STATE OF MICHIGAN

UTILITY CONSUMER PARTICIPATION BOARD

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MEETING OF MONDAY, AUGUST 7, 2017

12:42 P.M.

611 West Ottawa, 4th Floor
Lansing, Michigan

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PRESENT: James MacInnes, Chairperson
Paul Isely, Board Member
Sam Passmore, Board Member
Susan Licata Haroutunian, Board Member
Kelly Jo Kitchen, Board Assistant
T. J. Andrews, Michigan Environmental Council (MEC)
Lydia Barbash-Riley, MEC
Don Keskey, Residential Ratepayer Consortium (RRC)
Great Lakes Renewable Energy Association (GLREA)
John Liskey, Citizens Against Rate Excess (CARE)
Shawn Worden, LARA

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

Lansing, Michigan

Monday, August 7, 2017

At 12:42 p.m.

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MR. MacINNES: Okay. Let's go ahead and bring our meeting to order here, the August 7 UCPB. And we will start with a roll call of the members, and maybe start on that side.

MS. LICATA HAROUTUNIAN: Okay. Susan Licata Haroutunian, I'm an attorney, and I'm from Detroit.

MR. ISELY: Paul Isely from Grand Rapids.

MR. MacINNES: Jim MacInnes, chair.

MR. PASSMORE: Sam Passmore, board member.

MS. KITCHEN: Kelly Kitchen, assistant to the board.

MR. MacINNES: Don.

MR. KESKEY: Don Keskey on behalf of the Great Lakes Renewable Energy Association and also the Residential Customer Group.

MS. BARBASH-RILEY: Lydia Barbash-Riley on behalf of the Michigan Environmental Council.

MS. ANDREWS: T. J. Andrews, also on behalf of Michigan Environmental Council.

MR. LISKEY: John Liskey on behalf of the Citizens Against Rate Excess.

MS. WORDEN: Shawn Worden on behalf of LARA.

MR. MacINNES: Okay. Hopefully everyone received the minutes and the correspondence. And I wonder if we could get a motion to approve.

MS. LICATA HAROUTUNIAN: I so move.

MR. MacINNES: Is there support?

MR. PASSMORE: Yes.

MR. MacINNES: All those in favor, please say aye.

BOARD MEMBERS: Aye.

MR. MacINNES: Oppose, same sign. Okay.

I want to just take a few minutes here and give some insights. I attended the Electrical Engineers Power and Energy Society Annual Conference in Chicago about two weeks ago, and there were 3,000 power engineers from all over the world doing a lot of interesting things. Here's the little books, there was a lot of sessions, and you couldn't begin to attend them all, but some really interesting material in there, some of which I sent to the board on the areas that I focused on trying to attend.

I attended an all-day session on Sunday

on power electronic converters, and a power electronic converter is like basically a smart inverter, but there are a whole lot of different ones; there are really big ones, like you'd have at a high-voltage DC converter station, so high-voltage DC converter station is used in transmitting bulk power long distances. For example, one of the people who received an award at the banquet there, a Chinese power engineer, he was not able to be there because he was working on a power transmission line, a million-volt power transmission line that would send the equivalent of 12 nuclear power plants' worth of power a thousand miles, so he was busy working on that project. That's a big project. Right now they have I think three or four of these high-voltage DC lines. And what happens is you have AC in the grid, and then through these converter stations, which are power electronic, one form of power electronic converter, you change the AC to DC and you transmit it over wires at 800,000, 600,000 volts to a million volts, and once -- you know, with AC the wave forms like this, so the actual power that you transmit is, it's about 70 percent of the peak of the wave form. With DC the wave form is like this, so you can transmit more power per unit of time with DC because it's not varying, it's constant. And you can actually -- it's kind of a point-to-point kind of a thing, so. And

these have been around for a long time.

When I was in engineering school 40 years ago our professor took us to what's call the Sylmar converter station, and that transmit, at that time it transmitted about more than one nuclear power plant's worth of power 900 miles from Sylmar, California, to Celilo, Oregon, and basically they moved nuclear power from California and hydro power back to California, and they could move back and forth as they liked. And so back then it was mercury arc valves that were as big as a Volkswagen that were the converters, pieces, and now they're solid state, called IGBTs. So the, you know, the technology has developed significantly over the last 40 years. It's actually been around longer than 40 years.

MR. PASSMORE: Are they still as big as Volkswagens?

MR. MacINNES: Well, they're transmitting more power, so yeah, they're pretty big. And actually we have one in Michigan, which I'm trying to get a tour of, it's up in, up in the U.P. there at -- what's the big --

MR. LISKEY: St. Ignace.

MR. MacINNES: St. Ignace, it's up in the U.P. And basically what they do is they run AC from Wisconsin over to this back-to-back -- actually the same space, the same area project -- back-to-back DC

converters, and they can actually control the power, the AC on the other side, they can really control how much the wires are loaded, because it's a weak transmission up there so they don't want to overload the wires, so they have this converter, it's kind of a special converter that will allow them to really control the power on the wire from Wisconsin, the little wire from Wisconsin, and then so they control it and then they can actually flow it across the Mackinac Straits into the Lower Peninsula. So I tried to get a -- I think we'll still get a tour, our IEEE West Michigan section, but they won't allow to you to go in unless it's on -- it's being upgraded or it's being maintained, which occurs every few years, but they told me sometime this summer we might be able to do it. So that's kind of a pretty neat thing. But they have them around the United States, some, but we probably need more of them. So that's one type of power electronic converter.

Another type would be if you have solar panels and you want to put the solar panels, you know, create your own little grid and have the solar panels provide -- the key things that you need to provide on the grid would be frequency support to keep the grid at the right frequency, and that, you do that by putting more power, real power into the grid. That's like more steam

in the boiler in the old power plant scenario, more steam in the boiler, more power in the turbine. So that provides frequency stability. And then you have voltage support, and the voltage support comes from putting reactive power in, and that -- because as you go down the line, you need more reactive power to support the transmission of the power, otherwise it -- there are losses in the voltage drops, so you need to inject reactive power in some cases. And then you also -- it's nice to have fast ramping capability so that if things change, you can, you know, give it more power, real power or reactive power. So that's something that power electronic converters can do really fast, like instantaneously, unlike big, large machines which take, you know, as a big rotating thing, these can do it like right away. And then you have fault ride-through capability, which means if somebody shorts the line, it will, the solar panel and the power electronic converter will put up with the short-circuit for a while and still be online without damaging it. And then you have what's called virtual inertia.

So one of the things about the grid is that if something gets disturbed, right now we have these large synchronous machines, big steam turbine generators, a thousand megawatts, like you have in a nuclear plant or

a large coal plant, and if the grid is disturbed, these rotating huge pieces of metal are rotating real fast, 300 to 600 RPM, and they will just run, you know, they will provide stability to the grid and because they're just a big, inertia thing. Well, what's happening is, as we know, a lot of coal plants are being retired, nuclear plants are now getting a lot more expensive to build, like the Vogel plant in Georgia, or Alabama I guess it is, they're talking about a $25 billion cost for two units there, which is about $7,000 or $8,000 a kilowatt, so it's very expensive to build these nuclear plants, and coal plants are expensive, too, and plus there's issues with coal, pollution issues; and so what's happening is these large rotating machines, large plants that are, many of which are 30 or 40 or 50 years old, especially in Michigan, they're being retired, so these large rotating machines are becoming less and less available, and they're being replaced by smaller so-called distributed energy resources, DERs. DERs could be, it could be a small, you know, diesel generator, could be solar panels, wind turbines, it could be batteries, it could be demand response, that sort of thing, so you cut the demand. So these DERs, they're -- but they're usually a much smaller capacity, whatever they are, and so the big machines are going away and they're being replaced by the little

machines, generally speaking. So the problem with these little machines is they don't play well with the grid, they don't interface well, because they don't have the big rotating piece.

So the new power electronics that are being developed -- and I actually spent time with a fellow, a Chinese fellow who is a professor at Illinois Institute of Technology, and he's come up with -- and there are others -- but he's come up with a power electronic converter that he calls a virtual synchronous machine. So the big generators are called synchronous machines, synchronous generators. He's come up with a virtual synchronous machine, and it's a power electronic converter that can provide all of these things that I talked about, frequency support, voltage support, fault ride-through, virtual inertia, but being smaller, it takes a lot more of them to supply the same amount, so you need everybody to be using them. So you have a lot more of these generators and loads and batteries and all these things, and you interface them with the grid using these new power electronic converters, and each one can provide virtual inertia to some smaller degree, and when you add them all up, and assuming they all work well together, then it stabilizes the grid and will take the place of the large rotating machines. That's going to

happen over time, it's happening right now. And I attended several sessions on this, including one session on primary frequency control where there were seven presenters and this fellow from IIT was one of the presenters. So it's the real deal, you know, it's not just one guy doing it.

MS. LICATA HAROUTUNIAN: Jim.

MR. MacINNES: Yes.

MS. LICATA HAROUTUNIAN: Does that make a difference in terms of the vulnerability of the grid when you add all these little ones instead of the few big ones?

MR. MacINNES: So that's a really good question. So here's how that would work. So typically, you know, you'll have a main control, like, you know, the RTO, MISO, and they will dispatch generators as they need to from their control room, the big stuff, right. So but one of the nice things about these power electronic converters is, especially the new ones that are being developed, is that they can provide on their own without communication links the low-level controls, such as frequency control, voltage control, fast ramping capability, there will be algorithms in them that will all, that will just read the voltage, you know, read a couple of things on the grid that they're connected to,

and they will be able to respond with what's needed, whether it's more power or more reactive power or quick ramp or whatever, so you won't need to communicate with them to keep things stable. That's a big thing.

MS. LICATA HAROUTUNIAN: Okay.

MR. MacINNES: Now, if you have -- there's a very large solar project in, that's existing, it's 219 megawatts, it's existing in Arizona right now, and they have -- and I attended a session put on by one of the designers of it that's operating the plant -- and they have power electronic converters, not quite as sophisticated, but close to what I just described, and they've actually run it in that mode where it provides the, what I would call grid stability services, these are called ancillary services. So, you know, you've got ancillary services to keep the grid stable, and that's why everybody wants the big plants. Say, well, what are you going to do when you put wind turbines on there or whatever; well, you have to have something that will allow them to play well with the grid, and that's what these power electronic converters do. And they've been around a long time, so but they're becoming more and more sophisticated.

So with reduced number of -- I mean if these things can take care of the basic, most important

things on their own, which frequency control, voltage control, fast ramping capability, those are the big three that you want to take care of, and they can do those on their own and quick, and the sooner that you do it, like if you have a disruption, the sooner you react, the less disruption you get. So where a big rotating machine that weighs tons could take a couple of few seconds to react and things could get out of whack pretty good in a few seconds, these things react instantaneously essentially.

MS. LICATA HAROUTUNIAN: Wow.

MR. MacINNES: Yeah. So it's -- so that means even with a smaller one, you can get quicker response to stabilize things quicker, which makes a difference when you're doing primary frequency control. So that's -- so there was a lot on power electronic converters and their use.

I met with a fellow from MISO, just retired from MISO, his name is Dale Osborn, and he's a guru on transmission, and he talks a lot, he's done a lot of work on high-voltage DC transmission and talked about a nationwide high-voltage DC transmission overlay on top of our existing grid so we can move power -- for example, if we can get a nice connection with Southern California Edison, there's a huge opportunity to save building power plants in Michigan. Now, we have to build some

transmission, but between the Michigan utilities, Consumers and DTE, and Southern California Edison, there's some tremendous benefits. It's called -- let's see what the name of it is. It's like -- oh, it's called load capacity diversity. So when we need the power here, they don't need it in Southern California Edison, they can move it out, and vice-versa. It's called load capacity diversity. So there's a lot of opportunity around the grid for load capacity diversity, to take advantage of existing power plants whose capacity is under-utilized rather than, you know, building a new power plant for a peak capacity.

And new power plants are expensive, even new gas turbine plants are expensive, and then once you make that commitment to a new plant, you know, you're into it for, let's say, a power plant and/or a pipeline that lasts 80 years, you have this sunk cost that, you know, is not -- I mean it might be better to use existing assets, use them for the rest of their lives and not have to build new assets for a while, and by then, things might change. The technology is changing so quickly that there might be opportunities to do things more with demand response.

Oh, speaking of demand response, another thing we talked about on these power electronic

converters is that right now with demand response, you either -- it's like I do it at my business in snowmaking, I've been doing it for almost 20 years, and so it's like, oh, okay, we're going to have a peak on the grid and the cost is going to be, it used to be $11 a megawatt -- $11 a kilowatt, and so I would have our eight snowmakers shut off our entire snowmaking system for two hours. So I'd send them out, we have pumps, big pumps, we have lights on the hill, we have 140 snow guns, many of which are 30 horse power, and I'd send them out -- and they got real good at it -- they'd go out and they'd shut everything down, go quiet, and we'd do it because we knew, we worked with our utility, Wolverine Power, and they gave us a little computer model saying when they thought the peak would be, and so we could shut that down, and these events, each one of these events that we were successful at, most of which we were, saved us about $35,000 or $40,000 for 15 minutes that we were off. So it's real stuff.

