



201 N. WASHINGTON SQUARE • SUITE 810
LANSING, MICHIGAN 48933

TELEPHONE 517 / 482-6237 • FAX 517 / 482-6937 • WWW.VARNUMLAW.COM

ERIC J. SCHNEIDEWIND

ejschneidewind@varnumlaw.com

July 10, 2009

Ms. Mary Jo Kunkle
Executive Secretary
MPSC
6545 Mercantile Way
P.O. Box 30221
Lansing, MI 48909

Re: Errata Case U-15645

Dear Ms. Kunkle:

Attached are three revised pages from the Energy Michigan U-15645 Initial Brief. The revisions correct two transcript citations and one one-word reference to the source of Testimony. Therefore the revisions are editorial in nature, not substantive. I apologize for any inconvenience.

Very truly yours,

VARNUM

Eric J. Schneidewind

EJS/mrr

c. ALJ
Parties

regards retail bundled customers rather than driving ROA distribution rates away from cost of service while driving bundled customer rates toward cost of service.

IV. Revenue Decoupling

A. Position of Consumers and MPSC Staff.

1. Consumers Energy Direct Case.

Consumers Energy Witness Stephen Stubleski presented Testimony recommending a form of sales tracker mechanism. This mechanism would calculate changes in Consumers' sales levels and calculate the surcharges necessary to recover revenue losses or gains due to changes in the non-PSCR sales revenue of Consumers. Consumers proposes to recover any losses or refund any gains by means of surcharges which would be calculated and applied by customer class. Mr. Stubleski recommended that these adjustments apply to all customer classes without an exclusion for ROA or recommendation that ROA sales be treated in a different manner. Stubleski Direct, 7 Tr 711.

2. MPSC Staff.

MPSC Staff Witness Robert Ozar recommended a sales tracker that would focus on changes in sales level related to the Energy Optimization Program recently adopted by the Commission in Case U-15805. Ozar Direct, 7 Tr 1569-80. Unlike Mr. Stubleski, Mr. Ozar did not propose adjustments that would track or recognize changes in sales level due to factors other than the Energy Optimization Program adopted by the Commission for Consumers Energy. However, Mr. Ozar did recommend that separate factors be calculated for bundled service customers and for ROA customers. In the case of ROA service Mr. Ozar recommended that the lost revenue surcharge only reflect lost distribution revenue. Ozar Direct, 7 Tr 1570.

3. Consumers Energy Rebuttal.

Consumers Rebuttal Witness Stephen Stubleski testified that MPSC Witness Ozar's proposal did not track lost revenue but only sales losses related to the Energy Optimization Program. Mr. Stubleski opined that Staff's recommended adjustment would not be sufficient. Mr. Stubleski recommended that any lost sales tracker adopted relate to all Consumers Energy sales. Mr. Stubleski also agreed with Staff that Consumers would support a plan that limited ROA customer charges to lost revenues related to reductions in distribution sales. Stubleski Rebuttal, 7 Tr 729-30.

B. Energy Michigan Position.

Energy Michigan opposes implementation of any sales change tracking mechanism which bills ROA customers for generation related costs or sales losses that reflect generation related costs. ROA customers do not use system generation and should not benefit or be hurt by adjustment mechanisms which offset the financial consequences of changes in utility energy sales. With the filing of Rebuttal, it appears that both Consumers Energy and MPSC Staff agree with Energy Michigan that their proposed sales adjustment mechanism should not charge ROA customers for generation related costs.

Should the Commission wish to adopt a sales "tracker" mechanism, that mechanism should charge or credit ROA customers only for sales charges related to distribution costs. There is no record support for any other position.

V. Extension of Three Day Cancellation Period to 14 Days
For Residential Choice Customers

A. Consumers and Staff Proposal.

Consumers initially proposed to extend from three days to 30 days the period during which residential customers may cancel an enrollment in Electric Choice service. Hirsch, 7 Tr 539.

Consumers based the proposal on consistency with the gas customer Choice program which Mr. Hirsch noted includes participation by some of the AESs as gas providers. Id.

Staff Witness Cornfield proposed that the residential cancellation period be no less than 14 calendar days rather than the Consumers 30 day proposal. Cornfield, 10 Tr 1345. On Rebuttal, Consumers supported the Staff position. Hirsch Rebuttal, 7 Tr 550.

B. Energy Michigan Position.

Energy Michigan Witness Carrier gave two reasons to oppose the Consumers cancellation extension. First, AESs are required to "lock in" or hedge any long term offers of electric service at a fixed price. This is an expensive commitment which would be largely unnecessary if the commitment were limited to three days instead of the 30 proposed by Staff. Second, the Staff proposal is unfair to AESs because the potential residential customer is given a 30 day fixed price commitment but the customer may use this commitment to shop around, obtain a lower price and then cancel the commitment for service with the AES. This is unfair and imposes unreasonable expense on the AES. Carrier Direct, 7 Tr 285-87.

Mr. Carrier proposed that a five business day commitment be utilized instead of the 30 day commitment proposed by Consumers. Id., 7 Tr 287.

Energy Michigan believes that a five business day cancellation period will allow residential customers to cancel an AES contract that was signed in error. While five business days might not be enough time to allow a residential customer to lock in an AES price, shop for a better price among other AESs, lock into those prices and then cancel the initial AES contract, legitimate mistakes or misgivings can be recognized and corrected within five business days. Fourteen calendar days are not required.

VI. Prayer for Relief

WHEREFORE, Energy Michigan requests that the Commission: