  
9 operating a plant and I get the money either way, it's  
10 going to be less of a drive to make, to me to make a  
11 different decision.

12 MR. MacINNES: Okay. Sorry for that  
13 diversion, but something that I think it's important, an  
14 important concept.

15 Are there any other questions? Are you  
16 finished with your presentation?

17 MR. BZDOK: Yes, yes.

18 MR. MacINNES: Any other questions for  
19 Chris?

20 MS. LICATA HAROUTUNIAN: No, no.

21 MR. MacINNES: Okay. Thank you. Let's  
22 go with CARE. John.

23 MR. LISKEY: Thank you. We're going to  
24 talk about two cases today, one is the UPPCo case, the  
25 other is the UMERC case, and I'm going to hand out -- so

1 let me ask everyone to look at your, page 2 of your  
2 agenda and you'll see an (a), (b), (c), and (d) there,  
3 and the (a) and (b) deal with the UPPCo request, and (c)  
4 and (d) deal with our UMEREC request. And I also want to  
5 hand out, because of the focus on the financials, I want  
6 to make sure we're all looking at the same figures in  
7 terms of our transfer request.

8 So if you looked at these two numbers  
9 that I've circled in red, those two cases are closed, and  
10 so that's where we're getting the number. Jim and I have  
11 talked about this in months past, and when I made a  
12 request last meeting, those were the numbers that we all  
13 agreed to. And in terms of the process questions that  
14 have been discussed, I think it's important to know that  
15 even though these cases are closed, and this is  
16 conversation Jim Wilson and I had, the money doesn't go  
17 back into your till, your side, because the grant is not  
18 closed yet, because I had asked that. I said, well, can  
19 you close this case and then it -- but anyway. So that's  
20 why we're making a transfer request for the UPPCo cases,  
21 for both actually.

22 Now, the UPPCo case is the -- well, it  
23 was on the agenda at the last meeting, we're anticipating  
24 a fully litigated case, and that's why we're requesting  
25 \$20,000 additional than what you've already approved.

1 MR. VILMONT: Can I ask just a point of  
2 clarification just a moment just to make sure I  
3 understand this. So we're saying that the, although the  
4 case for which the grant was given is closed --

5 MR. LISKEY: Two of those cases, the ones  
6 I've circled in red.

7 MR. VILMONT: Okay.

8 MR. LISKEY: Final invoices were  
9 submitted back in February and I think March.

10 MR. VILMONT: Right. So those cases are  
11 closed for which the grant money was given?

12 MR. LISKEY: Correct.

13 MR. VILMONT: But that remaining balance  
14 then is not returned back to the grant?

15 MR. WILSON: That's more of a problem  
16 with our system. You can -- we can close the complete  
17 grant simply and all the money will revert back, but when  
18 he starts doing these line items, it has to be done by an  
19 amendment. So process forward, if we decide, you know,  
20 each time he says this, you guys want me to do an  
21 amendment, we can do an amendment and the money will come  
22 back. How we've been handling it in the shortfall is,  
23 you know, they've been coming in and saying, we want to  
24 take money from case A to case B, and then we do one  
25 amendment to transfer it. So I mean we can either

1 continue -- and this is it, you guys's call -- we can  
2 either continue down this route, or if he wants to close  
3 specific cases, then I'd have to go in and do amendments  
4 when they close them, but then I'll also have to go do  
5 another amendment if you're going to allow him to add it  
6 to another. So that kind of explain where we're at?

7 MR. MacINNES: So there would be a way to  
8 put that money in the kitty?

9 MR. WILSON: We could do it, yeah, we'd  
10 just have to do an amendment when he says each individual  
11 line item is closed, and then when you reallocate the  
12 funds, we'd have to do an amendment to wherever they're  
13 going at that point in time.

14 MR. MacINNES: And that could be  
15 reallocated for anything?

16 MR. WILSON: Correct.

17 MR. MacINNES: So I think this is -- I  
18 mean let's go through the presentation, but I think this  
19 is something we need to hash out here a little bit more,  
20 because this is --

21 MR. LISKEY: Yeah, that's why I brought  
22 it up, because I think it's --

23 MR. WILSON: Now, we're going to a new  
24 accounting system on October 1, so that may all change.  
25 So I mean it might be easier and I may not have this

1 problem where I have to do, you know, double the  
2 paperwork to make it move.

3 MR. VILMONT: Right.

4 MR. WILSON: But sorry, John.

5 MR. LISKEY: No, no. But that's why I  
6 brought it up, because I think it's important that  
7 everybody understands that. And that's why when you look  
8 at your agenda items for (a) and (b), you'll see it says  
9 no-cost transfer, and that's because it's transferring  
10 within the grant.

11 So if you add (a) and (b) up, you get  
12 \$20,000, which is our request we made last meeting, and I  
13 think it -- we were asked to, if there would be any harm  
14 in pushing the request to the June meeting, and we said  
15 no, in fact, the case hasn't -- we've started discovery  
16 on it, but the schedule hasn't been set, it will be set  
17 on Wednesday. So we're not in any worse position because  
18 we put it off two months.

19 MR. MacINNES: So you're going to tell us  
20 about the case.

21 MR. LISKEY: The case is the 2016  
22 reconciliation case, and it's the same issues we had in  
23 the 2016 plan case, and it's -- the main problem is the  
24 allocation of PSCR costs to residential ratepayers, and  
25 it's a very detailed uniform system of accounting for a  
Metro Court Reporters, Inc. 248.360.8865

1 utility, it's in the weeds, and we've got Don Erickson on  
2 this, he knows it better than anybody, and that's, that's  
3 why we're back, you know, here asking for this additional  
4 \$20,000.

5 And do you want to add anything?

6 MR. JESTER: Because it's a good  
7 preliminary to the other item, maybe I should just talk a  
8 little bit about this and remind you.

9 MR. LISKEY: Yeah.

10 MR. JESTER: So basic idea of power  
11 supply cost recovery is you add up all of the utility's  
12 electricity generation or purchases and all of the costs  
13 of that, the variable costs of that generation and  
14 purchasing and get a cost per unit of power. That's done  
15 in the general rate case on a, you know, particular test  
16 year projection. And then each year in these power  
17 supply cost recovery cases, the actuals of those in that  
18 year, same calculation is done, and there's essentially  
19 an adder on to whatever the base power supply rate is,  
20 base rate either goes up or down.

21 In the UPPCo situation, UPPCo has a  
22 special contract with a large mill, and under the terms  
23 of that special contract, they sell power to that mill at  
24 a rate that is not determined by the PSCR process, it's  
25 determined by the contract. So their practice is to take

1 the total power supply and subtract out the power they  
2 supply to the mill, and then take the total cost of the  
3 power supply and subtract out the revenue they receive  
4 from the mill, and so the re -- and then all of the  
5 remaining cost is allocated to the remaining power  
6 supply, and this particular mill is on the order of a  
7 quarter of their sales. And the preliminary look at the  
8 current year, it results in about a, in the neighborhood  
9 of a \$5.00 an hour, a megawatt hour higher cost of power  
10 to everybody else because of this arrangement with the  
11 mill.

12 MR. MacINNES: What would that be in the  
13 aggregate?

14 MR. LISKEY: In the plan case, it was  
15 \$495,000.

16 MR. JESTER: Yeah.

17 MR. MacINNES: Okay.

18 MR. JESTER: And I haven't checked in the  
19 reconciliation, the actuals, but presumably somewhere in  
20 that, you know, same neighborhood. So that's the, kind  
21 of the issue that we're talking about. And that, I'll  
22 talk about it again when we get to the UMER case, but  
23 similar kind of issue arises there.

24 MR. MacINNES: Okay. So the potential  
25 there could be somewhere in the half a million dollar



1 range savings. I think that's the important thing when  
2 we're -- you know, it's like what's it going to mean to  
3 residential ratepayers, that's why we're here.

4 MR. LISKEY: That's right.

5 MR. MacINNES: So we need to be -- you  
6 all as grantees need to be as, do as good a job as you  
7 can in forecasting the potential, even if it's from a  
8 million to ten, whatever the number is, give us some  
9 feel; are we talking \$50 here, are we talking 5 million.

10 MR. JESTER: Of course. I should add  
11 that that's an annual number, and the issue we're  
12 raising, if it was corrected on an ongoing basis, we  
13 would see similar benefits for several years.

14 MR. MacINNES: Right. That's an  
15 important point.

16 MR. LISKEY: Yeah.

17 MR. MacINNES: Okay.

18 MR. LISKEY: So that's the UPPCo case.  
19 Any other questions on the UPPCo case?

20 Okay. So the next request is for funding  
21 on the UMEREC case, and we're asking for a total of  
22 \$27,000 on that case, 27,819. And the way we structured  
23 it is item (c) on your agenda item takes the 7,818 from  
24 the existing balance that is from the two closed cases.  
25 So the UMEREC case, which we withdrew our request last

1 meeting, we have continued to stay involved on a pro bono  
2 basis; and the biggest concern we have with the case is  
3 the impact on, the special contract with Tilden Mines and  
4 the potential negative impact on residential rates for  
5 the next 20 years. And it's the same issue that we have  
6 in the UPPCo case in terms of the way Douglas just  
7 described.

8 You want to add anything?

9 MR. JESTER: The only salient difference  
10 is that Tilden Mines are about 80 percent of UMERC's  
11 load, so any error in, you know, the allocation of costs  
12 there is even greater in its potential consequence for  
13 the remaining customers.

14 MR. MacINNES: So what -- can you  
15 quantify that, what is greater than?

16 MR. JESTER: Well, that's one of the  
17 issues, to get to the actual numbers on it is one of the  
18 issues we would have to work in the case, so this is, you  
19 know, preliminary. But the scale is, of UMERC is  
20 smaller, but the percentage shift is bigger; I think  
21 we're probably in a three-quarters of a million dollar a  
22 year risk, not to say that it would be in there in the  
23 first years, you know, the risk increases as time goes by  
24 and the world gets more and more different from the way  
25 it is today, so.

1 MR. MacINNES: So that would be a  
2 one-year risk is what you're saying?

3 MR. JESTER: Yeah, right.

4 MR. MacINNES: So that could get better  
5 or worse, but it will carry, potentially carry over?

6 MR. JESTER: Yeah.

7 MR. LISKEY: And I want to make sure  
8 everyone knows that we always approach cases to try and  
9 resolve them, that's why we're able to turn back money or  
10 however you want to call it, we have unspent money,  
11 because we always pursue settlements first, and we are --  
12 we have had discussions with the company on this, and  
13 we're going to have more, and I can't predict, and I  
14 certainly couldn't predict in a public forum, you know,  
15 what's going to happen there, but that's why we're here  
16 is to ask for funding. I'm not saying for sure we're  
17 going to spend it.

18 MR. MacINNES: How did that kind of  
19 setup, I mean how did that get set up like that? It kind  
20 of seems, doesn't seem fair, you know.

21 MR. LISKEY: It's complicated. That's  
22 why Douglas is -- there's -- we've had -- and I want to  
23 say, the Company has bent over backwards to try and  
24 explain how this is a good deal for residential  
25 ratepayers, and our response is essentially, well, if

1 it's such a good deal for residential ratepayers, why  
2 don't you take the risk, and if there's any unforeseen  
3 costs, why doesn't the company absorb them, and those  
4 discussions are continuing.

5 MR. MacINNES: So can you talk about  
6 UMERC and who -- who is UMERC? Can you kind of refresh  
7 our memory on who is UMERC?

8 MR. LISKEY: Yes. UMERC is a subsidiary  
9 of We Energies, and it was formed to be a Michigan-only  
10 company. In the past, some background, the former WEPCo  
11 property was part of a huge Wisconsin utility, and the  
12 Michigan piece of it was, geez, eight percent of it or  
13 so, but the rates and all the costs that were approved by  
14 the Wisconsin Commission tied the Michigan Commission's  
15 hands, and so it was thought that this would be a better  
16 approach is to get a Michigan-only subsidiary, still  
17 owned by the same parent. They also during this last few  
18 years merged with Wisconsin Public Service Corporation,  
19 and so there's that, we call that case WPS, that  
20 property. Jim Ault knows this stuff better than anybody.  
21 But in essence, that's -- it's a separate corporation,  
22 and that gives the Michigan Commission more hands-on  
23 regulatory authority over it instead of being, having to  
24 go along with whatever Wisconsin had decided.

25 MR. MacINNES: How many customers are  
Metro Court Reporters, Inc. 248.360.8865

1 involved, residential customers?

2 MR. JESTER: Roughly 35,000.

3 MR. MacINNES: And what are their rates  
4 now for the residential rates, about?

5 MR. JESTER: They're in the 15 to 17.

6 MR. LISKEY: 18, I think.

7 MR. JESTER: Yeah, maybe 18 cents a  
8 kilowatt hour rage.

9 MR. MacINNES: 15 to 18 cents?

10 MR. JESTER: Yeah.

11 MR. MacINNES: And that's quite bit lower  
12 than UPPCo, which is at 25?

13 MR. LISKEY: UPPCo, 25, yeah.

14 MR. JESTER: Right. And just to complete  
15 that picture, just so you're clear, this is a certificate  
16 of necessity case with this contract attached to it as a  
17 part of the deal that they're trying to put together, and  
18 the company's claim is that under this -- if granted this  
19 certificate of necessity, in a few years when everything  
20 is built, rates will go down by a little bit, like a half  
21 cent.

22 MR. LISKEY: But regardless of what their  
23 current rates are, the problem that we see is that  
24 unforeseen risks over a 20-year period are going to be  
25 borne by residential ratepayers, or actually non-Tilden

1 Mine customers.

2 MR. MacINNES: So we have one bite at  
3 this --

4 MR. JESTER: Yeah.

5 MR. MacINNES: -- apple because it's a  
6 CON case?

7 MR. JESTER: And this contract would be  
8 for 20 years.

9 MR. MacINNES: Yeah.

10 MR. LISKEY: And we tried to stay out of  
11 it, but we couldn't. In good conscience, we've stayed in  
12 it, it --

13 MR. MacINNES: It was calling you. Okay.  
14 And for UPPCo, how many subscribers, how many residential  
15 ratepayers for UPPCo?

16 MR. LISKEY: 54,000.

17 MR. MacINNES: Okay. John, on the AG's  
18 office here, is this anything -- you all don't -- are you  
19 going to be involved in this CON case?

20 MR. JANISZEWSKI: The UMERK case?

21 MR. MacINNES: Yes.

22 MR. JANISZEWSKI: Yes. Michael Moody is  
23 covering that case. I can't comment too much on the  
24 substance of it, but yes, Michael Moody is covering that  
25 case. It's something that we have retained an expert on  
Metro Court Reporters, Inc. 248.360.8865

1 who's entered testimony. But like I said, I'm currently  
2 looking at some of the testimony on my phone here just  
3 coming up to speed on things, so I can't really comment.

4 MR. MacINNES: But the AG's office is  
5 going to be in this CON case?

6 MR. JANISZEWSKI: Yes, we have been  
7 involved, and we'll continue to do so, yes.

8 MR. LISKEY: And we've been in  
9 discussions with the AG's office and with their expert.

10 MR. MacINNES: And how about these UPPCo  
11 cases, are you in those, PSCR reconciliation, 17911?

12 MR. JANISZEWSKI: I don't believe so. I  
13 don't believe so. No, we're not.

14 MR. MacINNES: And you normally don't?

15 MR. JANISZEWSKI: The Upper Peninsula has  
16 definitely become a sensitive issue over the past handful  
17 of years, and we try to target particularly important  
18 cases. You know, everything's much more amplified and  
19 sensitive up there, so we have been playing a role.  
20 Michael Moody has primarily been the point of contact for  
21 U.P. issues at our office. But we haven't got involved  
22 in many Act 304 cases in terms of the UPPCo cases up  
23 there.

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

1 MR. PASSMORE: If we were to grant an  
2 additional 20,000, would that be a new grant or an  
3 amendment to the existing grant? How does that work from  
4 a --

5 MR. LISKEY: For the UPPCo case you're  
6 talking about?

7 MR. PASSMORE: The 20,000 for the UMER, C,  
8 the new money you're asking for.

9 MR. LISKEY: The new money would be a new  
10 grant.

11 MR. PASSMORE: So it would be a separate  
12 grant?

13 MR. LISKEY: Yeah, right? Or not?

14 MR. WILSON: We can add it to 17-01,  
15 also, but it would be --

16 MR. VILMONT: So that's a new case,  
17 correct?

18 MR. LISKEY: A new case.

19 MR. WILSON: We can always add a new case  
20 on the (inaudible).

21 MR. PASSMORE: So it would be the same  
22 record, just an additional 20,000 --

23 MR. WILSON: Line item, yeah.

24 MR. MacINNES: So just for talking  
25 purposes, what if we decide we don't want to do this



1 because the AG's in it and we want to recover the \$7,800  
2 from the plan case, U-18148 --

3 MR. VILMONT: Which is 12,273, isn't it?

4 MR. MacINNES: Well, it says here,  
5 no-cost transfer of 7,818.

6 MR. LISKEY: You've got to step through  
7 it because (a) and (b) equals 20,000 that we're  
8 requesting for the UPPCo case --

9 MR. MacINNES: Oh, I'm on (c) and (d).

10 MR. LISKEY: -- and then -- and (c) is  
11 the balance.

12 MR. MacINNES: I'm on -- what if we tried  
13 to recover the funds from case, the WEPCo item (c),  
14 7,818, Case U-18148, and, yes, and we decided not to fund  
15 the UMERC case -- I mean both of these fund the UMERC  
16 case -- because the AG's in it, would that -- could we do  
17 the paperwork on that?

18 MR. WILSON: Yeah. That would just not  
19 be a zero dollar amendment, it would actually be a  
20 negative amendment.

21 MR. MacINNES: That would free up 27,818.

22 MS. WORDEN: No.

23 MR. WILSON: No. Just 7,818, because the  
24 20 is a new request.

25 MR. MacINNES: Oh, well, yeah, well, if

1 we didn't do that. Just -- and I don't know what the  
2 board's going to do, but I'm just trying to make sure  
3 that what we can do and what works for you, what works,  
4 what we can do.

5 Okay. Any other questions?

6 MR. VILMONT: I'm not sure I quite  
7 understand this, to make sure I'm on board with -- you've  
8 got a no-cost transfer of 15,545 from your Case 18147,  
9 which you had outlined in what you handed us, to the  
10 UPPCo Case 17911, so that's the reconciliation case,  
11 correct?

12 MR. LISKEY: Yep. Both and (a) and (b)  
13 are requesting transfers from two different cases to --  
14 if you add (a) and (b) together, you get \$20,000, and  
15 that's what we're asking for the UPPCo case.

16 MR. VILMONT: Right. But they're coming  
17 from two different case sources?

18 MR. LISKEY: Correct.

19 MR. VILMONT: Okay. So but when you  
20 transfer from the Case 18147, that 15,545 is the total  
21 remaining?

22 MR. LISKEY: Yes, as I circled the --

23 MR. VILMONT: Right. So then the other,  
24 the 4,455 you would like to transfer is part of the  
25 12,273 remaining, right?

1 MR. LISKEY: Yep.

2 MR. VILMONT: And also --

3 MR. LISKEY: Number (c) would be the  
4 balance of that out of --

5 MR. VILMONT: Okay. Would go to this  
6 case, necessity case. So then, okay, then you're asking  
7 for an additional 20,000 for the hearing necessity --

8 MR. LISKEY: And that would come out of  
9 your new money.

10 MR. VILMONT: So your total dollar amount  
11 for the 18224 is the 27,818?

12 MR. LISKEY: Yes.

13 MR. VILMONT: Okay. Thank you.

14 MR. LISKEY: And Jim, if I could add one  
15 more thing in terms of the Attorney General's involvement  
16 in the UMERC case --

17 MR. MacINNES: Yes.

18 mr. list: -- because I mentioned we have  
19 been working with Michael and their expert. And let me  
20 read, if you don't mind, just a short paragraph of their  
21 expert's filed testimony.

22 MR. MacINNES: Okay.

23 MR. LISKEY: The coming glean of power  
24 supply costs and revenues of Tilden with non-Tilden  
25 customers raises concerns about Tilden -- non-Tilden

1 customers being held responsible for costs that should  
2 properly belong to Tilden. It is imperative that U MERC  
3 maintain separate accounting of power supply costs and  
4 transmission costs that apply to Tilden from those  
5 applicable non-Tilden customers. The Attorney General,  
6 and that supports what we're trying to do. So we're --  
7 but it's not as in-depth as what we're trying to do.

8 MR. MacINNES: So are they -- I guess I'm  
9 not sure. Are they covering the same issues; you're  
10 saying they're not?

11 MR. LISKEY: They're supporting I think  
12 the concept of commingling the power supply costs --

13 MR. MacINNES: Right.

14 MR. LISKEY: -- but there's nothing  
15 specific in the Attorney General's testimony.

16 MR. MacINNES: Right. But they're in the  
17 case?

18 MR. LISKEY: They're in the case,  
19 testimony has been filed.

20 MR. MacINNES: So they're looking at it.  
21 So they might be doing that, getting involved in that.

22 MR. LISKEY: Well --

23 MR. MacINNES: We don't know.

24 MR. LISKEY: We are encouraging them to.

25 MR. MacINNES: No, I know. I'm just

1 looking at options here. We've got a limited budget, we  
2 have to make hard decisions sometimes.

3 MR. LISKEY: Well, and if -- we are on  
4 the same page there; I mean Douglas and I have been doing  
5 this on a pro bono basis.

6 MR. MacINNES: No, I know. You guys -- I  
7 understand, and we appreciate everything you do.

8 MR. LISKEY: And we probably will  
9 continue because it's a matter of are we representing  
10 residential ratepayers up there or not.

11 MR. MacINNES: Oh, I know, it's a big  
12 deal. I've talked with a number of people about that.

13 MR. LISKEY: I know you have;  
14 successfully, I might add.

15 MR. MacINNES: Including the UPPCo  
16 people, the UPPCo utility people.

17 Okay. Any other questions?

18 Okay. Let's go to Don.

19 MR. KESKEY: Thank you. Looking at your  
20 agenda, page 2, under the RCG grant requests, let me  
21 start first with the subparagraph (a), which requests new  
22 funding in the amount of \$6,260 for -- \$62 for CECo's  
23 waste reduction case, and the correct U number is U-17771  
24 (Amended); and also the CECo waste reduction case,  
25 U-18261.

1 MR. MacINNES: So the -- in (a), or are  
2 you saying (b)?

3 MR. KESKEY: No, (a) is, both cases in  
4 (a) are within that one grant request.

5 MR. MacINNES: Okay. So 17771, and the  
6 other -- oh, and Case U-18261.

7 MR. KESKEY: 261.

8 MR. MacINNES: Got it.

9 MR. KESKEY: Basically the amended Case  
10 17771 is a proposal by Consumers to increment, accelerate  
11 or expand its energy efficiency program by \$35 million  
12 with the surcharges that start almost immediately,  
13 they're supposed to start in July or August, and the  
14 program would be aimed at the industrial customers, in  
15 other words, would be a program for the industrial  
16 customers, including rebates to the industrial customers,  
17 however, 34.5 million of the cost would be charged to  
18 residential customers, the surcharges. The prehearing  
19 has been held, it's a very tight schedule because it's  
20 under a 90-day, basically a 90-day deadline, the  
21 Commission has to issue a decision in August, we have to  
22 file our testimony tomorrow. The hearings would be  
23 expedited, the briefing would be expedited. And I have  
24 attended in-depth settlement discussions in the case and  
25 have advocated that this is, this allocation of the

1 surcharges to this residential class for a program that's  
2 aimed only at the industrials is not -- doesn't make  
3 sense, it's not aligned, it's not fair, it doesn't comply  
4 with the typical allocations that the Commission uses in  
5 its rate cases. And in that regard, I would note that  
6 the most recent Consumers Energy rate case allocated  
7 about 42 percent of the cost to the residential class.

8 MR. MacINNES: And in this case, what did  
9 you say the percentage was?

10 MR. KESKEY: Well, it's 34.5 million out  
11 of 35 million.

12 MR. MacINNES: Okay. That's almost  
13 everything.

14 MR. KESKEY: Yeah. And doing a quick  
15 calculation, if you were to take 42 percent of  
16 35 million, which is the amount of revenue to be raised,  
17 the residential class would pay 14.7 million of it. They  
18 want -- the difference between the 34.5 million and 14.7  
19 is just about 20 million. So if we can prevail with the  
20 more reasonable allocation in a very short period of time  
21 here, we could save the residential class \$20 million.

22 MR. MacINNES: Isn't this kind of shades  
23 of the cost of service case where we shifted, shifted the  
24 cost to residential from industrials?

25 MR. KESKEY: Well, every rate case will

1 do allocations on how they're going to spread the revenue  
2 requirement among the classes, and as you recall, the  
3 legislature passed an act to require the Commission to  
4 examine the allocation formula, and there was that  
5 proceeding, proceedings that determined the allocations,  
6 but they come up in rate cases still. But this is an  
7 incremental surcharge, this is not a general rate case,  
8 this is an incremental surcharge to increase Consumers  
9 Energy's energy efficiency program; and certainly we're  
10 in favor of the energy efficiency programs, we're just  
11 simply allocating [sic] there should be either a uniform  
12 surcharge or a surcharge that would be aligned with what  
13 the Commission itself decided in the most recent  
14 Consumers Energy rate case --

15 MR. MacINNES: Right.

16 MR. KESKEY: -- because it just seems  
17 just evident, seems reasonable, seems in accordance with  
18 precedent, and --

19 MR. MacINNES: So is the AG in these  
20 cases?

21 MR. KESKEY: I don't believe so, no.

22 MR. JANISZEWSKI: No, we're not, we're  
23 not planning to participate at this time.

24 MR. PASSMORE: What's the rationale, I  
25 mean when sort of asked about this, what does Consumers



1 say? What's the basis for charging residential customers  
2 to give the industrial customers the benefit?

3 MR. KESKEY: Well, in the most recent  
4 discussions last week, it was brought up that, well,  
5 everybody benefits, in other words, if we reduce loads  
6 and reduce peak, everybody benefits, which we agree with,  
7 but I said that that has no nexus and it doesn't justify  
8 the improper allocation. You can have the same program  
9 with the proper allocation. And then Consumers was  
10 saying, well, you know, we have to get a decision on this  
11 right away because we're not going to spend an  
12 incremental 35 million unless the Commission approves  
13 this and we can get greater results and more focused  
14 results on the big customers, you know, which there's  
15 truth to that; I mean you're dealing with fewer  
16 customers, but bigger loads, and they can probably do  
17 some things in their operations to save energy. But  
18 again, we're not opposed to the program, we just think a  
19 fair allocation is proper, and so it sort of goes along  
20 with that line.

21 Why is it -- why is it proposed this way?  
22 I think ABATE has a -- has had a lot of influence with  
23 the utility; it's sort of like, you know, if there's a  
24 vacuum and there's no one to oppose the proposals, it's  
25 proposed. And the Commission should be given a menu of

1 options here on this issue.

2 MR. MacINNES: Yeah, ABATE is a very  
3 powerful voice in this, we ran into that when we were  
4 doing the cost of service cases, which we've defended  
5 what, three times now or something.

6 MR. KESKEY: So this is really an  
7 accelerated, focused proceeding which has an immense  
8 impact on customers, residential customers.

9 MR. MacINNES: So could you do something  
10 meaningful in such a short timeframe?

11 MR. KESKEY: Yes. I met with our expert  
12 today, and he's been reviewing the testimony, I've been  
13 reviewing it. We will put in testimony -- we would put  
14 in testimony to advocate either a uniform surcharge or  
15 something that would mirror the last rate case, which I  
16 think would be hard to argue against, and then brief  
17 that. And the Commission will make the decision, but  
18 hopefully the Commission will have some options.

19 The second case --

20 MR. MacINNES: Before we get -- did you  
21 have a comment? You know, you're free to comment.

22 You're over there in the corner, but you have --

23 MS. KITCHEN: Well, I was curious if  
24 there was another grantee in this case as well, aside  
25 from the AG's office?

1 MR. KESKEY: At the settlement meeting,  
2 there was ABATE, MEC was there, the Consumers Energy, the  
3 Staff --

4 MS. KITCHEN: Okay.

5 MR. KESKEY: -- there might have been one  
6 or two other fringe --

7 MR. MacINNES: So what's MEC doing on  
8 this?

9 MR. BZDOK: I'm actually there for NRDC,  
10 who is in programmatically energy efficiency cases, all  
11 efficiency cases in Michigan, and our issues, we're  
12 submitting testimony on two issues tomorrow, one is an  
13 aspect of the incentive that the utility earns on energy  
14 efficiency, and so in other words, certain targets are  
15 set out, and then if the utility meets the targets, they  
16 collect an incentive because energy efficiency otherwise  
17 is simply a pass-through program for the utility, and so  
18 we have a concern about one of the targets, and then we  
19 are also submitting testimony on cost allocation.

20 MR. MacINNES: What do you think it  
21 should be?

22 MR. BZDOK: We think it should, this  
23 question of cost allocation should be deferred out of the  
24 amendment case, 17771, to the plan case, which will run  
25 on a longer schedule. And so in other words, we support

1 the increase in spending and the increase in energy  
2 savings because it's cost effective, but we don't think  
3 one class should pay for the other class's programs, or  
4 at least if that issue is going to be looked at, it needs  
5 to be looked at in the plan case, which is 18261, which  
6 is running on a longer timeframe.

7 MR. KESKEY: And one of the things that  
8 we brought up in the most recent settlement meetings is  
9 that this case, 17771, will be decided by the Commission  
10 in August. I mean it's -- deferring it is not, is not  
11 the answer. The second thing is that, because of that,  
12 the 17771 may have the impact of setting precedent as to  
13 these allocations which will then just simply be extended  
14 in the U-18261 case. And let me just explain the  
15 difference between these two dockets. 17771 is involving  
16 basically the surcharges and the programs starting in  
17 July or August going forward, and 18261 would be for the  
18 next period of years, would be for about a three-year  
19 period after 17771. So the allocation issue in the 18261  
20 is similarly extremely important and we would strongly  
21 advocate on under a fair allocation methodology, but we  
22 can't let the precedent be set in the case that's right  
23 now in 17771. Now, we have intervened in both of them,  
24 but the 18261 has a longer schedule.

25 MR. PASSMORE: So the position that you  
Metro Court Reporters, Inc. 248.360.8865

1 guys are taking and NRDC is taking, are they  
2 complementary on contradictory? You can both answer  
3 that.

4 MR. KESKEY: Well, I guess I would say  
5 our focus is on protecting the residential class.

6 MR. PASSMORE: Are they complementary or  
7 contradictory?

8 MR. KESKEY: Well, it depends if you're  
9 looking at strategic process and procedures versus the  
10 merits; in other words, if this is decided in 17771  
11 procedurally now, deferral is not the answer  
12 procedurally.

13 MR. MacINNES: Then you're --

14 MR. VILMONT: You're advocating deferral?

15 MR. MacINNES: Deferral; is that right?

16 MR. BZDOK: By deferral, we mean maintain  
17 traditional cost allocation through 17771, do not visit  
18 changing it to --

19 MR. MacINNES: Traditional would be more  
20 what you described?

21 MR. BZDOK: Each class pays for its  
22 efficiency.

23 MR. MacINNES: Yeah. Okay. I like that.

24 MR. KESKEY: And we're saying that the  
25 proposal outright is proposing \$34.5 million of the  
Metro Court Reporters, Inc. 248.360.8865

1 35 million program to be surcharged starting just about  
2 now to the residential class.

3 MR. MacINNES: Is that the same in both  
4 cases, in both (a) and (b)?

5 MR. KESKEY: Well, we're not as deep into  
6 the second one yet because that's, like I say, it's a  
7 different schedule, and we want to see if the board  
8 would support us on this, on (inaudible).

9 THE REPORTER: Mr. Keskey, can you speak  
10 up, please?

11 MR. KESKEY: Yeah. The schedule is  
12 longer in that case, so we haven't gone as far into the  
13 details. But one of the concerns is if 17771 is decided  
14 in August, which is the commitment, it could be -- if it  
15 came out the same as Consumers Energy's proposal, then it  
16 would really heavily impact that case.

17 MR. MacINNES: So what's the timing on  
18 item (b)?

19 MR. KESKEY: You know, it's part of grant  
20 (a), 18261 and U-1777 --

21 MR. MacINNES: Oh, oh, oh.

22 MR. KESKEY: -- 71 are all under (a),  
23 that's under one grant of --

24 MR. MacINNES: Okay. So what's part (b)?

25 MR. KESKEY: Part (b) is the DTE Electric  
Metro Court Reporters, Inc. 248.360.8865

1 waste reduction case, U-17762, which is a similar case as  
2 18261 perhaps with respect to schedule. The prehearing  
3 in that case will be on June 15, so the schedule has not  
4 been set, but it is looking at a forward period in time  
5 rather than right now.

6 MR. VILMONT: And can I ask a point,  
7 under item (a) the new funding for Case 17771, we  
8 currently do not have funding for that under any of our  
9 current grants, that would be a new case number?

10 MR. KESKEY: Yeah, yeah. The amended --  
11 it's an amendment to a pre-existing case, so it would not  
12 be under an existing grant, it would be a new case,  
13 because it is a new, it's a new phase of a new case.

14 MR. VILMONT: A new case under which  
15 grant number?

16 MR. KESKEY: RCG grant is 17-05. As I  
17 said, the (b) is for the DTE waste reduction case, and  
18 the interventions have been filed, we have been  
19 granted -- well, correction. Interventions have not been  
20 filed because they're not due until June 8, but the  
21 prehearing is June 15, and we'd have to get working in  
22 that case, too. There's a certain amount of synergy by  
23 being involved in both DTE and CECo, because to compare  
24 the proposals, sometimes background and research you do  
25 in one case is beneficial to the other one; the utilities

1 may have varying positions on the issue of waste  
2 reduction, which would be very helpful relative to both  
3 cases, or all three cases actually.

4 Did you want to go on to (c)?

5 MR. MacINNES: Okay.

6 MR. KESKEY: Yeah. (c) is a request for  
7 \$6,262 for the CECo Case U-18239 and the DTE Case 18248,  
8 and the Commission by consolidation basically has  
9 included 18197, and these are what we had an existing  
10 grant for from the board, we had asked for \$5,000 each,  
11 the board granted a thousand each. We have intervened in  
12 Case 18239 and U-18248. And Section 6w cases will focus  
13 on the 6w surcharges and allocations and dealing with the  
14 capacity reliability of these two utilities. And what  
15 the Commission did, and I sent you a copy of the May 11  
16 order of the Commission, what the Commission did is they  
17 pulled out these SRM issues, 6w issues out of the rate  
18 cases that were filed by Consumers Energy and also DTE,  
19 they've ordered that those issues be pulled out and be  
20 assigned to these separate dockets, and then they set up  
21 a schedule of collaboratives, sessions to be held in  
22 June, and followed by a Staff report and then followed by  
23 comments of the parties which is starting, as I said, in  
24 June here to determine these issues.

25 MR. MacINNES: So these are really

Metro Court Reporters, Inc. 248.360.8865



1 important issues in today's world in terms of making sure  
2 we have enough capacity in Zone 7?

3 MR. KESKEY: Yes. And if we don't have  
4 enough capacity in Zone 7, there could be great risk of  
5 surcharges or penalty charges or whatever you want to  
6 call them by MISO.

7 MR. MacINNES: And as we saw before on  
8 TV, we were short of capacity, but we've found some. Did  
9 you notice that?

10 MR. KESKEY: On what TV are you looking  
11 at?

12 MR. MacINNES: Well, I don't subscribe to  
13 TV anymore, but when I did, when we were working on the  
14 new energy law, there were all these commercials about  
15 Michigan energy and how we don't have enough energy and  
16 the lights could go out. Do you remember that, do you  
17 remember seeing those?

18 MR. KESKEY: Yes, I did.

19 MR. MacINNES: Okay. So we found energy,  
20 the lights haven't gone out so far, right. So but that  
21 was the case being made on the TV.

22 MR. KESKEY: The ads were very  
23 disingenuous, to be polite.

24 MR. MacINNES: Yes. So I guess I'm  
25 trying to help your case to say that we need -- we need,  
Metro Court Reporters, Inc. 248.360.8865

1 probably need somebody at the table to represent the  
2 other side of that I guess is what I'm saying.

3 MR. KESKEY: Yes. And it's actually part  
4 of the debate in the securitization case, 18250, and to  
5 some degree the PSCR case, 18142, in that if the  
6 Palisades plant does close as early as 2018, there really  
7 is not enough analysis or certainty as to whether  
8 Consumers' replacement power plan will ever be sufficient  
9 fast enough to escape capacity charges from MISO.

10 MR. MacINNES: So another question for  
11 the AG's office. Is this -- are you all in this?

12 MR. JANISZEWSKI: Yes, we're heavily  
13 involved in the 6w litigation and are well aware of all  
14 of the capacity sufficiency issues that are being  
15 addressed by the Commission in various dockets, including  
16 the 6w dockets referenced here, as well as the Palisades  
17 case, we're involved in that as well. There's also some  
18 reference to these issues in the two pending general rate  
19 cases on the electric side of Consumers and DTE Electric,  
20 and then there's also this technical conference, the  
21 18197 technical conference, and it is a very hot button  
22 issue right now.

23 MR. MacINNES: So you guys are deep into  
24 this?

25 MR. JANISZEWSKI: Very deep, yes. That's  
Metro Court Reporters, Inc. 248.360.8865

1 one of the main things we're looking at.

2 MR. MacINNES: Yeah, it's really  
3 important, glad to hear you're in it.

4 MR. JANISZEWSKI: Yes, it is.

5 MR. KESKEY: I would also note that we  
6 had filed a motion in these three dockets plus the rate  
7 case, Consumers Energy rate case and the DTE rate case,  
8 or comments, initial comments raising the procedural  
9 question as to with the Commission having pulled the 6w  
10 issues out of the rate cases, that the utility should  
11 refile their cases or amend their cases because there's  
12 information in there, there's exhibits in there, there's  
13 cost allocations in there which are based upon the 6w  
14 costs and allocation issues and tariffs and so forth that  
15 are now supposed to be done separately, and it's too much  
16 of a burden for intervenors to redo a complete utility  
17 case. There's, you know, witnesses have interrelated  
18 studies and so forth, that it becomes a real morass if  
19 you're asking for an intervenor to unravel some, the  
20 utility case for Consumers Energy or DTE Electric. And  
21 so we filed that according to the schedule that was  
22 requested by the Commission in these 6w cases, but also  
23 in the rate cases, which will be the subject of a hearing  
24 on the end of next week as to what to do about that  
25 procedural issue.

1 MR. MacINNES: So wasn't there questions  
2 at one time about whether we could intervene, could get  
3 into these cases, was there a question about that, in  
4 other words, whether they qualified under the new law?

5 MR. KESKEY: Well, I think you were  
6 qualified to do so under the old law because there's a  
7 number of Attorney General opinions, both formal and  
8 informal, that said you could get involved in cases that  
9 had a relationship to the costs, the kind of costs that  
10 impact Act 304, and I guess you can argue that under the  
11 new law, you have even more flexibility, and with the  
12 creation of MISO and these other regional transmission  
13 operations, that capacity and energy costs are related,  
14 SRM charges are related, it all affects the rate case,  
15 Act 304, and the cases directly.

16 MR. MacINNES: So does the board have any  
17 other -- any questions about these cases?

18 MR. VILMONT: Just a moment on the budget  
19 itself, the last page of our budget sheet. So previously  
20 under that particular grant, then, for the Residential  
21 Consumer Group, there are current budgeted amounts of I  
22 think 74,000 total I guess; I mean is that correct, that  
23 none of that has yet been expended or requested for  
24 reimbursement?

25 MR. KESKEY: You're talking about the  
Metro Court Reporters, Inc. 248.360.8865

1 entire grant 17-05?

2 MR. VILMONT: Uh-huh.

3 MR. KESKEY: We have some invoices to  
4 give Jim today, but a good portion of that has been  
5 expended. We filed testimony in the Palisades Case  
6 18250, we filed testimony in the PSCR Case 18142, we've  
7 done an extensive amount of discovery questions to both  
8 Entergy and to Consumers Energy, we've done discovery in  
9 both of the cases, and --

10 MR. VILMONT: How much have you spent so  
11 far?

12 MR. KESKEY: I can only give you an  
13 estimate of probably about 40,000. We had asked for more  
14 money last time because our plan for the cases were more  
15 extensive with more witnesses and more issues and sort of  
16 an expanded approach, which we cut back and changed.

17 MR. VILMONT: Right. And you had 54,000  
18 added before, correct?

19 MR. KESKEY: Yeah. It was 18,000  
20 originally in the U-18142, and that was back in August it  
21 was approved, but remember, that was long before anybody  
22 announced the Palisades PPA termination or potential  
23 closure, so those have a direct impact on Palisades, on  
24 the Act 304 costs.

25 The other thing I'd like to mention, if I  
Metro Court Reporters, Inc. 248.360.8865

1 may, is that the hearings in the securitization case will  
2 be held next week, and then there will be the briefing  
3 after that, which is on an expedited schedule, and so  
4 there has got -- there's a significant amount of work  
5 that's necessary to do the hearings and to file the  
6 briefs. And I do also believe that our testimony we  
7 filed is very -- it doesn't duplicate other issues, but  
8 it independently supplies positions and issues and  
9 exhibits which are helpful to the Commission in having a  
10 record to make a determination.

11 MR. PASSMORE: On the 6w cases, not to  
12 put anyone on the spot, but are the interests of your  
13 group and the AG in alignment, or are there different  
14 sort of things you guys are working on, or --

15 MR. KESKEY: Well, under the grant  
16 contracts and grant process set up under Act 304, there  
17 is envisioned to be Attorney General participation and  
18 participation by independent intervenors, and also  
19 cooperation and discussion which happens among -- analyze  
20 these cases and how we go forward with them. The state  
21 employees which make up the Attorney General's office or  
22 the Staff are not authorized to expend their efforts to  
23 represent private or nonprofit residential customers  
24 per se, they're supposed to represent the state position,  
25 and so sometimes there could be variances between the

1 approach, or certainly the type of issues or testimony  
2 put into the case.

3 MR. PASSMORE: So my question is in this  
4 specific instance, is that true or not?

5 MR. KESKEY: We would be focusing perhaps  
6 more on a laser basis as to the residential class and the  
7 allocations and the surcharges to be charged to the  
8 residential class in terms of the fairness and balance  
9 with respect to the other classes of customers, and I  
10 think the AG would look at that to some degree, but they  
11 would be, perhaps be looking at additional issues and  
12 maybe with a little bit of different focus than we would  
13 be.

14 MR. PASSMORE: Do you want to add to  
15 that?

16 MR. JANISZEWSKI: It's a little premature  
17 to make a specific statement I think on those specific  
18 dockets of what positions overlap or may not overlap.  
19 And in any type of case across the board, the Attorney  
20 General strongly supports intervenor participation, they  
21 always enlighten either our own issues or bring many  
22 other issues to the table, and I know everyone here does  
23 an exceptional job of doing that, so. But in terms of  
24 the, specifically the 6w cases, it is premature, it's a  
25 little bit too early to tell. I mean I'm sure we would

1 have some overlapping themes, general ideas, but  
2 typically these types of cases we do splinter off into  
3 different areas of focus.

4 MR. MacINNES: Yeah, I guess it develops  
5 as time goes on, you just -- as you get into it you see,  
6 you know, opportunities to go in one direction or  
7 another.

8 MR. VILMONT: Well, and it seems I guess,  
9 to speak very frankly about it, that's part of our  
10 difficulty on our end is making sure that (1) you guys  
11 don't have competing interests in line, and (2) that if  
12 there is a hole left by maybe the AG's more general focus  
13 on some things and focus on bigger issues and maybe there  
14 are some smaller holes need to be plugged from outside  
15 counsel, that's fine, I think that's a part of what our  
16 role is here is to help fund those kinds of things so  
17 that we have gaps that, not through error or anything  
18 else, but gaps that might need to be filled in those  
19 cases, that it's helpful to do so, and it's hard for us I  
20 think, at least for me, trying to understand what those  
21 gaps might be; I'm trying to figure out how we have those  
22 kind of discussions so that we understand where does this  
23 board's money help all in these cases in a way that makes  
24 sense and without creating competing interests or  
25 overlapping interests, so trying to understand how do we



1 ascertain that. Knowing that I know you guys can't  
2 project everything that's going to happen in a case every  
3 day, we understand that as well, but how do we reasonably  
4 apply some kind of discernment to that allocation of  
5 funds.

6 MR. KESKEY: Well, I think the grantees  
7 have in the past tried to respect that concern, which has  
8 been repeatedly stated.

9 MR. MacINNES: Yeah, we've been talking  
10 about that for five years.

11 MR. VILMONT: Yep.

12 MR. KESKEY: And --

13 MR. MacINNES: It's hard.

14 MR. VILMONT: And I don't mean to project  
15 any way that anybody hasn't made those efforts, I don't  
16 mean it in that manner at all.

17 MR. KESKEY: Yeah. The other aspect is I  
18 think if anybody had time to do a backwards look at all  
19 the case filings, you will find an amazing amount of  
20 non-duplication, focus on different issues or a different  
21 way to examine an issue such that, for example, even if  
22 the Attorney General and RCG were basically in the same  
23 general team, that the two parties focusing on and  
24 providing ammunition for the position ultimately can help  
25 persuade the Commission ultimately, whereas if only one

1 party is there trying to cover the whole waterfront, it  
2 gets watered down. And so I -- it's a valid concern, but  
3 I think it's amazing in terms of how the independent  
4 experts, while they may talk to each other, come out with  
5 different, a different way of presenting an issue or, you  
6 know, documenting why the Commission should decide one  
7 way or the other.

8 MR. MacINNES: Well, I think one of the  
9 ways to address it is making sure that you're talking  
10 with the AG's office, you know, that there's  
11 communication there, you know, what are you working on,  
12 here's what -- I mean try to dovetail each other to the  
13 extent -- I mean communication, that's I think the way to  
14 do it. I mean do you go down there, is that something  
15 you guys are doing frequently, or --

16 MR. KESKEY: Well, John and I had, and  
17 counsel for the Staff had a conference call on the  
18 Palisades case, for example, 18250, and not only about  
19 what kind of issues are you looking at, what are you  
20 going to focus on, or what kind of modeling are you going  
21 to do, but on procedural strategy.

22 MR. MacINNES: See, I would love to have  
23 this happen: Dear board members, we have, you know,  
24 we've gotten together on this, on these 6w cases, and the  
25 AG's office, we're going to cover this piece, we would

1 like to cover this piece to fill in this hole, and have  
2 you both kind of talk to us. Now, maybe that's a pipe  
3 dream, but that would really help if we could just have  
4 you both working together and say, yeah, we've met, we  
5 had a pre-board meeting conference, we talked about how  
6 we could work together, and we decided, you know, there's  
7 a lot, they're going to do this and we're going to do  
8 that and here's how it would fit together. I mean I  
9 think if you presented that to us, we would be, well,  
10 that's, you know, we'd be excited, that would get us  
11 excited, you know, these guys are working together and,  
12 you know, I mean it would be a real plan, a real team  
13 effort. And that's how we have to -- in my business, we  
14 do everything as teams, and we all complement each other  
15 and we fill out -- you know, nobody knows everything, we  
16 all fill in, and it works great and it's efficient.

17 MR. KESKEY: Yeah. And I think if you  
18 recall that the 6w cases are now by Commission order  
19 going into these series of collaborations and discussions  
20 and maybe settlement talks that, of several dates, and a  
21 Staff report that there may be, you know, there's going  
22 to be multiple opportunities for the parties to learn,  
23 for example, the positions of the utilities, the handouts  
24 that are, occur at these meetings, new facts come up, new  
25 issues, new -- and to work with the Attorney General and

1 any other intervenors on I guess you'd say a moving  
2 basis, a learning basis in these collaboratives to do  
3 just exactly that.

4 MR. MacINNES: So the challenge is often  
5 the timing of our meetings and when the information comes  
6 forward. We've run into this before. Hey, you know, we  
7 think we could do this but, you know, the meeting is not  
8 till next week or something, but we need to get in and  
9 that's (inaudible).

10 Okay. Any other questions? I think we  
11 need to kind of get down to brass tacks here and decide  
12 what we're going to do. We have \$49,000 in the kitty,  
13 and 49,920, so what do we --

14 MR. VILMONT: And the refills  
15 (inaudible.)

16 THE REPORTER: Excuse me. You guys have  
17 got to --

18 MR. VILMONT: Oh, I'm sorry.

19 THE REPORTER: You're trailing off down  
20 there.

21 MR. VILMONT: That allocation refills in  
22 essence in October, correct?

23 MR. MacINNES: Yes. So we've got --  
24 typically what we do in August is we look at the new  
25 things coming down the pike for next year, but some

1 things can come up, some things will come up, so it's  
2 always nice have some dry powder to be able to fund some  
3 things. And we still owe the AG's office 140,000 after  
4 this year, something like that.

5 MS. WORDEN: 136.

6 MR. MacINNES: How much?

7 MS. WORDEN: 136.

8 MR. MacINNES: Okay. I was close.

9 MR. PASSMORE: Can I -- Mr. Chairman,  
10 this may be too big of an issue to tackle today in the  
11 context of the decisions before us, but the earlier  
12 discussion about what do we do when a project is  
13 completed, do we, you know, let -- or do we support the  
14 idea of reallocating that money within a grant to some  
15 other project or claw that money back into the kitty and  
16 then reallocate it, and I have an opinion about that that  
17 I'd like to share. If, as I mentioned earlier in the  
18 context of the MEC discussion, if there are ongoing  
19 projects within a larger grant and the grantee feels like  
20 it would be better to shift resources within ongoing  
21 projects, that to me makes sense. If something's  
22 completed, it makes sense to me that we would claw that  
23 money back and then reallocate that to whatever we judge  
24 to be the highest priority project, that I don't think  
25 it's healthy for grantees to start the year and then get

1 a \$20,000 grant or something and they think that's their  
2 money, just, you know, and if something comes along, they  
3 get to spend it on that new thing that came along that no  
4 one anticipated. If maybe that's the highest priority,  
5 but that's our decision.

6 MR. MacINNES: Very good point. How do  
7 the rest of you feel about that?

8 MS. LICATA HAROUTUNIAN: Does it make for  
9 a more difficult operation to do it that way as opposed  
10 to the way we've been doing it, does it add complication,  
11 or not really?

12 MR. MacINNES: It probably adds some  
13 complication, but it sounds like you have the capability  
14 to work through some of that. If it's really  
15 complicated, you can speak up and --

16 MR. WILSON: I mean we can process it,  
17 it's just, like I said, it's just a matter of doing an  
18 amendment one way to the negative at one point and then  
19 if you guys do decide to reallocate it, we do a positive  
20 or a giving of a grant at a later point.

21 MR. VILMONT: And the grantees already  
22 are coming back to us here for a reallocation among line  
23 items or cases in essence in grant, so in some ways we do  
24 get that approval, for instance, that all these no-cost  
25 transfers are still transfers within, or between existing

1 cases, correct?

2 MR. PASSMORE: Well, in the case of --  
3 unless I misunderstood, in the case of the CARE project,  
4 it's certain cases are done.

5 MR. LISKEY: Yes.

6 MR. PASSMORE: And they're not  
7 transferring it from one open case to another. That's  
8 the thing that's different to me.

9 MR. VILMONT: Right, that you're opening  
10 a new case.

11 MR. LISKEY: In one instance, the UMERC  
12 case. The only reason we submitted it the way we did is  
13 because that was how we were instructed to do it.

14 MR. VILMONT: No, I understand. No, I  
15 would agree with you, Sam, I think I agree that there's  
16 some benefit in flexibility of shifting dollars within a  
17 grant between existing cases, but it's a little  
18 problematic from a paperwork perspective to me to then  
19 open up new cases with an existing grant. It's the same  
20 money, and I don't know if we're losing any control one  
21 way or another, but it does I guess promote, in some ways  
22 allowing shifting promotes an efficient use of money  
23 because I think the grantees are looking to get the best  
24 bang for their buck under the grant dollars we've given  
25 them, but I do worry that it makes, leaves a weird paper

1 trail, just all the shifting, without --

2 MR. MacINNES: Just math.

3 MR. VILMONT: Yeah, it is. And the  
4 dollars end up shaking out exactly the same, I recognize  
5 that.

6 MR. PASSMORE: Well, just, I mean I'm  
7 just taking the CARE as an example, I'm not picking on  
8 you guys, but if, you know, there's something on the  
9 order of \$27-28,000 that is unspent on things that are  
10 finished --

11 MR. LISKEY: Correct.

12 MR. PASSMORE: -- we clawed that back,  
13 took that back, we could give that to somebody else --

14 MR. LISKEY: Yeah.

15 MR. PASSMORE: -- you know, who -- it's  
16 not -- you know, for some other purpose that we judge to  
17 be more important. And I just, to me, we might end up  
18 thinking that how you're proposing to use it is the  
19 highest priority, it just, to me it's a judgment that the  
20 board should make. Now, I will say that if that's too  
21 much of a shock to the system, maybe we start that the  
22 next fiscal year or something, you know, and give  
23 everyone the heads up, but that's just my sort of view.

24 MR. VILMONT: I think LARA is saying that  
25 we do have that option currently, so we can do that. So



1 in our decisions today, we could well say no, we aren't  
2 going to allow that transfer, we pulled it back.

3 MR. PASSMORE: Yeah.

4 MS. KITCHEN: When is the new accounting  
5 system going to be adopted or in place and running?

6 MS. WORDEN: October 1.

7 MR. WILSON: October 1.

8 MR. VILMONT: So for the new fiscal year.

9 MS. KITCHEN: So that might -- you guys  
10 might have some information what would be --

11 MS. WORDEN: We really don't have  
12 information.

13 MS. KITCHEN: But then.

14 MR. WILSON: Well, yeah, we should, yeah,  
15 I mean hopefully within the next couple meetings as we  
16 start getting some training.

17 MR. VILMONT: But that's probably not  
18 going to change the rules under which our dollars  
19 operate, correct, it's just a different way --

20 MR. WILSON: It's just the way we will  
21 handle it, yeah. I'm assuming we can do it either way,  
22 the old system or new system, maybe one way will be  
23 easier versus the other.

24 MS. KITCHEN: So in the old system, you  
25 know, as I was looking through all these different cases,  
Metro Court Reporters, Inc. 248.360.8865

1 when someone closes a case, that does not then  
2 automatically generate the balance of whatever was in  
3 that grant to come back into the fund for the board,  
4 correct?

5 MR. WILSON: We can do it that way.

6 MS. KITCHEN: But you don't do it that  
7 way?

8 MR. WILSON: What we've been doing is in  
9 most cases they've been transferring funds like, you  
10 know, like they were saying. There's not a good way in  
11 the accounting system right now. Now, if a whole grant  
12 is closing and they write final on something, if I leave  
13 final on it, when the accounts payable pays it, the whole  
14 grant closes, the encumbrance comes back to your fund.  
15 But we can't do that by line, so I have to go in and do  
16 an amendment by line; if they have \$5,000, you know, that  
17 I can deduct \$5,000, but we'll do an amendment to take it  
18 out and then to put it back in wherever you guys put it.

19 MS. KITCHEN: Right. How often does a  
20 whole grant close like that?

21 MR. WILSON: Just when expiration dates  
22 on all cases.

23 MS. KITCHEN: So they either spend the  
24 money by the expiration date or it comes back to the  
25 board.

1 MR. WILSON: Correct. Or I mean they ask  
2 for extensions sometimes obviously, also.

3 MR. MacINNES: Or if they're done, we can  
4 close it.

5 MR. WILSON: Close the whole grant, yeah.

6 MR. VILMONT: But we would have to --  
7 every case within that grant would have to be closed in  
8 order for the grant itself to close?

9 MR. WILSON: Correct.

10 MR. MacINNES: Well, maybe we could just  
11 kind of -- I mean it's great, it's a great discussion,  
12 and maybe we could just go through here real quick and  
13 talk to everybody, let's get input, and just go down the  
14 line here, starting with Chris. The \$5,000 from the 2017  
15 PSCR plan Case U-18142, is that closed?

16 MR. BZDOK: No.

17 MR. MacINNES: So that's not closed.

18 Okay. How about the next one, your item (b)?

19 MR. BZDOK: Is that the PSCR  
20 reconciliations?

21 MR. MacINNES: Yeah.

22 MR. BZDOK: Oh, yeah. No, those are just  
23 starting.

24 MR. MacINNES: Well, when I say item (b),  
25 Case 17 -- so you want to transfer from Case U-17918-R,  
Metro Court Reporters, Inc. 248.360.8865

1 that's your item (b)?

2 MR. BZDOK: So that's a transfer,  
3 proposed transfer within the case, from one bucket in  
4 that case to the other bucket in that case.

5 MR. MacINNES: Okay. So your two items,  
6 (a) and (b), are not closed?

7 MR. BZDOK: Correct.

8 MR. MacINNES: Item (c), that's new  
9 money?

10 MR. BZDOK: Correct.

11 MR. MacINNES: Okay. So then let's go to  
12 CARE. So those two cases, (a) and (b), are closed?

13 MR. LISKEY: Yes.

14 MR. MacINNES: Okay. So those are  
15 closed.

16 MR. LISKEY: If I may comment. The way  
17 to accomplish what you are discussing would be to pass an  
18 amendment reducing our grant for that, those two cases to  
19 the final numbers.

20 MR. MacINNES: Okay.

21 MR. LISKEY: Do you follow what I'm  
22 saying?

23 MR. MacINNES: Right.

24 MR. LISKEY: And then, I don't know, Jim  
25 would have to do an amendment adjusting those amounts.

1 MR. MacINNES: Do we know what the  
2 amounts are?

3 MR. LISKEY: Yeah. We closed the case in  
4 February.

5 MR. MacINNES: Oh, okay. You've got --  
6 there it is.

7 MR. WILSON: We've got those.

8 MR. MacINNES: So we could do an  
9 amendment on item (a) and (b), 15,545 and 4,455.

10 MR. LISKEY: No. It would be 15,545 and  
11 then the 12,000 number.

12 MR. MacINNES: Oh, okay. Right.

13 MR. VILMONT: I guess my question is,  
14 under any grant, if we have the ability to add new cases  
15 and close existing cases infinitum, when would a grant  
16 ever be closed?

17 MR. WILSON: (Inaudible.)

18 THE REPORTER: Excuse me.

19 MR. WILSON: Like next year's grants will  
20 be 18-01, so I mean at that point in time, I mean they'll  
21 be requesting new money on next year's grant, so I mean  
22 they do close. I mean I don't know if there's a general  
23 rule per se, if a case is still open in an old year, they  
24 can ask for an extension. Does that make sense? I mean  
25 in the new money in next year, once they -- because it's

1 going to get posted shortly for them to all apply for new  
2 money for next year --

3 MR. VILMONT: Right.

4 MR. WILSON: -- now those will all come  
5 in as new year grants.

6 MR. VILMONT: So if you have -- so a case  
7 that's open under, let's say, a 16-04 grant, if that  
8 continues on to the following year and you request more  
9 money in '17, do we open it up under a new grant or is it  
10 just an extension of the 16-04 grant procedurally? I  
11 apologize, this is a procedural question.

12 MR. WILSON: It could really be done  
13 either way. Now, we had this happen with you, Chris, I  
14 think last year where we closed it on the old one and  
15 added money to the new year's grants.

16 MR. BZDOK: Our general understanding is  
17 LARA can extend administratively grants for up to six  
18 months, give or take. So -- well, we never asked for  
19 more than six on those administrative extensions, but  
20 sometimes you'll have a case where a schedule will get  
21 delayed or where the case really doesn't even open until,  
22 you know, August, right, and so in that case then -- and  
23 we've done that twice I can think of, as Jim indicates,  
24 where we come back and then we ask for the money on the  
25 other side as a fiscal year, say, '18 grant. So that's

1 right.

2 MR. MacINNES: So based on what's here,  
3 basically we have three -- or two opportunities in this  
4 whole agenda to do this, because the others are new  
5 funding. So we have the UPPCo 2017 plan case is closed,  
6 we have the WEPCo plan case that's closed, and the amount  
7 of the two, you know, 4,455 and 7,818, right?

8 MR. LISKEY: The total for those two  
9 cases is \$27,819.40.

10 MR. MacINNES: Right.

11 MR. LISKEY: And so as I understand it,  
12 you need to pass a motion to reduce grant 17-01 by that  
13 amount, and I think, and ask Jim, but I think that would  
14 unencumber that dollar amount. Now, you know, I don't  
15 know their internal bookkeeping, I don't know if it's --  
16 when that is effective, I don't know, then --

17 MR. VILMONT: Well, we can either reduce  
18 grant amount 17-01 or we can just shift between line  
19 items.

20 MR. WILSON: Depending on what route you  
21 guys want to take.

22 MR. VILMONT: Right.

23 MR. MacINNES: So it's the -- so it's 15,  
24 let's do the math here. So it's 15,545 plus 4,455 plus  
25 7,818, 27,818, and this is grant 17-01?

1 MR. LISKEY: Correct.

2 MR. MacINNES: So what we could do is --  
3 I'm not sure how we would word that motion, but grant  
4 17-01 is closed, or it would be closed?

5 MR. LISKEY: No.

6 MR. MacINNES: It would be reduced in the  
7 amount, okay, by that amount.

8 MR. LISKEY: And then if you decide to  
9 fund any of our requests, you would then need to pass  
10 another motion increasing the amount.

11 MR. MacINNES: Right. Okay. I get that.  
12 So would we want to do that and then -- I mean I guess  
13 the question is, what do you want to fund? If you want  
14 to fund some of the things, then we don't do it; if we  
15 want to move that money somewhere else, then we do do it.

16 MR. VILMONT: But that 27,818 number that  
17 Jim just added up, that comes from the other closed  
18 cases?

19 MR. LISKEY: Those two cases.

20 MR. VILMONT: And you're asking for an  
21 additional 20 grand on top of that?

22 MR. LISKEY: Yes, for the UMERG.

23 MR. PASSMORE: So we have more requests  
24 than we have money?

25 MR. MacINNES: That's correct.



1 MR. PASSMORE: That's the problem.

2 MS. KITCHEN: Yes. Could we tidy up,  
3 though, the case, the file that should have been closed  
4 back in March from Shaltz, Residential Ratepayer  
5 Consortium? If you look in your financials, it's like  
6 the fifth page in, there's it looks like \$5,418 left  
7 there, since we're pinching pennies, you could pinch that  
8 one.

9 MR. MacINNES: Yeah, that's a good --

10 MS. WORDEN: Any of those that are listed  
11 under 2017, if the grantees want to take a look at it and  
12 see, I mean there's \$382, \$5,400, and \$370.

13 MR. MacINNES: So would we need to pass a  
14 motion to do that, or can you just do it?

15 MR. WILSON: If those grants are ready to  
16 be closed and it's closing of a complete grant, they can  
17 just let me know and I can close them, and then that's  
18 how we've handled it in the past --

19 MR. MacINNES: Well, if RRC --

20 MR. WILSON: -- and then it will just  
21 come back into your fund.

22 MR. MacINNES: We don't have anybody  
23 representing RRC now.

24 MR. WILSON: Yeah.

25 MR. MacINNES: As much as I tried to get  
Metro Court Reporters, Inc. 248.360.8865

1 him back in.

2 MR. WILSON: I'm assuming that I can look  
3 at what he sent in on his last file, if it mentioned  
4 anything, but --

5 MR. MacINNES: It's been several years  
6 since he's been to a meeting. And I called him, he's now  
7 doing elder law I think.

8 MR. VILMONT: So we can close that grant?

9 MR. MacINNES: We can close that grant.  
10 So that would give us another -- is that something --

11 MR. WILSON: 5,000.

12 MR. MacINNES: Can you do that with --

13 MR. WILSON: I can do that.

14 MR. VILMONT: Will you need our --

15 MR. MacINNES: Do you need our approval  
16 to do it?

17 MR. WILSON: Well, since he's not here, I  
18 guess without him sending me anything --

19 MR. VILMONT: You would need a board  
20 action to close it.

21 MR. MacINNES: Okay. Let's start with --

22 (Multiple speakers.)

23 THE REPORTER: Guys, you're getting a  
24 little out of hand. One at a time.

25 MR. MacINNES: So where is that --  
Metro Court Reporters, Inc. 248.360.8865

1 MS. WORDEN: I can't find --

2 MR. VILMONT: So I would make a motion  
3 that we would close grant 16-05.

4 MS. WORDEN: On the front page.

5 MR. MacINNES: Oh, here it is.

6 MS. WORDEN: Yeah, it's summarized on the  
7 front page here.

8 (Multiple inaudible speakers.)

9 THE REPORTER: Are you on the record or  
10 off the record?

11 MS. WORDEN: I can be on the record.

12 MR. MacINNES: Oh, here it is.

13 MR. VILMONT: So as shown, it's grant  
14 17-05, the detail page that we have shows that there's a  
15 grant amount remaining, a balance of \$5,418.

16 MS. WORDEN: But it's 16-05, not 17-05.

17 MR. VILMONT: I'm sorry. Correct. You  
18 correct me. It's grant No. 16-05. I apologize. But the  
19 remaining balance is \$5,418, and I'd make the motion that  
20 we return that back.

21 MR. MacINNES: Put that case number.

22 MR. VILMONT: Also, that references Case  
23 No. U-17900.

24 MR. MacINNES: Consumers Energy.

25 MR. VILMONT: Consumers Energy case. And  
Metro Court Reporters, Inc. 248.360.8865

1 so I'd make the motion that we return that back to the  
2 pool of available dollars.

3 MR. MacINNES: Okay. Do we have a  
4 second?

5 MS. LICATA HAROUTUNIAN: Second.

6 MR. MacINNES: Is there any discussion?

7 All those in favor, please say aye.

8 BOARD MEMBERS: Aye.

9 MR. MacINNES: Opposed, same sign. Okay.  
10 That's a good start. Thank you, Kelly.

11 MR. VILMONT: Then I guess I'd like to go  
12 through these a moment if we could, please, before we  
13 have -- I guess grant No. 16-01 doesn't show any balance  
14 amounts. Are those cases done?

15 MR. LISKEY: Yes.

16 MS. WORDEN: That one is closed.

17 MR. VILMONT: That one is closed closed.

18 How do we have that indicated on anywhere other than just  
19 zero balances?

20 MR. WILSON: There's a note on the bottom  
21 of the --

22 MR. VILMONT: Very bottom, closed out,  
23 remaining balance. Gotcha. And I'm assuming based on  
24 that note that that 14,906.75 did come back into the  
25 fund?

1 MS. WORDEN: Yeah.

2 MR. VILMONT: So this is that. Okay.

3 Thank you. So then if we move on to grant 16-03, it  
4 shows there's a balance of \$382.46. Is there any issue  
5 that you see, Don, with closing out that grant?