MS. LICATA HAROUTUNIAN: Wow.

MR. MacINNES: So what you do is you shut it off like, like that, you just shut it off. And that's hard on a lot of people's processes, like if you were making something, you're making widgets, to just shut your whole line down, it's really hard to do.

So one of the things about power electronic converters is that you can start to use those to control motor loads, which are about 60 percent of the energy consumption in this country, and then you can also use them to control lighting loads, and so what you can do is you can actually, using the converter, you can just kind of move them down, modulate them rather than shutting them off. So you can use power electronic converters to help with grid control because, you know, you can either add more power plants or you can cut the load, and if you do a little, you know, if you do a little of both, you provide a little more power and then you cut the load, it really helps to balance the grid. So that's another real big advantage.

So what we're -- and we're already using power electronic converters on loads, I have them on my chairlift, they're variable -- they're called variable frequency drives; I have them on my snowmaking pumps, we have variable frequency drives; I use them on my lighting, I have a lot of LED lights in my business, and they have variable frequency drives on them. So we're already doing this. It would need to be modified, you know, a little bit different type of drive, but the concept is there, and it's already working. So that's how we can manage the stability of the grid by having

intermittent distributed energy resources.

So this is -- you know, I mean I'm seeing where it's going, it's already going this way, but this is a very interesting future as opposed to building a $25 billion two-unit nuclear plant. Right now those are not cost-effective. If they are able to develop small modular reactors and do things incrementally, maybe that would be another opportunity, but who knows how that's going to be.

Another thing we talked about is distribution system planning, when you put solar panels on the distribution system, because, you know, you have radial distribution systems typically, and you start putting solar panels on there, it starts to create voltage, you know, changes in the distribution line, and so you could have high voltage one place, low voltage, it's hard to get the voltage stabilized along the whole line when you start putting a bunch of solar panels on, so that's another use for a power electronic converter, because when you have the right ones with each solar panel, you can have them adjust so it will stabilize the voltage all along that radial line, and that's already happening, too.

It's funny, I had -- one of the fellows gave us a video of what happens, it's quite interesting,

I can show you that if you want to see it. It's quite, you know, how it changes along the line.

Another thing that there's been a lot of discussion about is -- some of you may know about Mark Jacobson and his hundred-percent wind, water, and solar work which he's done, he's from Stanford, he's done some really good work, and he actually was at the nuclear conference at MSU -- at U of M last year, I had a chance to talk with him briefly. But there is kind of a discussion going on right now in the industry about, hey, should we shoot for 100-percent renewable or should we shoot for reducing carbon by 80 percent as quickly and cost-effectively as we can. So there was some discussion about that at the meeting, and there is a fellow who was the former NOAA scientist, his name is Christopher Clack, and he's done -- he's an operations research guy, which is a network optimization person, and he's created this model that includes weather, a very complex model, somewhat like the MISO model that they use for optimizing the MISO network, but not as quite as complicated as that, where he's making the case that we might be better off to, if we're concerned about carbon, we might be better off to shoot for 80-percent carbon reduction using, and you can set the parameters you want to solve for, whether it's low carbon or low cost or what have

you, that we might be better off doing it quicker and shooting for maybe, rather than 100-percent renewables, that you go for 80-percent carbon reduction, and that might mean a different mix, it might mean you're still going to be burning some coal or some gas, natural gas. And so there's been quite a bit of discussion about that, and that's kind of the all-of-the-above approach, but you can go ahead and model, okay, what do you want, I want to reduce carbon by 80 percent, okay, you can to it by -- it will tell you the generation mix that you can set up this model, and it does include some transmission, of course, too, to be able to do that.

So as an example, I can give you a practical example, I just got a note from my electricty supplier, Cherryland Electric, and they have indicated to me that they are going to be providing our business with 57 percent carbon-free electricty starting in January of 2018.

MR. PASSMORE: That's terrific.

MR. MacINNES: Yeah, I thought so. And they said, oh, by the way, in 2016 we provided your business in 2016 with 30 percent zero-carbon energy in 2016. I said oh, that's pretty good, good start. Because we do a lot of things with electricty, and like we're building a new heat pump system that's going to use

all electricty for heating and cooling, and to power that, it's a renewable energy system, but to power it with 57 percent clean energy is kind of remarkable. So the way they're doing that, though, is 20 percent renewable energy, 37 percent nuclear energy, 17 percent natural gas, and 26 percent coal. So they, what they did is they contracted from -- for some available nuclear power to supplement, which is zero carbon essentially. I know nuclear has other issues but, you know, what's the most important, you know. And it's going to be pretty cost-effective, too, so that can be done.

And so there's that discussion about a hundred percent -- used to be, hey, a hundred percent wind, water, and solar, let's go for it; well, that can be rather expensive and take a while because you've got all these intermittency issues with renewables, so the better part of valor might be to go for an 80-percent carbon reduction and deal with some gas plants and some coal even.

There is going to be a study out soon from the National Renewable Energy Labs, it's called NARIS, and that will be out in October, it's called the North American Renewable Integration Study. So what that's going to do is it's going to look at the grid in North America and how we can share power from other

areas. Like Canada's got a lot of available hydro, there's a lot of hydro in Canada, and we're already, this country is already buying a lot of hydro, it doesn't have -- I mean there are some issues with hydro but, you know, it's pretty much zero carbon. So this study, the NARIS study will be out in October, and if anybody's interested in that, that's going to be I think very informative to help us look at the big picture.

Because the issue with zero carbon energy and DERs is the intermittency and the inability to control it as you like all the time, so the way you get around that, there are a couple ways, one is batteries, but it's going to take a lot of batteries to get around that, a lot of them. The other way you get around it is you expand the size of the energy balancing area so that, you know, when you start with a small energy balancing area, your variability might be like this, you know, kind of extreme, and then you expand it and the variability drops, and you make it really big, the variability gets -- because the ebbs and flows cancel themselves out, the generation increases and declines, the loads. I mean as it is, our grid has a lot of variability even without DERs because the loads change, and the more that we can move power around the country, the more we can take advantage of the capacity, unused capacity of existing

generators, and that's a really, I think that has -- that offers a lot of potential. Now, it does take transmission to do that. But you may be aware that currently out of the cost of your electricity, about 11 percent is transmission, about 60 -- I forget what the exact number is, I think it's something like 57 percent is the cost of generation, and generating plants are really expensive to build, so that's -- except for, you know, the gas turbine plants there, they're definitely pretty cost-effective, but other than that, new coal plants or nuclear, even wood-fired -- you know, I used to develop wood-fired power plants, they're expensive to build.

Another, probably one of the last things here is we have something called looped, we have a looped flow problem in this country in the midwest, and what happens is you've got this power going around, or trying to go around Lake Erie, and it's a connection between Michigan, Ohio, and New York, and so there's been some, a power electronic converter type device installed to shut that off because you don't want to have power going around and around and generating losses and not doing any work, so but it's -- I've been told in talking with some of the MISO people that there's an opportunity, there's something called phase shifters in there, but there's an

opportunity to put in some converters, new converters that would cut that off and allow a more cost-effective way to handle that that would benefit Michigan. That was something that would have to be studied by MISO, but it's something that might be worth doing.

So those are the, some of the things, there was a lot of information, cyber security, there were several sessions on that, but there's a lot going on around the world in this, a lot of grid work, smart grid work. So I know that was a lengthy discussion, but hopefully that will give you some background on, at least from the engineering side, you know --

MR. PASSMORE: Yeah, that was interesting.

MR. MacINNES: -- what's possible. One of the nice things is you can change the laws, you know, that we make in this country, but you can't change the laws of physics. So I always start with the laws of physics and figure out what you can do, and then try to figure out how to get it done.

Okay. Any questions on that?

MR. KESKEY: Well, on these converters, when you talk about, you know, balancing the grid and so forth, how decentralized can it come? For example, could there be one installed in your business, you know, where

you interface with the grid such that -- I mean is that too small of a scale, or is that something workable, can they do it?

MR. MacINNES: No, the one fellow I met with, the Chinese fellow -- actually, I spent quite a bit of time with him -- his concept can work anywhere between one solar panel and a thousand-megawatt wind farm. So, you know, it can work on -- and it can work on the loads, motors, on the lights. So no, it's very flexible, these smart inverters. I mean they're already being used on solar panels. I was at Black Star Farms over the weekend and they have something like 60 kilowatts' worth of solar panels there, and they have like big banks of them there, three big banks of them, and they had their own inverters, I don't know how smart they were, they were just small inverters, but they had something like 60 panels per bank. So you could, you know, something like that, you have three inverters, maybe you have three -- basically an inverter is a power electronic converter is what it is.

Oh, one other thing I wanted to mention, I've done a little more research. To give you an example of people, you know, most people don't realize how efficient it is to transmit power distances, I've asked a lot of people and said, you know, what do you think the

average loss is for power here in this country. It's 4.7 percent, if you take the distribution losses, the transmission losses, and average them out, that's what the loss is in the country. So if you were to, for example, build a high-voltage DC line with two converter stations and transmit high-voltage DC power 500 miles, you could transmit 2 1/2 nuclear power plants' worth of power at a loss of 2.6 percent. So I mean there's tremendous capability to be able to transmit power, but particularly with DC it's much more efficient, and it's more cost-effective to do it with DC over distances that are anything longer than about 350 miles, something like that, and also if you do it in water it's much better, or underground, so there's a lot of potential. And also you can do bulk, you know, you can do point to point, like, you know, it could be from Arizona to Illinois, and you can meter it, you can know exactly like we're putting this much in here, you're getting this much out here, the billing can all be handled wherever they see it gets a little bit --

MR. ISELY: Jim.

MR. MacINNES: Yes.

MR. ISELY: So have they been able to deal well with materials problems in transmitting DC given that it pushes the electronic and doesn't replace

it with the AC --

MR. MacINNES: Oh, the, when you say materials problem, you're saying in the wires?

MR. ISELY: Yeah.

MR. MacINNES: I haven't heard of any problems with that, no one's mentioned that to me, so I don't know.

MR. PASSMORE: Is there an active conversation going on between the southern utility, or Southern California folks and the Michigan folks, or is that a sort of hypothetical?

MR. MacINNES: Well, there's been modeling work, and I've got -- if anybody's interested, I've got some details on this, probably more than you'd want to read, but I've got quite a bit of detail on this, on that very question actually. And MISO has done, and this fellow Dale Osborn, who you've spoke with, has done, you know, he's kind of spearheaded -- he just retired from MISO in March, I spent several hours with him, he presented at the conference, and I spent several hours with him afterwards. And he's identified through his modeling tremendous potential between the big utilities in Michigan and particularly Southern California Edison, so he's -- and they've looked at a lot of transactions rather than, oh, we're going to go from Southern Cal Ed

to MISO, he makes the case that it's better if, you know, if they went from Southern Cal Ed to DTE or Consumers. And I can show you the, some of the numbers of the potential, I mean there's a lot of like 800 megawatts of capacity, for example, that could be, unused capacity that could be used to support Michigan without having to build new power plants. So it's a big idea, but there would need to be a lot of modeling work and a lot of arrangements. It's really working together, you know, and, of course, utilities don't like competition, so that's one of the things that makes it difficult.

And as you know, Michigan has some of the highest residential rates in the midwest. And I think there was a nice article actually in some of the materials. Did that come from you, John?

MR. LISKEY: Well, it came from --

MR. MacINNES: Frank --

MR. LISKEY: Yeah, it's on our website.

MR. MacINNES: Yeah. So I thought that told the story quite well, except I wasn't able to bring up this one link here, the PHX Corporate, the slide, the DTE slide; I'd love to get a copy of that.

MR. LISKEY: Okay.

MR. MacINNES: I'd love to get that whole slide deck actually.

So that's -- so we could go that direction with the DERs, or we can keep trying to build big power plants, I mean we'll probably do some of both really, but there's a lot of potential out there. And the world's changing, the rest of the world is moving ahead, China is, you know, they're just leapfrogging, it's amazing.

Okay. Any other questions?

Okay. Let's move on to the business items. Maybe we can start with Shawn and get an update here on our budget.

MS. WORDEN: The biggest update would be on the second page, the budget page, where there was a purchase order that was closed, or a grant that was closed out at the end of June, and so $16,000 of funds was unencumbered, so you have that available again.

MR. MacINNES: Okay. Great. And then we paid the AG's office, or we will.

MS. WORDEN: We will, yeah.

MR. MacINNES: We will, 70,000. So we're still going to owe them two more 70,000 payments, right? I think we said we'd do it over four years.

MS. WORDEN: Yeah, roughly.

MR. MacINNES: Roughly. So we're still going to be in the hole a little bit for another two

years, which makes it more difficult.

MS. KITCHEN: So do we split this 16 with the AG's then?

MS. WORDEN: No.

MS. KITCHEN: Are we supposed to split our carryover every year at the end?

MS. WORDEN: It's one whole fund, and that's where we had issues before, but this separates what's still the board money, and the AG's money is not counted.

MS. KITCHEN: Okay. So that was -- you fixed that with an accounting thing so it didn't happen again. Okay.

MR. MacINNES: And I don't think they would -- they know, I mean we've got a good understanding, mutual understanding with the AG's office, so they know that, and I don't think they'll be pushing for it. And so I think what we can do is add that to the kitty for next year because we're going to have, we're going to be busy I think. So we have that -- well, we've got the CON case, DTE billion-dollar CON case to look at.

Okay. So we're good as far as you're blessing this budget?

MS. WORDEN: Yes.

MR. MacINNES: $16 1/2 thousand. Okay.

That's good. Hopefully we can carry that over to the coming year. Any questions on that?

Okay. So let's hear from the Michigan Environmental Council.

MS. ANDREWS: Thank you. I am, as you know, I'm not Chris, and I'm not used to being in this seat, so pardon if I get things wrong. But I understand I have three business items to talk about, and that we also provided a summary of all the cases, and I'm not sure you want me to go through the summary of the cases, that's not what you typically do, fair, or would you like to go through that?

MR. MacINNES: Well, we could talk about them in the reports at the end there.

MS. ANDREWS: Right. Okay.

MR. MacINNES: Unless someone wants to -- I mean I think if you were to go over your business items, and then if anybody wants to bring up anything.

MS. ANDREWS: Okay. So the three business items, and I'll start with the easy ones. The first is we would like approval to add Lydia Barbash-Riley to -- Barbash, I'm still getting -- Lydia's been with our office two weeks, three weeks?

MS. BARBASH-RILEY: I'm going on a month now.

MS. ANDREWS: Going on a month. So we would like to add her to our energy team. We have been busy and we anticipate remaining busy for the next, for the foreseeable future in the energy work, and then also Lydia will be assisting outside of the energy practice at the Olson Bzdok's environmental practice. We distributed her resume, she obviously comes with stellar credentials. She is on an upward learning curve, but she's already making her way up that hill, and we're really pleased to have her, and we're seeking your approval to include her in our grants and in our work on behalf of the board.

MR. MacINNES: Could we have Lydia talk, tell us about her background and also -- well, (1) about your background in general, (2) how does your background dovetail with this type of energy work that we're doing?

MS. BARBASH-RILEY: Sure. So my resume has been circulated, but my law degree is from Indiana University in Bloomington, the Maurer School of Law there. I also have a master's degree from the same institution in environmental policy and natural resources management. So as part of that degree, and this is kind of how my background dovetails with the work I will be doing in the energy field, I completed coursework at the graduate level in environmental economics and also in statistics and statistical analysis. I also just

completed a week-long public utilities course hosted by NARUC here in Lansing, so that has kind of helped with the learning curve.

MR. MacINNES: Which one were you at?

MS. BARBASH-RILEY: The NARUC one, it was last week.

MR. MacINNES: Oh, okay. Recently, good.

MS. BARBASH-RILEY: Yeah. So great class, series of classes, learned a lot on both the legal and technical sides as part of that. So I joined Olson, Bzdok & Howard to focus on the advocacy side of energy and climate issues. And since coming on board there, I have already entered appearances in a power supply cost recovery case, in an electric rate case, and several energy efficiency proceedings, and I'm excited to represent residential ratepayers in these cases before the MPSC.

MR. MacINNES: Okay. Very good. Did you know Elinor Ostrom, who is a, who taught ecological -- well, she was a political scientist at IU. Do you know her?

MS. BARBASH-RILEY: Unfortunately she passed away shortly before I started school there, but I'm pretty familiar with her work, and I've cited it in articles of my own.

MR. MacINNES: Have you. Governing the Commons. Great lady, amazing lady.

MS. BARBASH-RILEY: Yeah.

MR. MacINNES: It's funny, we used to go to -- I've been to some conferences where she was there and she had a flock of people, I mean the conference would have like 500 people and she was heading the flock up there. Of course, she received a Nobel Prize in economics, first women to do that. So it's a great, it's a very nice institution, IU.

Any questions of Lydia here?

MR. PASSMORE: Looks great to me. Is it customary for us to approve the team, or is that -- that's something that's customary?

MR. MacINNES: Uh-huh.

MS. ANDREWS: It's like a hazing process. I went through it, so she has to, right.

MR. MacINNES: Not to make it too tough, but. So do you think you'll be going to any more of the IPU classes at MSU?

MS. BARBASH-RILEY: Depends on time and budgetary constraints. Always like to, but it will just depend.

MR. MacINNES: They've got a pretty good grid school that might be worth, I mean they've got

several grid schools actually.

MS. ANDREWS: I know the firm has, likes to send everyone that is interested; I went to one last year, we just sent a staff person as well to boot camp with Lydia, you know, and they are phenomenally well put together programs right here in our backyard, so we do like to do that when we can.

MR. MacINNES: Okay. Well, looks good.

MR. PASSMORE: You know about shipwrecks, you'll have a lot of shipwrecks to investigate in the Great Lakes.

MS. BARBASH-RILEY: I have done some diving.

MR. PASSMORE: That's good.

MS. ANDREWS: It's actually her husband that's a shipwreck expert.

MS. BARBASH-RILEY: Yeah, he is a maritime archeologist by trade.

MR. MacINNES: And you went to the University of Wisconsin-Madison?

MS. BARBASH-RILEY: Yes.

MR. PASSMORE: We won't hold that against you.

MR. MacINNES: Okay. If there are no other questions. Well, let's -- shall we go ahead and

have a motion to approve Lydia joining the team there?

MR. PASSMORE: So moved.

MR. MacINNES: Is there support?

MR. ISELY: Support.

MR. MacINNES: Any discussion?

All those if favor, please say aye.

BOARD MEMBERS: Aye.

MR. MacINNES: Opposed same sign. Okay. You're on.

MS. BARBASH-RILEY: Thank you.

MS. KITCHEN: Welcome.

MR. MacINNES: Okay. That was Item 1.

MS. ANDREWS: No. 1. No. 2 item of business, we are seeking approval to add two new experts to our DTE rate case, that's Case No. U-18255. We have already been working with Mr. Fegan and Dr. Horowitz on other -- or Sierra Club has worked with them on a number of cases, so they come highly recommended. This is a couple of folks out of the Synapse Group, they've been helping us do some evaluation of some cases, in addition to now doing a deep dive in the marginal cost coal units, which is the River Rouge unit and St. Clair. So this is seeking approval to add those two to our team on that case. That case will be coming up, I think they've got a hearing scheduled for October in that case. The resumes

for Mr. Fegan and Dr. Horowitz are provided, they're phenomenally expansive and impressive, and I will happily answer any questions I am able to. I will confess that this has been Chris's case, I've been working more on the Consumers rate case, so I'm not as familiar with their work on this case, but I have seen some of their work product so far, and they're exactly what we want to do the type of deep-diving analysis that we're looking for.

MR. MacINNES: Okay. Any questions about these?

MR. ISELY: I've actually cited both of them in previous works.

MR. MacINNES: You have?

MS. ANDREWS: Excellent.

MR. MacINNES: Well, I thought the resumes were fabulous.

MR. PASSMORE: I got to page 7 and I was like, oh, you got to be kidding.

MS. ANDREWS: There's more. There's more.

MR. MacINNES: One of them has a background in ecological economics, I like that, that's pretty good.

MS. ANDREWS: Yes.

MR. MacINNES: That's Fegan. And

transmission grid experience, I like that. And they've been involved in a lot of cases, that's good. Any of them Canadian? I see they were involved in Canadian cases. Nova Scotia Utility.

MS. ANDREWS: Doesn't look like any -- looks like Mr. Fegan was educated out on the east coast.

MR. MacINNES: Prince Edward Island. Wow, impressive. Okay. Do we have a motion to approve these two gentlemen? B.C., also.

MS. LICATA HAROUTUNIAN: So moved.

MR. MacINNES: Do we have support?

MR. ISELY: Support.

MR. MacINNES: Is there any further discussion?

MS. KITCHEN: Is it just for this specific DTE case, or would you use them -- when you approve an expert, are they allowed to then move between cases generally as opposed to just this specific case?

MR. ISELY: With each case, the list of people is on there. So essentially --

MS. KITCHEN: Once you approve them, they then can then be used for other cases, they don't have to come back for re-approval of them for a new case?

MR. ISELY: There's a precedent that they've been used before. But essentially we approve all

experts, and within -- when we approve the case, because they're listed specifically there.

MS. KITCHEN: Okay. That answers my question.

MR. MacINNES: Yeah. And these experts, looks like they could be in, they could do a lot of different things. Very impressive. And you've used them, too, huh?

MR. ISELY: Yeah. I have publications on battery technology and using it to either, how to reuse major batteries, the cost-effectiveness, and they have some papers on that.

MR. MacINNES: After they've been used in --

MR. ISELY: Cars.

MR. MacINNES: Cars. Oh, that's good. Very good. You and I should talk about that. I'd like to hear more about it.

MR. ISELY: It's in an engineering journal, so you could probably read it.

MR. MacINNES: Okay. So we have a motion that's been seconded. Is there any further discussion?

All those in favor of approving these two gentlemen, please signify by saying aye.

BOARD MEMBERS: Aye.

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

MS. ANDREWS: The last business item, I apologize because on Friday we caught an error in the original package, and I hope everyone got the amended, especially last page of the package, and so the request is for a transfer for $10,100 from one case to the other; the first case is U-18142, transferring from, and then we're seeking to transfer that to Case U-18152, and the error was that we had cited the wrong case to be transferred to. This is from Grant No. 17-04. The case we're transferring from is the Consumers PSCR plan case from 2017, that case ended up having excess, and the case we're seeking to transfer to is 18152, this is the DTE Gas GCR case.

So I recall and you may recall that we asked for I think it was originally 35,000 for that and we got 7,000 as to sort of a look/see for James Wilson, Jim Wilson to do some analysis, and with the understanding that funding being what it was at the time of that request, there wasn't much more available. MEC has since put in some additional funds, and we'd like to transfer 10,000 to that case so that we can get through most of what we're looking for to cover that case.

The primary issue in that case is the

NEXUS case, the NEXUS Pipeline. So that's --

MR. MacINNES: Which we've put -- we've invested in pretty heavily in that.

MS. ANDREWS: Right. This will be the first DTE Gas case covering the NEXUS. We've been involved in two DTE Electric cases, we have not taken a heavy -- we haven't been involved at all in the gas cases. ANR has been involved in the last two DTE Gas cases seeking NEXUS approval, but they're not involved in this case; and in fact, this is the first case where it's a live issue in terms of there is a chance NEXUS will actually be built, albeit perhaps slim, by the end of this gas case, which is March of '18. So far the Commission has been kicking the issue, kicking the issue, kicking the issue, saying when it's a live issue, when it's likely that they'll actually incur the cost in the plan year, then we'll consider the issue. There's been sort of a mixed success at the ALJ level, but the Commission's position in all four cases is we want to look at this closely when it's in the plan year case. Every time it's been in the five-year plan case, but not in the plan case. So this appears to be the first case. We thought the one we just doing right now, the DTE Electric's 2017 case, could have been the first case, but now that, you know, they didn't get their approval,

that's probably going to be kicked down the can one more time, so this is probably the first case. And the issues are slightly different with the gas and the electric side, and we could go into that, or we don't have to.

MR. MacINNES: Okay. Does the board have any questions about this?

MR. PASSMORE: Is the fact that the FERC is, now has a quorum impacting this work?

MS. ANDREWS: I think the only thing the FERC quorum will do is it makes it more likely that they will soon get approval and then soon actually presumably start building the pipeline, whereas as long, you know, for the last eight months or so while that was in flux, or maybe not even eight months, whatever it was, six months, that gave us an additional argument to delay or to not have the Commission -- it was hypothetical, so the Commission shouldn't be approving hypothetical expenses. So it will -- if it looks reasonably likely that it will go into play before March, you know, DTE Electric's expert is a guy named Mr. Sloan from ICF, he's the same expert that DTE Gas is using, he said on the stand in the last case that he thinks it will be November of '18 before NEXUS realistically is in place. Rover everyone thought was going to be in place by the end of this year, and they're delayed by, unexpected delays; there are

known delays and then there are unexpected, so they didn't -- so yeah, who -- we don't know, but FERC was sort of a -- I don't want to minimize it -- it added an extra argument, and a good argument, but it wasn't the basis of our position.

MR. MacINNES: Any other comments or questions?

I have a couple. You know, we lost our gas expert, we used to have -- we used to intervene in gas cases, the old days, and because of, primarily as a result of all the money we had to spend on the cost of service cases, hundreds of thousands of dollars, which we have had to relook at three times or more because the utilities keep bringing that case to us, or to -- making that case, I don't know if they've given up that yet or not -- anyway, so we didn't have enough money to fund our gas team, and that was RRC, Residential Ratepayer Consortium, and they did a really good job, saved lots of money for ratepayers, but we had to make some hard decisions a few years back, so we got out of that gas business, even though gas is a huge thing here in Michigan, and I for one would like to see us become more engaged in the gas rate cases, because it affects everyone, so think that's a good thing.

One thing that I would also point out is

that, you know, this idea, well, we didn't use all the money in this case so we'd like to transfer it into another case that we have, I'm not so keen on that. I mean I think the case has its own merits, and that's good, you know, but what we like to do, and, you know, we've said this a few times, we like to say, okay, I didn't spend the money on that case, so I'm going to put it back into the kitty, and but yet we do have this other case out here, and I know that practically we're going to have to go through a decision anyway, so, but I'm just saying that we don't -- we want to avoid the, oh, hey, because I didn't spend it here, I want it here, because there may be another higher priority project that we should in fact instead be investing in. Right. Does anybody have any other thoughts on that?

MR. ISELY: I agree a hundred percent.

MR. PASSMORE: That's essentially what we did last time, right?

MR. MacINNES: Yeah. So I mean I don't know if we have any other cases before us that, right now, I mean we do have that extra $16,000, so that's good. We can use that going forward. So we can either use it to fund a case like this one that's being proposed and get us in the gas business a little deeper, or we can fund another case if there's another one out there we

think is more important, which I don't know if anyone has an opinion on that, or we could not spend that money and add it to the 16 and spend it next year on other cases.

MS. LICATA HAROUTUNIAN: We funded that second case, although lightly. The question is, I think, is that case sufficiently important in terms of what it's trying to do --

MR. MacINNES: Right.

MS. LICATA HAROUTUNIAN: -- that we would put this money into it?

MR. MacINNES: It's worth it?

MS. LICATA HAROUTUNIAN: Yeah. And I'm not sure how to figure that out, if we need more input or --

MR. ISELY: Yeah. I don't know there, but I do know one of the primary issues for us is to get expertise going again in gas. So to what extent do you see yourself moving forward there? I know we asked that question at the beginning, but you're now further down the path.

MS. ANDREWS: Yep. We did actually start this case by looking at the purchasing history, the initial 7,000 that we used Jim Wilson for went to exploring that, their purchasing history and through the discovery process, and the plan that the firm has is to

seek funding in fiscal year 2018 to pursue one of the gas utilities a little deeper in -- a lot deeper in their purchasing strategy and how that is affecting customers. So yes, we intend to keep working forward. And Jim Wilson so far has been a good expert, he gets the issues, he gets the Commission, he understands the customer group, and he's been working within budgets and constraints and things, so there does some to be some value in continuing that. You know, I don't want to presume what next year looks like, you guys have a whole other process for that, but it is our plan to -- you know, neither Chris nor I have been in front of, in the gas cases and the gas terminology and it's a learning curve on our part as well, but that is an area that we think needs to be -- we intend to continue to stay in. So this feels like a --

MR. MacINNES: A good entry point?

MS. ANDREWS: A good start, yeah.

MR. MacINNES: Okay. Sam.

MR. PASSMORE: When does next year begin, our next year?

MS. ANDREWS: I was going to say whose next year?

MR. MacINNES: October. October 1, I think.

MR. PASSMORE: And so we'll be -- I mean I'm still not through a full year yet on the board, so we'll be considering grants beginning in the next fiscal year in August and September, or do we --

MR. MacINNES: Yeah. We'll be -- here's what often happens: We've got a big -- historically the way it's been is we have this light meeting in August where people bring ideas to us and explain what their thinking is going forward into the next year, so here are the kind of things we're interested in pursuing and we're going to be -- I mean some people already have what they want to do for next year in some cases. Now, it develops over the whole year, so new things can come at us, that's why it's always nice to have some dry powder. But so this will be the first introduction to next year.

MR. PASSMORE: That's the next meeting?

MR. MacINNES: Well, this meeting, this meeting is the very first introduction, first introduction to next year, because we want people to -- I think these are important meetings, these August meetings, because we want people to have some time to digest, there's a lot of material -- Don put a lot of his away I see, that's good -- but there's a lot of material to digest and, you know, and then come August things are starting to go, starting to heat up. And, for example,

DTE Energy just submitted this billion-dollar CON case. Well, that's, you know, you got to start thinking about that. And what happens is some of the grantees will either fund some work themselves, or they will get other monies to get in, and then we have to decide whether we want to also contribute. And but they can, you know, maybe do some pro bono work to get to the first hearing and see what's going on.

Maybe you can describe it a little better on that.

MR. LISKEY: Well, there's definitely that. And then by statute the first round of plan cases is filed September 30, and so what the board's done previously is take a little bit of their funding to fund those, and then the reconciliation cases are April 30, so that's, that historically has been the driving force. But now you've got rate cases, you've got CON cases, you've got --

MR. MacINNES: IRP.

MR. LISKEY: Yeah. And we do have a sense, I know we put one in our grant request, we believe, for example, UPPCo's going to have an IRP case. We don't know exactly, we're estimating in our budget that it will be the, like next June-July before it's filed, but it could, you know, could be January, we don't

know, but we've tried to talk with Staff and get an idea. And we don't know, for example, if there's going to be a CON case or a rate case, so in our budget proposal we said there'll probably be one, you know, we don't know which one. But what we did is, for the next meeting, we are asking for $67,500 to get through till, say, January. So we didn't ask -- you know, we did identify what kind of a worst case scenario would be, which is I think it was like 235,000 for the full year, but we're not asking for that, you know, at the next meeting. So I hope that's clear when you get to our --

MR. ISELY: Correct me if I'm wrong: Before the current board was here, the previous norm was to award most things in the August meeting --

MR. LISKEY: Yes.

MR. ISELY: -- based on the data that was here?

MR. LISKEY: Yes, yes, the whole year, which made subsequent meetings kind of boring I guess.

MR. ISELY: But it's still the time where we get the snapshot of what the best guess is for the entire year?

MR. LISKEY: Yep.

MR. ISELY: So makes it easier to make tradeoffs as you go through the year.

MR. LISKEY: And I think the biggest factor, and certainly Don has been at this more than I, is Detroit Edison and Consumers have been filing a rate case every year, and that didn't used to happen, and those are big, big dollar cases.

MR. PASSMORE: So I, you know, being new to the board, I don't feel like I have a kind of intuitive sense of the, sort of pace and staging, so I would defer to the more senior members, but there is an argument that says let's bank this money and then look at the whole year and decide how to spend it. Sorry. But that is -- I mean there's a certain logic to that.

MR. MacINNES: There is. I understand.

MR. LISKEY: One of the frustrations I think we've all shared is, you know, and it's certainly no fault of Shawn or anything, but that if you end up with a balance, that doesn't necessarily go into your next year's authorization.

MR. PASSMORE: So we don't keep that money?

MR. LISKEY: I'm -- that needs to be discussed with LARA. And it has to do with what the legislature authorizes. So the money may be there, right?

MS. WORDEN: Yeah, I'll go into that a

little bit. Like if you look at the first sheet, we were authorized 750,000, but we didn't have the revenue. For the upcoming fiscal year, you're going to be authorized 950,000 minus the 5 percent for the admin, which I think was like 31,000. But that revenue is supposed to be there. So if your revenue is going to equal your authorization, even if you bring forward a carryover, you won't have the authority to spend that carryover.

MR. PASSMORE: Interesting.

MR. LISKEY: That's my understanding.

MS. WORDEN: Yeah.

MR. PASSMORE: So there's an incentive, or there's a -- for us to end the year with zero balance?

MS. WORDEN: What it would do, though, if you carried that 16,000 over, it would lessen your balance toward the AG's office.

MR. PASSMORE: Oh, right.

MS. WORDEN: But you wouldn't be able to spend it, but it would help.

MR. LISKEY: Because that would be an internal transfer.

MS. WORDEN: Yeah.

MR. ISELY: Just a point of question here. Our revenue has never been even close to our authorization in the time that I've been on the board.

MS. WORDEN: Right, but that -- it's starting different in this upcoming fiscal year because of the change in the legislature.

MR. ISELY: Okay.

MR. MacINNES: So you see this as -- yeah, I guess that's kind of news to me, too, I probably should have been more aware of that. But so you're saying that we can't spend more than the revenue?

MS. WORDEN: Correct. Well --

MR. LISKEY: The authorization.

MS. WORDEN: -- more than authorization.

MR. MacINNES: But so the authorization, though, is going to be -- you're saying that it won't be bigger than the revenue?

MS. WORDEN: Correct, this year.

MR. MacINNES: So going forward -- so historically, like Paul has said, you know, we've had the revenue's here, the authorization has been here, and we've never spent the authorization, we've just spent the revenue --

MS. WORDEN: Right. That's like --

MR. MacINNES: -- but we could have had we had maybe --

MS. WORDEN: The revenue. Like on these prior year purchase orders or grants that have been

closed out, you were able to add that money to spend this fiscal year because you still had the authority, which was higher than what your actual revenue was.

MR. MacINNES: So that's not going to happen going forward?

MS. WORDEN: At least not for next year, because your -- the revenue -- the assessment equals --

MR. LISKEY: The authorization.

MS. WORDEN: -- the authorization this year.

MR. PASSMORE: So not only should we spend the 10, we should spend the 16, like today?

MR. MacINNES: Well, we can spend it by --

MR. ISELY: Paying down the AG.

MR. MacINNES: -- paying down the AG, which wouldn't be all bad --

MS. WORDEN: Yeah, those are two options.

MR. MacINNES: -- rather than lose it.

MS. WORDEN: Yeah, that's a good point, John.

MR. MacINNES: Yes, John.

MR. LISKEY: I have an idea for --

MS. WORDEN: Now that we've got that accomplished.

MR. LISKEY: Well, last meeting we had requested 27,000 for the UMERC case, and Don's clients requested I think 18,000, and you didn't have enough, so you awarded their 18,000 and us 20,000, and so I would love if you would consider that, the different, the 7,000, because you've read about the case, we're fighting it hard, and we've run out of money.

MR. MacINNES: So how much would you be requesting?

MR. LISKEY: 7,000.

MR. MacINNES: Okay.

MR. KESKEY: I could offer a suggestion.

MR. MacINNES: Well, wait a second. I think we want to deal with one situation at a time here.

MR. PASSMORE: Sorry.

MR. MacINNES: No, this is a good discussion. So we found out some new information, so that could make a difference on what we want to do with this gas case. Right?

MR. ISELY: Just do one other clarification on that. So our authorization is 950,000?

MR. LISKEY: Next year.

MR. ISELY: Next year.

MS. WORDEN: Next fiscal year.

MR. ISELY: So we'll have 950,000?

MS. WORDEN: Minus five percent for admin.

MR. ISELY: Minus 5 percent, minus the 70,000 that we allocate to equalizing the account with the AG?

MS. WORDEN: Correct.

MR. MacINNES: Okay. I have a question. I don't understand it that way. My understanding is that we'll have -- we had -- what did we have before, 650, is it 650?

MR. LISKEY: 650 I think was the authorization.

MR. ISELY: 750 was the authorization.

MS. WORDEN: For this year.

MR. MacINNES: No. In terms of the revenue.

MS. WORDEN: Your revenue was -- your share of the revenue was 619,000.

MR. MacINNES: Yeah. Okay. So it seems to me that we had added to our kitty with the new law $150,000, so that would not get us to up to 950. Now, the AG's office, they got more than we did.

MS. WORDEN: Are you talking this fiscal year?

MR. MacINNES: I'm talking about with the

new law, the new law, which really starts in '18, right, for us?

MS. WORDEN: Yes.

MR. MacINNES: So the AG got -- I tried to get it, I spent a lot of time talking with the Senator Nofs' aid about this -- and the AG got 950 total and we got 150 less than that, I think, or --

MR. LISKEY: I've got it here.

MS. WORDEN: Maybe they got a million and you got 750,000.

MR. MacINNES: So we didn't get as much as the AG, and the AG got 950.

MS. WORDEN: It's like four different pieces.

MR. MacINNES: I thought we had 650 before and we had got another -- or, I thought we had 600 before and we got another 150 to take us to 750, that's where I, in my brain, that's where I thought we were with the new law, 750, and then we've got to pay the 5 percent out of that, that's where I --

MS. WORDEN: Yeah, you're correct.

MR. MacINNES: That's what I remember.

MR. LISKEY: You're right.

MS. WORDEN: You're correct.

MR. MacINNES: Maybe I was wrong, I don't

know.

MS. WORDEN: AG's office got a million and the board got 750,000.

MR. MacINNES: We tried to get what they got, but they wouldn't do it. So what's the number, it's 750?

MR. LISKEY: 750.

MS. WORDEN: Yeah.

MR. MacINNES: So with that in mind, if our authorization is 950 --

MS. WORDEN: Well, your authorization -- I was wrong -- it would be the 750,000. Your authorization is going to equal your revenue this year.

