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MPSC Directs Consumers Energy Company to Show Cause Why It Should Not Refund Unspent Tree Trimming, Certain O & M Funds to Electric Customers

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The Michigan Public Service Commission (MPSC) directed Consumers Energy Company to show cause why it should not refund to its electric customers unspent tree trimming funds and operation and maintenance (O & M) funds related to its fossil fuel plant operations.

On Dec. 22, 2005 the MPSC issued an order that authorized Consumers Energy to establish a forestry expense tracking mechanism and a fossil fueled plant operation and maintenance (O & M) expense tracking mechanism.

The forestry expense tracking mechanism was approved for the company to perform tree trimming and line clearing activities. The O & M expense tracking mechanism was adopted because of the significant difference between the MPSC staff's and the utility's positions on the recovery of this expense.

The utility's 2007 report reveals that it under-spent \$6,503,420 for forestry expenses and line clearing activities during 2007, and under-spent \$7,584,328 for fossil fueled plant O & M expense during 2007. The utility has not to date refunded either amount to customers, as required by the Commission's 2005 order.

Today's order directs Consumers Energy to show cause why it should not be found in violation of the Commission's Dec. 22, 2005 order in Case No. U-14347, explaining why the refunds required have not yet occurred.

The utility has been directed to calculate interest on any annual amounts by which it under-spent its fossil fueled plant O & M expense, nuclear O & M expense, and forestry expenses and line clearing target amounts at the company's authorized rate of return on common equity, for calendar years 2006 through 2008, as well as a summary of all available data for forestry expenditures for 2009. The MPSC has also directed Consumers Energy to address in its response why it should not be fined by the Commission for failing to refund amounts that have been under-spent

The utility has until 5 p.m. on Oct. 30 to file its response with the MPSC. It must also serve a copy of its response and a copy of this order on all parties to Case Nos. U-14347, U-15245, and U-15645. Petitions to intervene in this matter must be filed by Nov. 12. A pre-hearing conference on this matter has been scheduled for 9 a.m. on Nov. 19 at the MPSC's Lansing office, located at 6545 Mercantile Way.

The MPSC is an agency within the Department of Energy, Labor & Economic Growth.

Case No. U-16113