6 MR. KESKEY: That grant was extended  
7 administratively until the end of June, and that amount  
8 has been spent, with the invoices coming. So there's a  
9 zero balance, in fact there was a pro bono contribution  
10 above that, so there's no money there.

11 MR. VILMONT: Okay. 16-04, we talked  
12 about. 16-05, we've dealt with. 16-06, there's been a  
13 grant extension request. Okay.

14 MR. MacINNES: That's good. Okay. What  
15 do we want to do with these no-cost transfers, this 27,  
16 the CARE 27,818, that's \$27,818 in CARE grant 17-01?

17 MR. VILMONT: Do we want to do the MEC's  
18 first?

19 MR. MacINNES: It's up to the board,  
20 whatever you want to do. I'm just thinking that if we,  
21 if we were to start here, we could decide whether we're  
22 going to take the money back or we're going to fund it,  
23 and then if we take the money back, then we can look at  
24 the others, and then if we're going to fund it, then we  
25 don't have the money.

1 MR. PASSMORE: I was doing a little math,  
2 which is a dangerous thing, but if you add up our amount  
3 available for grants of 49,000 and change, the \$5,400 we  
4 just found from Residential Ratepayers, and the 27,818  
5 that is available from the CARE, that adds up to just  
6 above \$83,000 that would be available, and if you look at  
7 all of the requests before us today, it's just short of  
8 91,000, so we're, you know, 8,000 short if we wanted to  
9 spend everything today, and to me, that's a solvable  
10 problem, you know, if we're prepared to spend everything  
11 today. And I guess my question is, in terms of past  
12 practice, I mean we are approaching the end of the year,  
13 right, would it be typical to come back in August having  
14 spent all of the money for the year, or do we normally  
15 want to hold some back?

16 MR. MacINNES: I would want to hold some  
17 back. I mean, you all as grantees, you know, do you see  
18 some things coming in the next few months or that we  
19 should be -- should we spend it all now; what do you  
20 think? Should we spend our, spend the entire amount now?

21 MR. LISKEY: Because the new fiscal year  
22 starts in October 1, your grants come out this month,  
23 your grant applications are issued this month, we need to  
24 by July 15 turn in our grant applications for beginning  
25 in October 1.

1 MR. MacINNES: Right.

2 MR. LISKEY: So it's doubtful we would  
3 have anything come out of, you know, even if a case  
4 started out of the blue in the next four to six weeks,  
5 the prehearing conference would be a month from there, so  
6 it would -- I think, as Chris mentioned, he's going to  
7 come back for one of these cases in 2018's budget.

8 MR. MacINNES: Right.

9 MR. BZDOK: We are absolutely going to go  
10 big on the DTE CON IRP, we are absolutely not going to  
11 ask you for any money in FY17, but we are going to ask  
12 you for money in FY18; we have funds lined up to carry us  
13 until then. We have a request in to you at this meeting  
14 for the DTE rate case, if granted, those funds will carry  
15 us to FY18 where we will ask you for more money for that  
16 case as well.

17 MR. MacINNES: Okay. Don.

18 MR. KESKEY: I think a lot of these cases  
19 that people have been working on are happening right now,  
20 I mean, you know, in the next couple months, the  
21 hearings, the briefing, the orders and so forth. And it  
22 is true that if new cases are filed, there has to be  
23 public notice and there's prehearings, sometimes two  
24 months down the road, so there's ability for grantees to  
25 adjust, unless their cases are going to -- are hot and

1 heavy right now and are going to be decided in the near  
2 future, so that provides the board some flexibility  
3 because the next meeting is already August and we're  
4 getting real close to the end of the fiscal year.

5 MR. PASSMORE: So I'm doing more math.

6 MR. MacINNES: You're on a roll.

7 MR. PASSMORE: So if we're prepared to  
8 spend everything that's available to us today -- and this  
9 is not a motion, this is just floating an idea --  
10 provided 25,000 to MEC, 18,000 to Don's group, and then  
11 40 to CARE, which gets you pretty close, that would be  
12 \$83,000, we'd have \$156 left over.

13 MR. MacINNES: Okay. So say that again.  
14 So what you're saying is item (c) for MEC, if you funded  
15 that --

16 MR. PASSMORE: Yeah, 25,000, shaved the  
17 grant 250.

18 MR. MacINNES: Okay.

19 MR. PASSMORE: And then the total, the --  
20 with CARE, we would basically take all the money back  
21 that hasn't been spent and then turn around and grant you  
22 40.

23 MR. LISKEY: Yep.

24 MR. MacINNES: And how much did you ask  
25 for?



1 MR. LISKEY: 47,818.

2 MR. MacINNES: Okay. So you'd be seven  
3 short.

4 MR. LISKEY: Right. We've already, as  
5 a -- on a pro bono basis, we're well beyond that, so we'd  
6 be happy with that.

7 MR. PASSMORE: Okay. And then 18 in  
8 total for, to cover most of all of the funding requests  
9 from -- yeah.

10 MR. MacINNES: Okay.

11 MR. PASSMORE: So that's an idea to kick  
12 around.

13 MR. MacINNES: So that would be put us --

14 MR. VILMONT: Right. My --

15 MR. MacINNES: Go ahead.

16 MR. VILMONT: My only other concern with  
17 that, and again, I'm not trying pick on Don here, but  
18 with Residential Consumer Group, here we've got a \$74,000  
19 grant out there that nothing's -- I mean I know billings  
20 are apparently pending, but nothing's been spent yet.

21 MR. KESKEY: Well, it's been spent.

22 MR. VILMONT: It's been spent, but not --  
23 nothing's --

24 MR. KESKEY: We're trying to --

25 MR. VILMONT: On our sheet, nothing's

1           come in.

2                       MR. KESKEY: We're trying to get all that  
3           stuff to Jim right away, some today and then some next  
4           week.

5                       MR. VILMONT: Right.

6                       MR. KESKEY: But the point is that the  
7           experts have done their work, we filed their testimony,  
8           we've been doing the discovery, we've been full blast.  
9           So what I'm saying is that the time has been spent based  
10          on that plan, cut back from because we didn't get any  
11          additional funding last time, so and now we're going into  
12          the hearings next week, then we go into the expedited  
13          briefing on a \$172 million case. I mean it's --

14                      MR. VILMONT: How long have the charges  
15          been accumulating so far that have just now been  
16          requested for reimbursement?

17                      MR. KESKEY: Well, the securitization  
18          case didn't start until February 10, that's when  
19          Consumers filed it, and it's a huge filing, and so -- and  
20          the PSCR case, our intervention was granted on  
21          November 30, so, you know, a lot of this is more recent  
22          than you -- than your grant cycle, this activity. And  
23          we've got to fix, get the bills in faster, but sometimes  
24          when you're totally occupied in doing the case work, you  
25          tend to -- sometimes that falls, delays things, too.

1 MR. VILMONT: Right. I guess because  
2 part of our other option is you say we're a little bit  
3 short, so, too, we could I mean have some of that within  
4 grant 17-05 at least reallocated for now and always come  
5 back and start your grant request for additional funding  
6 for that stuff.

7 MR. KESKEY: Well, there wouldn't be  
8 time. We would project that the 74 is not going to cover  
9 the cost, the pro bono is going to have to do the rest of  
10 it, and the hearings are next week and the briefing is  
11 immediately after that, and so what I'm saying is that  
12 you can't -- this board has traditionally not  
13 retroactively granted funds for the work, I mean it --  
14 that's the budget we planned on, and there's not waste in  
15 there.

16 MR. MacINNES: I guess I'm thinking we  
17 proceed with the plan that you laid out. I mean --

18 MR. VILMONT: No, no, I agree.

19 MR. MacINNES: Good comments, and we'll  
20 be more careful as we go forward. We're learning -- you  
21 guys are doing great, you're learning more.

22 MR. VILMONT: Oh, we appreciate  
23 everybody's input. I mean we recognize that we are new  
24 and need some education on our process.

25 MR. MacINNES: So maybe to start with,  
Metro Court Reporters, Inc. 248.360.8865

1 then, the first thing to do is to pull back the 27,818  
2 from the CARE 17-01, and so we could pull that money back  
3 since those cases are closed and add those to the kitty,  
4 and then we can go ahead and do the grants. How's that?

5 MR. PASSMORE: I think so.

6 MR. MacINNES: So we need a motion to  
7 close the cases -- and correct me if I don't do this  
8 right, John -- to close the UPPCo 2017 plan Case No.  
9 U-18147, and the WEPCo 2017 plan Case No. U-18148, and  
10 the WEPCo -- well, the same WEPCo, I guess we don't have  
11 to repeat that, and so closing those two cases and  
12 returning 20 -- returning 27,818 back to the fund, and  
13 those cases are all in item 17-01, that request 17-01; is  
14 that the -- is that the way to do that?

15 MR. LISKEY: I think -- it's up to Jim,  
16 but I think what you want to do is reduce the total grant  
17 amount of 75,000 by 27,819.40, whatever that math is.

18 MR. VILMONT: To reflect the closing  
19 of --

20 MR. LISKEY: To reflect the --

21 MR. VILMONT: -- those two cases?

22 MR. LISKEY: Exactly.

23 MR. VILMONT: Okay. Correct.

24 MR. LISKEY: And then probably part of  
25 your motion, to instruct LARA to make those funds

1 available immediately or --

2 MS. KITCHEN: So you would reduce the  
3 budget to 47,182.

4 MR. MacINNES: So we need to -- so who  
5 wants to make the motion?

6 MR. VILMONT: You can do that motion,  
7 can't you?

8 MR. MacINNES: Well, Paul Isely has done  
9 such a good job, where's my motion man when I need him.

10 MR. VILMONT: I can make that motion,  
11 that we reduce the grant amount of grant 17-01 by the  
12 amount of \$27,818. It's not quite exact, right?

13 MR. PASSMORE: It's (inaudible). It's  
14 this number.

15 MR. VILMONT: Yeah. \$27,819.40, and to  
16 reflect the closing of plan Case U-18147 and 18148.

17 MR. MacINNES: And instruct LARA to --

18 MR. VILMONT: Return that to the pool.

19 MR. MacINNES: -- return that to the  
20 board.

21 MR. VILMONT: The board.

22 MR. MacINNES: Okay. So we have a motion  
23 on the floor. Is there a second?

24 MS. LICATA HAROUTUNIAN: Second.

25 MR. MacINNES: Is there any more

1 discussion?

2 All those in favor, please say aye.

3 BOARD MEMBERS: Aye.

4 MR. MacINNES: Opposed, same sign. Okay.

5 So now -- so we've got the fund up to how  
6 much now, just so we're keeping track of the math as we  
7 go here?

8 MS. KITCHEN: 64,036-ish.

9 MR. MacINNES: How much is it?

10 MS. KITCHEN: His number is different  
11 than my number that he started with. 64,036.

12 MR. PASSMORE: Oh, no, did I do something  
13 wrong?

14 MS. KITCHEN: No. Maybe I did something  
15 wrong. Let me re-add this.

16 MR. MacINNES: It's 49,920 --

17 MS. KITCHEN: Plus 5,418.

18 MR. MacINNES: -- plus 5,418, plus --

19 MS. KITCHEN: 27 --

20 MR. MacINNES: -- 27 --

21 MS. KITCHEN: That's the amount I didn't  
22 know.

23 MS. WORDEN: 819.40.

24 MR. MacINNES: 27,8 --

25 MS. KITCHEN: 19.40.

1 MR. MacINNES: -- 19 --

2 MS. KITCHEN: So it's 83,157 and 40  
3 cents.

4 MR. PASSMORE: Yeah.

5 MR. MacINNES: Okay. So let's see what  
6 that is. 28,91 -- I thought --

7 MR. VILMONT: 27,819.4.

8 MR. MacINNES: Okay. So it's 27,819.4.  
9 Okay. Sorry. Let's do this again.

10 MR. PASSMORE: That's the total that's  
11 before us.

12 MR. MacINNES: 83,157 is what I've got.

13 MR. VILMONT: Yes, and 40 cents.

14 MR. MacINNES: And 40. So that's our new  
15 balance. Okay. That's the kitty. So now we need to do  
16 the grants.

17 MR. VILMONT: I guess for now, we can  
18 talk about how we want to do this in the future, I agree  
19 with you 100 percent, I would offer to make a motion that  
20 we start back up at MEC and do the two no-cost transfers  
21 within that grant.