MR. MacINNES: So the point is still made, the same point.

MS. WORDEN: Uh-huh.

MR. MacINNES: So we don't want to carry over because we have no -- where does that money go?

MR. LISKEY: It stays in the fund.

MR. MacINNES: Let's say we have extra money --

MR. PASSMORE: Stays in the fund, but we don't have any authority to spend it.

MR. MacINNES: Right. Is that what happens?

MR. LISKEY: I can remember years back that the board talked about going through LARA and going back to the legislature and asking for an additional authorization, but it would take --

MR. MacINNES: It's painful.

MR. LISKEY: Yeah. It takes an act of the legislature. So this is all in their budget, it's part of their --

MR. MacINNES: So this is the way it's going to be going forward; is that what we think?

MS. WORDEN: Yeah. And I think that it -- I don't want to misspeak, but it will increase a little bit.

MR. MacINNES: Yeah, yeah. So but the point is that the money and the authorization will be following each other?

MS. WORDEN: Yes.

MR. MacINNES: And there won't be any difference. So that means we need to -- now, there's nothing wrong with paying our debt down, I can tell you that. I like paying debt down.

MR. ISELY: So that essentially increases the amount that we could spend next year because we won't be starting with --

MR. MacINNES: That's right.

MR. LISKEY: That's right.

MR. MacINNES: So in essence, that does increase -- we could carry the whole thing over really in that regard.

Okay. So what do we want to do now that we've -- good questions, though. Where do we want to go from here?

MS. ANDREWS: Can I make a pitch one more time for our 10,100?

MR. MacINNES: Sure.

MS. ANDREWS: I would say one advantage of that is that it would put value that's already been spent on the 7,000, plus think about it as a match from MEC for the funds they're putting in there, so you get quite a bang for that $10,000, which you may not see in a future case. I don't know if this is an appropriate way to discuss this, but just a few other facts, it's laid out in the --

MR. MacINNES: Well, when grantees put money in, that's good, we like that as a board, for exactly the reason you mentioned.

MS. ANDREWS: Right.

MR. MacINNES: Well, I think, also, I mean it's the board's decision, I don't want to speak for the whole board, but it seems to me that getting in the

gas cases is a good strategy for us long term, we should be in the gas cases, and this -- we're already in this and, you know.

MR. ISELY: I have been looking for ways for us to get back into the gas business for a while. I'm excited to hear somebody who's actually building up expertise.

MS. LICATA HAROUTUNIAN: And everybody likes this case in terms of being involved in it.

MR. MacINNES: Yeah. I think -- and it's really germane now with all that's happening with NEXUS and all that.

Okay. So do we have a motion to approve this no-cost transfer?

MR. ISELY: I'll move that we approve the no-cost transfer, and I don't know the numbers anymore because I only have the old version up and not the new version up.

MR. MacINNES: It's from this to this.

MR. ISELY: Oh, you've got it written down. From Consumers Energy 2017 PSCR plan Case U-18142 to DTE Electric, it's not -- we're not going to an electric.

MR. MacINNES: No.

MS. ANDREWS: It's --

MR. MacINNES: We have a case number but I didn't have the words.

MR. ISELY: One more time. I move that we approve the no-cost transfer of $10,100 from Consumers Energy 2017 PSCR plan Case U-18142 to DTE Gas GCR Case U-18152.

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

MS. LICATA HAROUTUNIAN: Support.

MR. MacINNES: Is there any further discussion?

All those in favor, please say aye.

BOARD MEMBERS: Aye.

MR. MacINNES: Opposed, same sign. There you go.

MS. ANDREWS: Thank you.

MR. MacINNES: Okay. That was good. Shawn, thank you for your speaking up on that, that was some really important stuff.

Okay. Let's move on to CARE.

MR. LISKEY: Thank you. Let me first apologize for Douglas not being here, he's on vacation with his daughter out in California. And when I received Jim's e-mail about the attending the IEEE conference, my first question was, you know, what are we doing within

our MISO grant relative to this, and I wasn't able to reach Douglas, so I thought I better research this, and started to dig into it. Had a great conversation with Mr. Osborn, who Jim has mentioned, and fascinating overview, the big picture, that I don't want to repeat everything you've said, but in terms of modernization of the grid, where Michigan stands really in a real key area between Canada to take advantage of load power and hydro power in Canada, load power in the summertime. When everything is peaking south of us, there's cheap power up there, and an interconnection with Ontario would really be helpful in especially using the HVDC. So we had a long conversation about that, and I asked Mr. Osborn, well, what should we be doing, and he referred me to the study that's ongoing, the Michigan Phase 2 study that is discussing this.

MR. MacINNES: Actually, didn't Valerie Brader initiate that?

MR. LISKEY: Yes. And it should be out in December, according to their timeline. And then you add on to that the NARIS study coming out in October. So I'm still wondering, you know, Douglas, are we following this, and I finally got a text message back, and it just was one word, yes. So you'll have to get more details from him at the next meeting.

But Jim is absolutely right, this Dale Osborn, he's full of information. Boy, it would be -- he lives in Minnesota, I was curious where he lived, and I was -- it would be great if he could be here sometime.

MR. MacINNES: Not only did he work for MISO for a, I don't know, 15 or 20 years, prior to that he was with ABB working on high-voltage DC converter stations, so he's got the, a really good knowledge of how, you know, network operations and how the DC, the whole DC tie line business.

MR. LISKEY: And you know this, and, you know, I'm already at the outer limits of my technical knowledge here, but he was talking about if there was a way to eliminate those phase shifters going around Lake Erie, that that would save, free up like 1,500 megawatts for Michigan.

MR. MacINNES: Well, I don't think it's quite -- I think it's more like 1,200 megawatts.

MR. LISKEY: Okay.

MR. MacINNES: Still, it's a lot.

MR. PASSMORE: That's amazing.

MR. MacINNES: Equal to a power plant.

MS. ANDREWS: It's like a new gas plant.

MR. MacINNES: Yeah, it's like a new gas plant.

MR. LISKEY: And how Michigan utilities would be opposed to that.

MR. MacINNES: And why is that?

MR. LISKEY: So anyway, in terms of our cases here at the Public Service Commission, we've got the UMERC case, which you all funded at last meeting. You saw the press reports. What, essentially what this is -- find my paperwork on it -- it's a $277 million project, it's part of this certificate of necessity case for these reciprocating internal combustion engines in two different locations, one location has seven of these, the other location has three, it's a total of about 183 megawatts, something like that. And the more we got into this, it's clear these, this project is to supply the Mines, Tilden Mines with electricity, they will take 70 percent of the power of those. And when we started really digging into it after your grant, we discovered there's -- Tilden is only paying for 50 percent of that total cost, which means other ratepayers, which residential ratepayers are the largest chunk, are paying 20 percent more than they should. And then we kept drilling down, and there's all kinds of cost allocations being proposed in this case that we feel are inappropriate, they should be part of a rate case or they should be part of another case, because, for example, the

proposal is all of the property taxes would be paid for by this other, by the non-Tilden ratepayers, and that was $5 million a year, Tilden Mines would not be paying any property taxes, or they wouldn't be allocated any of that. So and that theme went on into operating expenses and all that.

And so cross-examination was done by me, it was a lot of preparation, we didn't have a whole lot of time, but we've still got a ways to go. We've got our briefing done, now we're waiting for the administrative law judge to issue his recommendation, and we expect that we'll be needing to do briefs excepting some of his findings.

MR. MacINNES: When will that be, do you think?

MR. LISKEY: September 28, I think. There's a statutory requirement -- no. August 28, and then we need to file by September 15. So that, you know, I know it sounded kind of like I just thought of it, but we are out of money, and we did make this request previously, I mean, so it's, you know. But anyway, that's where that case stands, and I think you've seen --

MR. MacINNES: And how much have we funded?

MR. LISKEY: 20,000.

MR. MacINNES: So far?

MR. LISKEY: Yeah.

MR. PASSMORE: How much have you contributed?

MR. LISKEY: Well, if you'll recall, Douglas and I did a lot of pro bono work leading up to the case. In other words, we intervened in this case last summer, we had initially proposed to fund it, and I think you and I spoke, and we withdraw that request, but we never withdrew from the case, and so we continued to issue discovery and things of that nature, and so we didn't really start billing time until after your June meeting. I don't really have an estimate off the top of my head on how many hours, I'm sure it's probably 80 or 100 that we put in of our own time.

MR. MacINNES: So if this were re-adjusted so that it matched, you know, the usage and the cost, what kind of -- what would that save residential ratepayers?

MR. LISKEY: Well, you mean if we were successful?

MR. MacINNES: Yeah.

MR. LISKEY: Well, what's 20 percent of 277 million times 7 percent annual return just on the rate base, so --

MR. MacINNES: I think it would be good to have that analysis before we made any decisions.

MR. LISKEY: Well, if you give me a few minutes, I can do that.

MR. MacINNES: Well, we've got the end of the month, too, right?

MR. LISKEY: Yes. Okay. That's fair. Yeah. I'd feel better with Douglas doing it as well.

MR. MacINNES: Yeah, I mean you want to not do a back of the envelope, you want to give it your best.

MR. LISKEY: No, I know, but I know the numbers, I just can't do that math I just gave you in my head. That would be one savings.

MR. MacINNES: Well, and get Douglas's input.

MR. LISKEY: Yeah, I'm always more comfortable with that.

MR. MacINNES: Douglas is keen on it. To me, that would be an important question, okay, what's this case worth, we've got 20,000 in it now, you've got 100 hours, we know that the U.P. is struggling with their high rates, you know, what would it be worth, what's the present value of the savings to residential ratepayers, that's really the question. The other question I have is

where is the Governor's office on this?

MR. LISKEY: We actually had a meeting with the Governor's office just last week, and we didn't talk about this case at all, we talked about some other areas that we thought we should focus on with regards to, for example, MISO's planning when there's a new plant coming online, the transmission software estimates the cost to serve the old plant and the new plant, and it's, so it's double counts, and there's some money to save there. So I can tell you this, that the, globally, CARE and the Governor's office, everybody supports a U.P. solution, and they've worked very hard at it.

MR. MacINNES: Right. But it's got to be one, it should be one that recognizes the interest of residential ratepayers --

MR. LISKEY: Yes.

MR. MacINNES: -- which doesn't always occur.

MR. LISKEY: No.

MR. MacINNES: How about the AG's office, are they in this case?

MR. LISKEY: They are in this case. They didn't dig as deep as we did on some of these cost allocation issues. Their testimony did recognize the need to have very careful and separate PSCR accounting,

but we went quite a lot further.

MR. MacINNES: Have you coordinated with them, and if so, how?

MR. LISKEY: We did. We shared information during the case. We actually had -- Don Erickson came up with some observations, and we shared that with their expert. So we had -- I can't recall if Douglas had a conference call with them, but I know that we, I know that I personally shared information with their expert and with their AG's office, and sat next to Mr. Moody during cross-examination, so.

MR. MacINNES: Who is their expert?

MR. LISKEY: Sebastian Coppola.

MR. MacINNES: Oh, okay.

MR. LISKEY: Who has done expert work for CARE. He's still on our list of experts.

MR. MacINNES: Did they pay for him?

MR. LISKEY: Oh, of course.

MR. MacINNES: Did we pay anything for him?

MR. LISKEY: Pardon?

MR. MacINNES: Did we pay anything for him?

MR. LISKEY: No, no.

(Conversation between Mr. Liskey and Ms. Andrews.)

MR. LISKEY: She's better at math than I am.

MS. ANDREWS: I was thinking about one thing, you were thinking about something else.

MR. MacINNES: What did you come up with?

MS. ANDREWS: 3.7 million.

MR. MacINNES: Is that at present value or is that at --

MS. ANDREWS: Well, that wasn't on the table. That's just what --

MR. LISKEY: We'll get Douglas's input.

MS. LICATA HAROUTUNIAN: Thank you.

MR. MacINNES: I'm sure that I probably got carried away asking questions. But do you guys have some questions? Sorry.

MR. LISKEY: Any questions on UMERC, the UMERC case? We're really glad we got in it, and thank you, because --

MR. MacINNES: Yeah. It's like a big deal.

MR. LISKEY: It's a huge deal. And we've seen what special contracts have done to customers in UPPCo territory, and that one is with Verso Paper.

There's an exciting new development in Ontonagon in UPPCo territory that will undoubtedly be a

special contract coming up, and it's a company called S-y -- what is it -- S-y-n, SynSel, and they are building a $300 million facility to convert biomass to fuel that would it work in cars.

MR. MacINNES: Oh, really.

MR. LISKEY: Yep. And they're building two plants, one in -- they're converting the old Smurfit-Stone Paper Mill into this facility, it's just been announced somewhere in my paper here I've got information on it, and I'm sure that's going to be a special contract that we'll see coming.

MR. MacINNES: And that's in UPPCo?

MR. LISKEY: Yeah. Here it is. S-y-n-S-e-l Energy. This just came out two weeks ago, and it's their building office and research development by Michigan Tech, which found that biofuels produced from wood waste and forest residue can reduce carbon dioxide by up to 95 percent compared to traditional fossil fuels. They will be producing a combination of synthetic gasoline, diesel, and aviation for sale in the commodity markets and to the Department of Defense.

MR. MacINNES: So is it a liquid?

MR. ISELY: It's ethanol.

MR. LISKEY: It's ethanol.

MR. MacINNES: It's ethanol. Okay.

MR. LISKEY: But anyway, that's exciting on a lot of levels, especially for the economy in the Upper Peninsula. And again, we'll just need to make sure that whatever electric contract they work out with UPPCo is fair to residential ratepayers.

MR. MacINNES: Some of the ethanol plants have not always been, I mean I don't know on this one, but there's something called energy return on energy invested, so the corn-based ethanol plant, you put in a Btu of energy and you get a Btu of energy out. Not a very good return. I don't know if this has that issue or not.

MR. LISKEY: I don't know. But they're saying $300 million and 250 jobs.

MR. MacINNES: Spend a lot of money and trade Btus, I don't know. Anyway.

MR. LISKEY: It's a private company.

MR. MacINNES: Okay.

MR. LISKEY: So with regards to UPPCo, we have the reconciliation case going on, testimony is due August 23, and I don't have anything more to report on that.

MR. MacINNES: So you don't have any requests other than what --

MR. LISKEY: The UMERC thing.

MR. MacINNES: The UMERC, which we'll --

MR. LISKEY: You'll consider maybe next meeting.

MR. MacINNES: To me, we would need more information on that.

MR. LISKEY: Okay.

MR. MacINNES: Does the board have any other -- is there anything else on the requests?

MR. LISKEY: No.

MR. MacINNES: Okay. Does the board have any other questions?

MR. PASSMORE: I don't.

MR. MacINNES: Thoughts?

MR. PASSMORE: I don't.

MR. MacINNES: Let's keep moving. If there's anything else on the updates, we can cover that kind of at the end.

Okay. Let's move over to Don and CARE and RCG.

MR. KESKEY: Thank you. At the last meeting the board granted a small grant of $2,000, I believe, for the U-17771-Amended, which was the energy waste reduction case for Consumers Energy for the rest of 2017 and going until the case is completed on the time period 2018 to 2021. As I indicated to the board at that

time, these cases have a very short 90-day window, that we had participated in some settlement meetings before the testimony was to be filed, and that was before June, in which the platform that was being proposed by Consumers and was not opposed by any party was to have an energy waste reduction incremental investment of $35 million, of which 34 million, 34.5 million was going to be expended on the waste reduction programs only for the industrial business class, but the proposal was for the 34.5 million of surcharges to be surcharged exclusively to the residential class, which was going to get a $500,000 part of the program. And this was --

MR. MacINNES: Kind of another COS shift, so to speak.

MR. KESKEY: And this is relative outright surcharges on the bills. And this is so that Consumers could incrementally realize an additional .05-percent energy waste reduction as part of coming up with its replacement power plan, assuming the Palisades plant is going to be closed. There are many parts to that replacement power plan, but one of them was this part, and but the program is not contingent on closure of Palisades; in other words, it's going to happen.

Well, we opposed in the last settlement before testimony very strongly this misalignment of the

surcharges compared to program expenditures by class, and I think we're a primary participant on that against the Consumers' proposal, and then we also filed testimony opposing the plan or the proposal and recommending that either there be no surcharges on residential for the electric side or that the alignment be proportional to the expenditure for each class. And as it turned out, through more settlement discussions, the parties, including Consumers Energy, the Staff, ABATE, and the rest of the parties, have all signed a partial settlement agreement in accordance with our proposal that $34.5 million of the surcharges be charged to the industrial class which was going to get the benefits of the incremental program, with the ratepayers paying, the residential ratepayers paying approximately 535,000. This is on the electric side.

In the process of exchanging settlement documents and analysis and so forth, Consumers Energy still wanted to charge the residential class about 935,000 on the basis that they were going to load about 400,000 extra on the residential class for administration costs, and then we did an analysis and provided to the parties indicating that, no, the administration cost also should be allocated only in accordance proportionally with the investment by class, and so we ended up with the

535,000 charge to the residential class, which I would assert is a direct focused savings to residential ratepayers of 34.5 million in absolute surcharges to the residential class that will not be assessed, and these surcharges subsequently start on August 1 because the Commission in a July 31 meeting approved the partial settlement agreement.

MR. PASSMORE: Sounds great.

MR. KESKEY: And you asked me at the last meeting why would ABATE sign on to that, for example. First of all, Consumers wants the program desperately, this all fits in with their grand plan for their replacement power plan, and to them, as long as they get the surcharges for the 35 million, they're more indifferent as to who pays it ultimately. They want the surcharges to match the expenditure as an entirety, which the final proposal does, the final settlement and Commission order does. Secondly, why would ABATE sign on to it? Well, I think ABATE ultimately realized that, based on arguments that they made in other cases, that our arguments were consistent, that yes, the expenditure and the surcharges should have some proportionality, and they in fact were going to benefit from the expedited program and would save energy immediately. Almost. Well, it takes a little while to ramp up, but they would

be directly saving their clients' energy costs. So I think that's a very positive I think for $2,000 expenditure and plus pro bono both before and after your approval, that the result is 34.5 million in surcharges to the residential class.

MR. MacINNES: So who all was in this case?

MR. KESKEY: There was ABATE, there was Consumers Energy, there was the Staff, and then your client, was MEC -- or NRDC, I believe.

MR. MacINNES: Okay. What about AG?

MR. KESKEY: No, AG was not involved.

MR. MacINNES: But PSC Staff was in it?

MR. KESKEY: Yes.

MR. MacINNES: Wow.

MR. KESKEY: And now the PSC --

MR. MacINNES: And how did they feel about this?

MR. KESKEY: Well, the PSC Staff in the initial settlement discussion before testimony was filed was either waddling or it was hard to discern where they were going to come out on their testimony, and I think they would have gone with the settlement the other way if there would have been a settlement, but they came down I believe pretty much more in line with our position as we

were going to litigate it completely.

MR. MacINNES: And the NRDC was in there?

MR. KESKEY: Yes. They were, I think at the time when they entered the case, as Mr. Bzdok said at the last meeting, focusing more on the incentives. The utilities are paid incentives, if they actually realize certain levels of savings, they are paid additional monies. So we, we're not focusing on the incentives, we were focusing directly on the residential class, directly on the allocations, and directly on the allocation and the poor precedent that would be set if there was that kind of subsidy to the industrial class.

And then we filed subsequently initial and reply briefs on the incentive issue, and the issue there is, okay, the Company wants to assert that the incentives should be based on annual accomplishment, whereas the statute did not become effective to, until April 20, and the program, the incremental program will not start until mid year here, so where should the incentive and the accomplishment be measured, that's the issue that the Staff and RCG, which I represent, filed briefs on. And that part of the case has not been decided yet by the Commission.

There's a whole list of other cases, but another major case has been the Palisades --

MR. MacINNES: So before you go on, so I guess what I'm wondering, are there any requests that you have, or is this more of a report, reporting on what's happened here?

MR. KESKEY: Well, we do not -- we did not submit requests based on the perception at the last meeting that basically you had decided, I think wisely so, to determine budgets so people could proceed for the rest of this grant year.

MR. MacINNES: Okay.

MR. KESKEY: But if you want me to delay anything else until the report phase of the agenda, I can do so.

MR. MacINNES: Well, maybe we should just move into that, it sounds like we are moving into that. So we're done with the business items, and that was the most important thing, and then now it's more -- so you can go ahead and continue with your report.

MR. KESKEY: Okay. And with respect to the U-17771-Amended that I just described, we will be sending a report to Kelly relative to the details of that, but it just happened, I mean the Commission just issued its order on July 31.

MR. MacINNES: Well, congratulations, that sounds like a really good -- I mean makes sense. I

don't know why it didn't start that way, but --

MR. KESKEY: Well, I think it's an example, sometimes a low budget can get huge results, and sometimes a modest budget, you fight it out and you don't win, but it doesn't mean it shouldn't be fought.

MR. MacINNES: We did have I think an MEC case on wind depreciation where we spent 47,000 in legal fees and saved ratepayers 35 million. We like those kinds of cases.

MR. KESKEY: The other case that's taken a lot of time is U-18250, which is Consumers Energy and Entergy's proposal to terminate the PPA and to make a $172 million payment to Entergy next year, although the securitization costs would cost the ratepayer 186.4 million when you get done with all of the issuance costs and the administration costs and rating agency fees and the persons that make the real bucks in this country. In that case, of course we filed testimony on behalf of Residential Customer Group, and we proposed a rejection of the proposal and offered some other alternatives that would be less costly. And the hearings were held on June 13 through June 16, and I would say that we were extremely active in the cross-examination of the Consumers Energy witnesses, including one witness from Entergy, and I'd say much more so than other parties, we

took a lot of preparation time, but the hearings have been concluded. We then, along with the other parties, went into varying depth, multi-day settlement discussions with Consumers Energy and Entergy, which also involved ABATE and the Attorney General and, as I said, Entergy and Consumers Energy and the Staff, and there were many papers and proposals exchanged by the parties, and despite heroic efforts, ultimately Consumers Energy could not agree to the settlement. So the briefing schedule is for initial briefs to be filed this Friday, August 11, reply briefs, September 1, and it will go to the Commission for a decision.

MR. MacINNES: Is the AG -- AG's in this one?

MR. KESKEY: The AG is in it. Our testimony did not duplicate. We proposed -- one of the problems here is that the payment, first of all, Consumers Energy will not make a payment to Entergy unless the Commission first approves the idea, which is a little bit like the Commission making the management decision for the Company as to what a reasonable payment would be. And if the Commission -- and they said this on cross-examination that I did of some of Consumers Energy's witnesses -- if the Commission does not approve the Entergy/CECo proposal as is, then Consumers will not

proceed with the deal. The unknown is whether Entergy would, for economic reasons or regulatory reasons, decide to close the plant anyway without a payment. And under the purchased power agreement, if they did that, they have the alternative to supply Consumers Energy with the same amount of capacity and energy obtained from MISO or other replacement power, which is right now cheaper.

But one other issue that came out during cross-examination is that the base load of Palisades at almost 800 megawatts is important base load capacity. After each refueling, the capacity factor is very high, 95 to 100 percent, the energy that they generate is very cheap. The Region 7 zone of MISO may run into a problem if this 800 megawatts of capacity becomes unavailable starting in 2018, which can result in extra charges to everybody in the Region 7 territory, which has to be considered, besides the additional cost of the replacement power plan that Consumers would benefit from, plus additional congestion costs in the absence of Palisades, Consumers estimated that they would incur $123 million in congestion costs because that capacity is not online. So when you add up all these offsets, it's very risky as to whether or not it's economic to terminate Palisades four years early. The savings that Consumers claims marginally in almost a press release style rather

than sound analysis is based on projections, whereas the payment to Entergy would be 172 million made on May 31, 2018, with Entergy making no promises at all as to what they would do with the plant, either continue to run it or sell it or anything, whereas the risk on the ratepayers is absolute. I mean the risk on Consumers is zero.

Now, as far as their replacement power plan to make up for the loss of Palisades' capacity next year, Consumers Energy proposes not only this incremental energy efficiency waste reduction program, which is a minor piece of it, which has been approved now, I mean it will be approved, but also they have a proposal to expand an affiliate of CECo, a subsidiary of Consumers Energy, which is CMS Energy, the parent has a subsidiary which owns 50 percent of the Filer City qualifying facility, and they are proposing to --

MR. MacINNES: How big is that?

MR. KESKEY: Right now it's I'd say probably 50 to 60 megawatts, but they want to increase it to something like 220 or something, and change it from coal to gas and then extend the contract out till several, quite a few more years.

MR. PASSMORE: Where is this?

MR. KESKEY: Filer City. It's near

Manistee.

MR. MacINNES: Coal plant in Manistee basically. Tondu, Tondu's plant.

MR. KESKEY: There's a long history about Tondu, but we won't go into that.

Well, the problem with that proposal, which we, Residential Customer Group, has intervened in is that, as far as we can tell, the cost of that capacity and energy under the amended PPA with Filer City would be more costly than the Palisades PPA that they have currently. Another problem with it is that it, the proposal is higher than what it looks like the PURPA prices are going to come out for for all of the other QF projects, which brings up an issue of discrimination with all the other PURPA projects. Now, the testimony for intervenors and Staff is not to be filed yet, so I'm sort of indicating perhaps some advance problems.

Another proposal that Consumers Energy has suggested is that they buy Dearborn Industrial Gas plant from its parent company, CMS Energy, which is about 800 megawatts, to replace the Palisades. The problem with that is there's no decision by the Commission, no proposal on the table, as to how much that would cost ratepayers, because it would be in rate base, the entire plant would then be covered by the ratepayers, and it's a

purchase from an affiliate.