22 MR. PASSMORE: Yeah, makes sense.

23 MR. VILMONT: I'd like to look at  
24 (inaudible.)

25 THE REPORTER: Guys, I'm down here.

1 MR. VILMONT: Sorry. Yeah. I'd like to  
2 look at how we do that in the future, but for now I guess  
3 I'll make a motion that under grant 16-04, that we allow  
4 that no-cost transfer of funds of \$5,050 from Consumers  
5 Energy Case U-18142 to the DTE Electric PSCR plan Case  
6 U-18143. So start with that.

7 MR. MacINNES: And --

8 MR. VILMONT: We could also, within that  
9 same motion, we could also do the no-cost transfer of  
10 \$1,800 from expert to legal in PSCR Case U-17918-R, and  
11 another no-cost transfer of \$1,800 from expert to legal  
12 in DTE Case U-17920-R.

13 MR. PASSMORE: Second.

14 MR. MacINNES: Is there further  
15 discussion?

16 All in favor, please say aye.

17 BOARD MEMBERS: Aye.

18 MR. MacINNES: Opposed, same sign. Okay.

19 MR. VILMONT: Now we're on the new  
20 funding issues.

21 MR. MacINNES: So we have, what was the  
22 number, 83?

23 MR. BZDOK: Thank you.

24 MR. VILMONT: 83,157.40.

25 MR. MacINNES: Okay. So let's see here.



1 We have -- so do we have a motion for new funding for the  
2 MEC?

3 MR. PASSMORE: Can I -- can just do -- I  
4 mean I'm prepared to make these motions, but just so we  
5 know what's coming, can I -- so the -- what I would  
6 propose is that we grant 25,000 to MEC, a total of 40,000  
7 to CARE, probably in two \$20,000 --

8 MR. VILMONT: There's only one.

9 MR. PASSMORE: Well, it would be one  
10 action but for two different lines, and then a total of  
11 18,000 to -- why do I have trouble with what RCG stands  
12 for?

13 MR. KESKEY: Residential Customer Group.

14 MR. PASSMORE: Residential Customer  
15 Group. But those would be the motions that would be  
16 coming, and that would total 83,000.

17 MR. MacINNES: Right.

18 MR. PASSMORE: Is everyone --

19 MR. MacINNES: I think that sounds good.

20 MR. PASSMORE: So I would move that we  
21 grant 25,000 to Michigan Environmental Council for the  
22 new DTE Electric general rate case, U-18255.

23 MR. MacINNES: Okay. We have a motion.  
24 Do we have support?

25 MR. VILMONT: I'll support.

1 MR. MacINNES: Is there any discussion?

2 MR. VILMONT: Just as a point of

3 clarification, it does fall under grant 16-04, correct?

4 MR. BZDOK: 17 --

5 MR. WILSON: 17-04.

6 MR. VILMONT: Sorry. 17-04. Thank you.

7 MR. MacINNES: Okay. Do we have support?

8 MS. LICATA HAROUTUNIAN: Support.

9 MR. MacINNES: Any discussion?

10 All those in favor, please say aye.

11 BOARD MEMBERS: Aye.

12 MR. MacINNES: Opposed, same sign. Okay.

13 MR. BZDOK: Thank you.

14 MR. MacINNES: Thanks for bearing with us  
15 here, everyone.

16 MR. VILMONT: Thanks.

17 MR. MacINNES: Okay. CARE.

18 MR. PASSMORE: Let me try this one. I  
19 would move that we grant a total of \$40,000 to, under the  
20 grant 17-01, 20,000 in which is for UPPCo PSCR Case  
21 17911-R and 20,000 of which is for the UMERC certificate  
22 of necessity Case U-18224. Is that --

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

25 MR. VILMONT: Support.

1 MR. MacINNES: Is there any discussion?  
2 All those in favor, please say aye.

3 BOARD MEMBERS: Aye.

4 MR. MacINNES: Opposed, same sign. Okay.  
5 Residential Customer Group.

6 MR. PASSMORE: Okay. I want to -- yes.  
7 So I would move that we grant 18,000 total, dollars total  
8 to Residential Customer Group under the grant 17-05,  
9 6,000 of which is for the Consumers Energy Company waste  
10 reduction Case U-18261, 6,000 of which is for DTE  
11 Electric waste reduction, Case 17762, and 6,000 of which  
12 is for the 6w cases, U-18239, U-18248, and U-18197. Did  
13 I get that right?

14 MR. MacINNES: We have a motion. Do we  
15 have support?

16 MR. KESKEY: Only correction is that item  
17 (a), the 6,000 is for both U-18261 and U-17771.

18 MR. VILMONT: I'll second the motion, and  
19 if we want to go into discussion then.

20 MR. MacINNES: Okay. Discussion. So  
21 it's 6,000 for each is the way we would do that.

22 MR. VILMONT: 3,000 between the 17771 and  
23 the 18261.

24 MR. KESKEY: That's correct.

25 MR. MacINNES: Oh, okay. Right.

1 MR. PASSMORE: Gotcha.

2 MR. VILMONT: So I believe for discussion  
3 purposes, just to clarify, so that would be for Case No.  
4 U-17771 would be \$3,000, Case U-18261 is \$3,000;  
5 additionally under the new funding for the DTE waste  
6 reduction, that is \$6,000 under U-17762, and for the new  
7 funding for the CECo case, will that be divided then  
8 \$2,000 each to U-18239 and U-18248 and U-18197.

9 MR. KESKEY: That's a total of 6,000,  
10 that's true, although these dockets will be probably  
11 discussed in the collaborative as like one, as one  
12 combined.

13 MR. VILMONT: But I think from a  
14 budgeting perspective, you need line items, correct?

15 MR. WILSON: Yeah, I'm going to have to  
16 have --

17 MR. KESKEY: Yeah.

18 MR. WILSON: -- because we already have  
19 two separate case numbers for two of those on there  
20 already, so I mean I can't have all the money flowing  
21 through one versus the other, so you're going to have to  
22 figure out a budget to be submitted.

23 MR. KESKEY: Yeah, that's fine.

24 MR. VILMONT: So 2,000 for each of those  
25 cases for now per line item just from a bookkeeping

1 perspective.

2 MR. MacINNES: Okay. So we've had some  
3 discussion, we've had motion, support, discussion. Is  
4 there anymore discussion?

5 Okay. All those in favor, please say  
6 aye.

7 BOARD MEMBERS: Aye.

8 MR. MacINNES: Opposed, same sign.

9 Okay. I think we just spent our  
10 remaining money.

11 MR. PASSMORE: We have \$157.40.

12 MR. MacINNES: Okay. Reports. I know  
13 the hour is getting late here, it's 4:00 o'clock. Are  
14 there any special reports that grantees need to make at  
15 this point or want to make?

16 Is there public comment, any public  
17 comment?

18 Okay. The next meeting is scheduled for  
19 August 7. And Kelly Jo, did you --

20 MS. KITCHEN: Yeah, there might be a  
21 discrepancy for the August 27 or 28 meeting because of  
22 dockets, and she is going to be at a -- you're going to  
23 be doing something.

24 THE REPORTER: Yes. You can get someone  
25 else, but I think some of the grantees are involved.

1 MR. MacINNES: So the question might be,  
2 do we need to reschedule that meeting I guess. When was  
3 the meeting scheduled for, do you know? August --

4 MS. KITCHEN: I think it's the 28<sup>th</sup>.

5 MR. MacINNES: 28<sup>th</sup>, yes. So how does  
6 that work with people, the 28<sup>th</sup>?

7 MR. LISKEY: Fine by me.

8 MR. MacINNES: But you can't be there?

9 THE REPORTER: No.

10 MR. MacINNES: Could you be there the  
11 29<sup>th</sup>?

12 THE REPORTER: No. That whole week is  
13 out.

14 MR. MacINNES: That whole week. Okay.  
15 How about -- and then September, we don't want to get  
16 into September. What about Friday, August 25?

17 MS. KITCHEN: That's a Thursday. Oh, no,  
18 that's a Friday. Sorry.

19 MR. MacINNES: That's a potential.  
20 Because I will be out the week before. Is there anybody  
21 else that can do the court reporting?

22 (Discussion with reporter regarding schedule.)

23 MR. MacINNES: I'm wondering, it's hard  
24 to move the meeting. I know my schedule is pretty tied  
25 at both sides. And if maybe we could have you, Kelly Jo,  
Metro Court Reporters, Inc. 248.360.8865

1 take some key minutes?

2 MS. KITCHEN: Absolutely.

3 MR. MacINNES: Could you do that?

4 MS. KITCHEN: Yes.

5 MR. MacINNES: I mean it's not like we're  
6 going to be giving grants.

7 MR. LISKEY: You are.

8 MR. MacINNES: What's that?

9 MR. LISKEY: On the 28th?

10 MR. MacINNES: Well, I guess we will be,  
11 yeah. The next one we won't be, the August 7 we won't be  
12 making grants, it will be the 28th. That's right.

13 THE REPORTER: The 25<sup>th</sup> is open.

14 MR. MacINNES: The 20 what?

15 THE REPORTER: The 25th, you had  
16 mentioned the 25th.

17 MR. MacINNES: Yeah, that would work. I  
18 don't know how people feel about that. How does the  
19 board feel about the 25<sup>th</sup>?

20 MR. VILMONT: That would work.

21 MR. MacINNES: Would that work? Would  
22 that work for you, Chris?

23 MR. BZDOK: Uh-huh.

24 MR. MacINNES: Don?

25 MR. KESKEY: Uh-huh.

1 MR. MacINNES: Okay. Well, let's do that  
2 then, let's move it to Friday, August 25<sup>th</sup>, same time,  
3 12:30.

4 Okay. Any other business we should talk  
5 about?

6 Okay. Do we have a motion to adjourn?

7 MS. LICATA HAROUTUNIAN: So moved.

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

10 MR. BZDOK: Thank you.

11 MR. LISKEY: Thank you.

12 (The meeting was adjourned at 4:00 p.m.)

13 - - -

14

15

16

17

18

19

20

21

22

23

24

25



1 STATE OF MICHIGAN )  
 )  
 2 COUNTY OF MACOMB )

3 I, Lori Anne Penn, certify that this  
 4 transcript consisting of 137 pages is a complete, true,  
 5 and correct record of the proceeding held on Monday, June  
 6 5, 2017.

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 June 9, 2017  
 18 Date

*Lori Anne Penn*

---

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