So there's a lot of prematureness to the Company proposal to terminate Entergy's, the PPA with Entergy for a lot of things that haven't been decided yet, and so it's not known whether the replacement power costs could be higher than staying with the PPA for the next four years.

MR. MacINNES: Could Entergy just close it down and say we're done?

MR. KESKEY: They could. They have to give 12-months' notice under the contract, plus they have to supply replacement capacity and energy benefits cheaper than what the PPA is, they would presumably save that margin.

So and, of course, another question is whether or not -- and I highlighted this in cross-examination -- is that in order to have securitization, it has to be a regulatory asset; the Commission has a lot of discretion as to determining what a regulatory asset is. But the payment to Entergy is not something Consumers has done, it's not on their books, it's not a liability. On all of the past securitization cases, there was an investment by Consumers, whether it be coal plants that they're going to retire that they want to securitize remaining investment, there has never been a

case that's under securitization before at our Commission where you want to give an advance decision about securitizing something that is not on the Company's books as having been paid or incurred. And that's another example of Consumers Energy really asking the Commission to make this management decision for them, which is contrary to some judicial precedent.

Another issue that arose during the hearings was the fact is that we would assert that they don't, as the second step, they don't qualify under the securitization statute because some of the preconditions in that statute, that it has to be used solely to retire common equity or debt of the utility, and in reality, this is not what's happening. What they, through sort of a clever step-by-step process, they are going to make the payment first and maybe a year to two years later they would securitize that payment, however, that's backwards under the statute. And again, management should make a decision as to if they're going to pay them, go ahead and pay them, and then the Commission should look at it, not the reverse.

MR. MacINNES: Who's the PSC's attorney on all this stuff?

MR. KESKEY: Primarily was Lauren Donofrio on this one.

MR. MacINNES: Does he actually -- is he an employee of the PSC?

MR. KESKEY: She, she.

MR. MacINNES: She.

MR. KESKEY: Yeah, she's on staff of the --

MR. MacINNES: She is a staff, MPSC staff, so she would rule on all this --

MS. ANDREWS: She's just staff, she's an attorney.

MR. KESKEY: No. The administrative law judge was Sharon Feldman, she conducted the hearings. The entire Commission listened to all the hearings on the cross-examination, they were sitting at the table behind me --

MR. MacINNES: Really, huh.

MR. KESKEY: -- as I was cross-examining for four days. So it didn't bother me because it just, you know, you just go with what we got.

Another thing that came out in the hearings is that the Consumers Energy presently has contracts --

MR. MacINNES: But just a second. So I still am not clear on the answer you gave me. So, you know, it looks like they're trying to get around some of

this securitization law, that's what it looks like based on what you just said.

MR. KESKEY: In our view.

MR. MacINNES: Okay. So who decides that? Who says, oh, you can't do that, it's a securities' law violation, who says that?

MR. KESKEY: Well, it's under the state securitization statute.

MR. MacINNES: Okay. So who says that?

MR. KESKEY: That would be in the Commission's order when they decide that.

MR. MacINNES: So the Commission decides that?

MR. KESKEY: Yeah.

MR. MacINNES: So, well, they're not -- are they experts in securities law?

MR. KESKEY: Well, the Michigan securities statute is 2000 PA-144, so that -- they've decided cases twice before under that statute at least with Consumers Energy alone. Any party can appeal the Commission's decision with the Court of Appeals.

MR. MacINNES: Right. So they just say, hey, it's okay?

MR. KESKEY: I don't know what they're going to say.

MR. MacINNES: I mean they could say that?

MR. KESKEY: They could.

MR. MacINNES: And it's their decision?

MR. KESKEY: Yes.

MR. MacINNES: On the law. Is that how that works?

MS. ANDREWS: We think they have clerks, like secret people. I'm not kidding. Like we don't know who they are, but --

MR. MacINNES: I'm sure they have --

MS. ANDREWS: -- to write the order. Like they --

MR. MacINNES: Yeah, that makes sense. But I'm just wondering, you know, that -- it's like the commissioners make that decision on whether or not this passes muster under Michigan securities law?

MR. KESKEY: Under the statute.

MR. MacINNES: Is that right?

MR. LISKEY: Yeah, but they have a whole regulatory affairs group that --

MR. MacINNES: Advises them?

MR. LISKEY: -- drafts the orders.

MR. MacINNES: And that's under the Commission?

MR. LISKEY: It's under the Commission, and then they have a closed-door discussion, they look at the draft, and have a conversation.

MR. MacINNES: So they wouldn't use independent counsel to advise them or to help them in any way?

MR. KESKEY: The Commission Staff counsel, Commission Staff experts that participate in the cases are supposed to be, and in my experience being head of the division of the AGs that represented the Commission for many years, that that has been honored, usually there is a separation, so the Staff order writing section, the regulatory order writing section that the commissioners use to write orders is a separate section, they will consult their own experts in the organization to get details if they don't understand something. And the Commission sometimes will have a draft order, they'll discuss it and say, well, I don't know about this, go back and rewrite this part and, you know, back and forth between the commissioners in their closed session and the regulatory order writing division until they come up with a final order.

MR. MacINNES: Okay. It sounds -- so can the Commission just say, no, that's how I want it?

MR. KESKEY: Ultimately --

MR. MacINNES: I don't like it that way, I want it this way?

MR. KESKEY: Ultimately, subject to appeal, yes, the Commission will make the factual and legal decisions.

MR. MacINNES: Interesting.

MR. KESKEY: Now, couple other things about the hearing. There --

MR. MacINNES: So you're saying yes, the Commission can, is the ultimate decider on whether or not the state is in compliance with secure, Michigan securities law on these securitization cases?

MR. KESKEY: Well, this specific securitization statute is, by its terms, under the discretion and authority of the Public Service Commission.

MR. MacINNES: So that's what the law reads?

MR. KESKEY: Yes. A couple other items during the hearings that came out, that there are 50 or more contracts that Consumers Energy has, PPAs, purchased power agreements, with other projects comprising 1,500 megawatts, having less capacity factors than Palisades, that are currently at a higher price than the current Palisades PPA. So Palisades, yes, it's, in retrospect,

is a somewhat high-priced contract, however, it's among a portfolio where it's in the mid section of costs, and so that's another fact that came out, and there's probably some more that I could tell you. But there's just a lot of issues here, factual and legal, as to -- that will have to go into the briefs.

And then the other piece of it is that the entire replacement power program is going to be the subject of separate cases, which we are in, but then it's going to be heavily contested potentially in the PSCR cases that are upcoming as to -- depending on what the Commission does, if Palisades is going to come offline in 2018, how do we make it up and how much is the cost; is it economic, is it prudent, what's it going to do to MISO Region 7, and it brings up a whole host of issues in that area.

MR. MacINNES: Do you talk in these discussions, has there been any discussion about, what do they call it, Michigan local clearing capacity?

MR. KESKEY: Well, right now in the system reliability mechanism cases, which is U-18239 for Consumers Energy and U-18248 for DTE Electric, in which you also authorized a modest budget, adding 2,000 to a $1,000 budget for each case for RCG, there have been several technical conferences which we have attended

regarding the statutory requirement on Section 6w for the Commission to determine what the capacity needs are, and this is in relation to not only the local incumbent utilities, but with respect to the Customer Choice providers, and what the capacity needs are and what possible surcharges may be necessary to ensure adequacy of capacity in Region 7 or across the state for all, you know, basically all the utilities.

MR. MacINNES: As I understand it, the so-called local clearing requirement is that over 90 percent of the capacity needs to be within the state. Do you know anything --

MR. KESKEY: Well, right now the Customer Choice category can take up to 10 percent, which that was the effort to bring some competition into the system, it's not been expanded.

MR. MacINNES: But, you know, you can supply reliable capacity using transmission.

MR. KESKEY: Yes. And you can buy capacity or you can bid into MISO for capacity, but the SRM and the Section 6w cases are to determine basically what are the utilities' responsibility for ensuring enough capacity compared -- the fight is actually going to be between the utility and the independent power producers and whether that's, whether there's going to be

an outcome that could be a barrier to them.

MR. MacINNES: Well, but what if you have a situation where you don't have the independent -- well, I guess you would have them. But, you know, you can get cheaper power from some other state and you can bring it in to the state, and I know you can do it technically, I know that can happen, we actually talked about it at the conference --

MR. KESKEY: As a matter of physics you mean?

MR. MacINNES: Yeah, it's physics. You can bring in capacity to the state, you don't have to have a power plant there to provide reliable capacity. I mean you have to make sure that transmission is available for that. But why couldn't we do that?

MR. KESKEY: Well, one of the issues that are being examined in these SRM Section 6w cases is a local requirement, you know, should there be a local requirement, how much, and --

MR. MacINNES: Why should there be?

MR. KESKEY: Well, that's ultimately something that the Commission is going to decide on, it's one of the issues.

MR. MacINNES: I mean if it's more expensive to have a local, a Michigan-based power plant

than it is to buy power from, power from another state and have it committed with transmission and everything to Michigan, why is that not a good alternative?

MR. KESKEY: Well, I think it is in terms of competition and economics, but the -- first of all, you've got the MISO construct, which is running a lot of generation and controlling a lot of the overlay, and LMP prices, for example, in I think both DTE Electric and Consumers are cheaper than what they're charging the ratepayers, that's another issue for the PSCR cases as to why this is.

MR. MacINNES: Now, and by the time you pay some congestion charges and all that, you know, that could run up the price of the power in the other state, right.

MR. KESKEY: And then when you brought up the topic about the idea of, which is really interesting, about how you would transmit power from California to Michigan, and knowing that the time difference, three-hour time difference can make a lot of difference on economics on peak time --

MR. MacINNES: That's what load diversity is all about.

MR. KESKEY: -- you know, you'd probably have to go through the MISO box at some point; in other

words, what are the options for the local producers, local utilities, in answer to your question, to get through MISO box, and then in a greater sense, going beyond just the MISO region to elsewhere to find better, cheaper power, and those are things that have to be --

MR. MacINNES: It just seems to me that as long as we're transmission constrained, we're going to be -- we don't have a lot of choices no matter, you know, who's the -- you know, whether it's an independent power producer or it's Southern Cal Edison, whoever it is, somebody else, some other utility supplying spare capacity to Michigan because they've got available capacity that's not being used.

MR. KESKEY: And hopefully that's one of the objectives of MISO is to try to regionalize for economic purposes the resources instead of the little fiefdoms that used to be is each utility used to control their own and at one time AEP effectively ran the transmission all the way from Indiana-Ohio right to Washington, D.C. without hardly any regulation by FERC even though it was interstate transmission, but so we're evolving, but --

MR. MacINNES: Well, I don't want to spend too much time on that. But just as you're getting into it, I just thought I'd raise it.

MR. KESKEY: Another budget you approved in June was for $2,000 for the energy waste reduction case for Detroit Edison for the 2017 until the 2018-2021 period is decided, and that's U-17762, and we participated in that case, there were hearings last week, and the parties have entered into a settlement agreement in that case, a partial settlement agreement in that case.

MR. MacINNES: How does that compare with the other one?

MR. KESKEY: It's consistent from our analysis that Edison wasn't trying to change the alignment of charges versus investment in programs by classes.

MR. MacINNES: Cost of service shifting again.

MR. KESKEY: We're also involved in the new cases for 2018 and 2021 for both CECo and DECo, DTE, pursuant to your authorization, but those cases are, basically have started, and the testimony is out in the future yet to be filed. And there again, we want to make sure that there's not a misalignment in the allocations of surcharges to rate classes in comparison to the investment in that rate class for the energy waste reduction programs.

MR. MacINNES: Right. It seems like we get, both you and John have both dealt with that, and I imagine Chris has, too, I don't remember, but where a certain thing happens and they want to throw more cost to the residential ratepayers, you know, the wrong amount, I mean it's not a pro rata, and that seems like it's happening --

MR. LISKEY: It's a constant.

MR. MacINNES: -- constantly, and we saw it with the cost of service cases that we spent a quarter of a million dollars on. So this just keeps coming up, this theme of special contract --

MR. LISKEY: Yeah.

MR. MacINNES: -- that unduly burdens the residential ratepayers.

MR. LISKEY: And from the report that we handed out, you can see why Michigan's residential rates are so much higher than everyone else.

MR. MacINNES: Yeah. Yeah. No, that was a great report.

Okay. Anything else?

MR. KESKEY: Well, there's -- I've got a long list of cases, but I would only discuss one more grouping, if you will, and that was the PURPA cases on behalf of Great Lakes Renewable Energy Association, it

was U-18090 for Consumers Energy and U-18091 for DTE Electric. And we got heavily involved in those cases and presented testimony in the fourth quarter of 2016, and there have been Commission orders that were issued in both cases now, but the Commission most recently on July 31 issued orders to again, for a second time with respect to Consumers Energy, remand the case for more hearings on some more technical issues and modeling regarding certain cost projections to come up with the ultimate avoided cost for each utility. Now, we also participated extensively in some of the technical conference discussions that have been in between these orders, and what they're looking at now is to look at specific costs, like heat rate, the O&M costs, and things like that, the projected fuel cost, and it's based on a gas proxy, so your -- there are differences as to, let's say, a Consumers Energy projected, method for projecting gas costs for 20 years versus the Staff wants to use the Energy Information Association projections, and of course these projections will have a lot to do with the final price, and it depends on the methodology or the technologies of the various QFs. So the Commission, those hearings will be held, the additional filings were due August 11 for Consumers Energy and August 15 for DTE, and we, GLREA, has not undertaken additional modeling or

testimony on those issues, although we're going to still actively participate and brief those issues, because our participation focused earlier in the cases on what we call thing big ticket framework items, what should be the term of the contracts, and we asserted 20 years under both state and federal law, which the Commission adopted, what should be the standard tariff, which is the standard tariff for small QFs, what size QF, should that be an option for QFs, and we asserted it could be up to 20 megawatts of capacity under the FERC regulations, both utilities wanted only 100 kilowatts. The Commission ultimately came --

MR. MacINNES: 100 kilowatts?

MR. KESKEY: 100 kW.

MR. MacINNES: For?

MR. KESKEY: For the standard offer tariff. But ultimately the Commission said for this phase, for these particular PURPA cases, we'll go up to 2 megawatts, and after that the QFs can hire -- bigger QFs can negotiate with the utilities, and that can be revisited when they do this again.

MR. MacINNES: What kind of numbers are you seeing, where do you think it's going to, you know, show up?

MR. KESKEY: Well, the Commission has

already decided 2 megawatts.

MR. MacINNES: No, but I mean in terms of the avoided costs for energy.

MR. KESKEY: Well, it's going to vary based on the outcome of all these issues, like heat rate and O&M and projected fuel costs and whether you're going to buy the utility forecast or the Staff or someone else's. For some QFs, it appears that the QF avoided cost when you add the capacity, energy, and other additional factors, is going to be less than what their existing contracts are, which creates a problem.

MR. MacINNES: That's --

MR. KESKEY: Interestingly, with respect to solar, solar is going to be higher, you know, it could be -- some of the exchanges of information and drafts and charts and stuff would be very preliminarily possibly capacity plus energy costs plus other additions that would be over eight cents per kilowatt hour.

MR. MacINNES: What about biomass?

MR. KESKEY: Biomass I would suggest is going to be lower.

MR. MacINNES: It's like what are they now, at eight cents or thereabouts, capacity and energy?

MR. KESKEY: I think it varies. That might be a pretty fair average. But this is very

upsetting to a lot of QF projects --

MR. MacINNES: Oh, I'm sure it is.

MR. KESKEY: -- including, you know, like the Kent County Landfill, Ann Arbor has some QF and so forth.

MR. MacINNES: We've got six, I think at least six biomass plants in the state, I bet it would be upsetting to them.

MR. KESKEY: Yeah, so it's a very active -- I mean we had a small budget in the case, we were, besides a pro bono before we got the budget, the pro bono since has been tremendous, but we've kept in there till the end.

MR. MacINNES: Well, aren't they -- isn't the utilities' plan, though, to phase a lot of those plants out, the PPAs out, and so they can do it themselves?

MR. KESKEY: I would think the utility models have been to try to capture or continue to capture as much monopoly power as possible.

MR. MacINNES: Right.

MR. KESKEY: Limit competition, whether it be from Customer Choice or whether it be competitive generation or QF projects.

MR. MacINNES: Right.

MR. KESKEY: And that's --

MR. MacINNES: Well, I think that's what they put in some of their financial presentations actually.

MR. KESKEY: Yeah. I did send a report to Kelly last week on the status of these PURPA cases as of the order that Commission issued in, for DTE and Consumers Energy on July 31, which discusses a lot of these other issues and then remands it back for more hearings.

MR. MacINNES: You know, on the other hand, too, I don't know that -- I mean we don't want ratepayers to have to pay a premium for some of these either, you know, so it's not just a question of, hey, what's the lowest, you know, you know, what's the highest rate or whatever for the QFs.

MR. KESKEY: And the PURPA regulations recognize it's got to be reasonable and it's got to be nondiscriminatory, but the ratepayers, you're not going to get a bonus above what the avoided cost of the utility is.

MR. MacINNES: Yeah. So these plants are not going to be cost competitive, a lot of them, except maybe solar, like you say, maybe that will be a little more competitive because it delivers power at critical

times of the day.

MR. KESKEY: Yeah.

MR. MacINNES: Okay. I think we should keep moving here. Is there any last comments? And I don't know, John, if you have anything you want to add?

MR. LISKEY: No, I've pretty much covered everything.

MR. MacINNES: Do you have anything you want to add?

MS. ANDREWS: We are waiting for some decisions in some cases and we're about to file testimony, but I'm -- we covered pretty much everything in our packet, so unless there's specific questions.

MR. MacINNES: Okay. Does the board have any other thoughts or comments that they would like to add?

MR. PASSMORE: I have a question, not specific to any one thing, but does the board, do we have the ability to fund work other than legal work in front of these sort of contested cases, because -- and the reason, the thought that prompted that was this idea, that very sort of basic fairness argument around you should pay what you get, right, for, and so the idea that the residential ratepayers are paying for industrial class waste reduction, while that's good that the waste

reduction is happening, just, I mean there's just a basic fairness argument there that you can just take to the public.

MR. MacINNES: Yeah. I mean --

MR. PASSMORE: But are we -- do we have the latitude to support work, like public education work I guess? And I suppose I should read the statute and I could answer that myself.

MR. MacINNES: Well, these are public meetings, our minutes are posted on the website, I know I talk to people about my concerns, about, and what I see is information that's presented to us, I tell people. So I don't know. I mean to me, I don't -- I mean it's all public information as far as I know.

MR. PASSMORE: But if like --

MR. ISELY: But there's a limited suite of things that we can actually fund.

MR. MacINNES: Yes, in terms of the funding, I think that's right.

MR. PASSMORE: So like if one of our grantees in their budget included money for like communications' work, that would not be something that we would be able to support?

MR. MacINNES: I think our, if you -- the way I always look at it is we support, we provide grants

to intervenors that can make a case on how we're going to save residential ratepayers money on their bill. It's all about saving residential ratepayers money. And there's a lot of ways to do that I think, and sometimes it takes time, it might take years to work on something that will bear fruit in that area; I mean we'll do the technical work, the legal work, the research that needs to be done to get there, you know. I mean it often takes years really, so I think that can be, if there's a case, I look at it, you know, what I asked John, you know, it's like show me the present value of the benefit, so not only the upfront cost, but, you know, what, using reasonable assumptions, if you present value all those cash flow savings to the ratepayers back at a reasonable discount rate, what is that worth. That's what I look at.

MR. ISELY: But the statute enumerates what we can actually fund.

MR. LISKEY: Yes. Annual receipts and interest earned less administrative costs may be used only for participation in administrative and judicial proceedings under Section 6a, h, j, s and --

MR. PASSMORE: Okay. That's good.

MS. ANDREWS: I would add, though, when we go out and participate in a case and we generate a

study about how something is unfairly impacting citizens, other people are reading those and they are benefiting from that, and you see our reports show up in filings, in press releases, and those are public, and I would say there's a much stronger value than just the jurisdiction of the Commission.

MR. MacINNES: Right. But this is -- that's a result of your work product, it's public information, people, organizations such as CARE and MEC, can take that information and say, hey, put it out, and put it out there, and it's based on their work product that has been done.

MS. ANDREWS: There's a lot of NEXUS work that has gone public recently about the insider connection, and I would say that traces back to filings as a result of work done by experts funded by this board, and it's being broadcast, so to speak.

MR. MacINNES: Do you get the Midwest Energy News?

MR. PASSMORE: I do.

MR. MacINNES: There's a lot of good stuff in there. Good question, though.

Any other questions?

MR. ISELY: I have a question.

MR. MacINNES: Okay.

MR. ISELY: We've talked about that $16,000, we've talked about listening to stuff in August. Do you have any guidance as to how we're going to do that, or what timeline we want to be seeing stuff, given that we only have three weeks?

MR. MacINNES: Well, we have it -- we can spend that money through September.

MR. ISELY: Something starting through September?

MR. MacINNES: No. But I mean that $16,000.

MR. ISELY: Right. So we would be reviewing it in the next --

MR. MacINNES: Meeting.

MR. ISELY: -- meeting, which if we stand by our normal two weeks, right, is one week from today?

MR. MacINNES: For the -- for requests?

MR. ISELY: Right.

MR. MacINNES: Right. And I don't know, I mean I don't know whether we want to spend any of that or not. I guess I'd like to hear the arguments for it. I like paying down debt. I don't like debt, even though I have a lot in my business. So I would just say let's look at it at the next meeting and decide what we want to do. I think we could go ahead and we could -- if we paid

our debt down, that would give us, or made a prepayment towards next year, let's say -- I'm sure, I'm pretty sure they would go with that, the AG's office would go with that -- so instead of paying them 70, we could pay them 55 or whatever it is, and that would leave us with more money to spend next year, so.

MR. ISELY: So the second question: Is the expectation for our next meeting that we should be expecting longer than a normal meeting?

MR. MacINNES: I don't know.

MR. ISELY: Because normally that second one, because people are going through their pretty big piles, ends up being a long day.

MR. MacINNES: Yeah, it's quite often a long meeting.

MR. PASSMORE: It's a long meeting because why? I'm sorry.

MS. KITCHEN: Because of the grant applications.

MR. PASSMORE: Because we're going through this stuff.

MR. MacINNES: Because we're going to go -- this is when we'll be starting to make decisions for the next year, starting to really -- and that's why we have two meetings, so that we can understand what

people are thinking about, what's coming down the pike at us, and then making the decisions we need to at the end of this month going to next year, because some of these things we'll need to decide on. We try to hold off on deciding when to spend the money or spending the money as late as we can because you get more information, but yet we don't want to miss a deadline where a grantee can't get in because they don't have the funds, so it's kind of a judgment call here. So yes, it will be probably be a full meeting, till 4:00, my guess, hopefully not much longer than that.

MR. ISELY: Okay.

MS. KITCHEN: So if there are new requests for that 16,000, if I got them by this Friday, I could get them to the board by the 14th, which is the Monday, which will give you guys not only time to look at your grant applications, but a week and a half to look at the new requests. I think that's what you were asking, Paul?

MR. ISELY: Yes.

MS. KITCHEN: So is that reasonable for any of the grantees?

MR. LISKEY: Do I need to resubmit? I mean it's essentially what I submitted at the last meeting.

MS. KITCHEN: We need your numbers, we wanted to have the analysis.

MR. MacINNES: The numbers and just maybe a short, you know, something.

MR. LISKEY: I can't do it by Friday because I'm not going to be seeing Douglas until next --

MS. KITCHEN: When will he be seeing you?

MR. LISKEY: I could have it to you probably on Monday, a week from today.

MS. KITCHEN: That's fine. Because my turnaround time to get it to the board, really I don't need a lot of time for that, so I'm able to do that.

MR. LISKEY: Next Monday.

MR. MacINNES: And we recognize -- we'd like to have the full two weeks, but recognizing this is a little, something unplanned, we're willing to flex on this I mean, so.

MS. LICATA HAROUTUNIAN: I'd just like to say again congratulations to Don based on his success there.

MR. MacINNES: Yeah, that's really good. There ought to be some kind of a way to get that message out. How about your Residential Customer Group, can they write a press release on that or something?

MR. KESKEY: Yeah, we -- the first step

is to get a more detailed report to Kelly because that sort of pulls together the facts, you know.

MR. MacINNES: Because this is a really good example, I'm sorry to say, of what we see the utilities doing is skewing this against the residential ratepayers rather than having each customer group pay their pro rata share. It just doesn't seem right.

MR. KESKEY: I guess one of the laws of physics or gravity may be when there's a vacuum, people get away with it.

MR. MacINNES: Yeah, yeah.

MS. LICATA HAROUTUNIAN: Yep.

MR. PASSMORE: It's a lawyer's view of physics.

MR. MacINNES: Probably a lot of truth to that, a lawyer's view of physics.

MR. PASSMORE: How can people get away with it.

MR. MacINNES: Okay. And that's why we asked for more money in the new law so that we could be at the table in more cases.

Okay. Public comment? I guess there's no public comment.

Next meeting is on the 25th of this month. And I guess that will do it.

Motion to adjourn?

MS. LICATA HAROUTUNIAN: So moved.

MR. ISELY: Support.

MR. MacINNES: We are adjourned.

(At 3:17 p.m., the meeting was adjourned. Next meeting of the UCPB is on Friday, August 25, 2017, at 12:30 p.m.)

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STATE OF MICHIGAN)
)
COUNTY OF MACOMB)

I, Lori Anne Penn, certify that this transcript consisting of 112 pages is a complete, true, and correct record of the proceedings held on Monday, August 7, 2017.

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

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

August 14, 2017
Date

Lori Anne Penn

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