



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

March 9, 2012

Ms. Mary Jo Kunkle
Michigan Public Service Commission
6545 Mercantile Way
P.O. Box 30221
Lansing, MI 48909

Re: Case No. U-16566

Dear Ms. Kunkle:

Attached for paperless electronic filing is Energy Michigan's Replies to Exceptions. Also attached is a Proof of Service indicating service on counsel.

Thank you for your assistance in this matter.

Very truly yours,

VARNUM,^{LLP}

Eric J. Schneidewind

EJS/mrr

cc: ALJ
parties

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the application of)
CONSUMERS ENERGY COMPANY)
for authority to reconcile electric)
revenue pursuant to Pilot Revenue)
Decoupling Mechanism)
and for other relief.)
_____)

Case No. U-16566

ENERGY MICHIGAN, INC.'S REPLIES TO THE EXCEPTIONS OF
CONSUMERS ENERGY COMPANY AND
THE MICHIGAN PUBLIC SERVICE COMMISSION STAFF

Eric J. Schneidewind, P20037
Varnum^{LLP}
Counsel for Energy Michigan, Inc.
201 N. Washington Square, Suite 810
Lansing, MI 48933
517/482-6237

TABLE OF CONTENTS

I. Introduction and Summary of Replies to Exceptions.....1

 A. Introduction.....1

 B. Summary of Replies to Exceptions.....1

II. Reply to Consumers' Exception3

 A. Consumers Energy Has Changed Its Position Regarding The Method Of
 Assessing PRDM Surcharges/Credits To ROA Customers.....3

 B. Energy Michigan Reply.....5

III. Reply to Exception of MPSC Staff.....7

 A. Staff Recommended Adoption of Its Proposed Average Per Customer
 Methodology.....7

 B. Energy Michigan Reply to Staff.....7

IV. Conclusion and Prayer for Relief8

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the application of)	
CONSUMERS ENERGY COMPANY)	
for authority to reconcile electric)	
revenue pursuant to Pilot Revenue)	Case No. U-16566
Decoupling Mechanism)	
and for other relief.)	
_____)	

ENERGY MICHIGAN, INC.'S REPLIES TO THE EXCEPTIONS OF CONSUMERS ENERGY COMPANY AND THE MICHIGAN PUBLIC SERVICE COMMISSION STAFF

I. Introduction and Summary of Replies to Exceptions

A. Introduction

These Replies to Exceptions filed by Varnum, LLP on behalf of Energy Michigan, Inc. ("Energy Michigan") respond to Exceptions filed by the Consumers Energy Company ("Consumers Energy" or "Consumers") and the Michigan Public Service Commission Staff ("Staff" or "MPSC Staff"). Failure to respond to other Exceptions or positions filed by Consumers Energy, MPSC Staff or other parties should not be construed as agreement with those Exceptions or positions.

B. Summary of Replies to Exceptions

1. Reply to Consumers Exception.

Consumers Energy has changed its position regarding the method of assessing Pilot Revenue Decoupling Mechanism ("PRDM") surcharges/credits to ROA customers. Consumers now calls upon the Commission to adopt the exact methodology for

calculating the PRDM as set forth by Consumers Energy in Exhibit A-105 presented in Case U-15645.

Exhibit A-105 clearly and unequivocally provides that PRDM power supply and distribution costs would be charged/credited to full service customers and only PRDM distribution costs would be surcharged/credited to ROA customers. This recommendation is further supported by a quote from the Consumers Witness Stephen Stubleski who sponsored Exhibit A-105 stating that ROA customers would have a separate charge that reflected only their delivery charges.

With the Consumers insistence that the exact methodology set forth in Exhibit A-105 has been adopted by the Commission and must be utilized in this case, Consumers Energy has clearly withdrawn its earlier insistence that ROA customers pay both PRDM power supply and distribution costs. Energy Michigan concurs with the new Consumers position as regards only applying PRDM distribution costs to ROA customers.

2. Reply to Staff's Exception.

MPSC Staff prefer to calculate PRDM charges/credits using the "Actual Exposure" method as opposed to the Average Use Per Customer ("APC") method. However, Staff stated that if the APC method was adopted, PRDM charges should be calculated for each customer rate and that those charges would incorporate both power supply and distribution costs. Therefore, ROA customers would be assessed for PRDM power supply costs under the Staff Exceptions.

Energy Michigan opposes assessment of power supply costs to ROA customers for the reasons set forth above and in the Energy Michigan Exceptions filed February 24, 2012. In those Exceptions Energy Michigan pointed out that assessment of power supply costs to ROA customers was unjust and unreasonable because full service customers PRDM charges are offset by PSCR savings which are not applicable to ROA customers.

Moreover, there has been no Cost of Service allocation of power supply costs to ROA customers and therefore collection of such costs would violate PA 286 § 11(1).

Finally, the Commission has considered this issue in Case U-16472 for Detroit Edison and determined that RDM charges "shall not include revenue shortfalls in non-fuel power costs."

For all these reasons, the Commission should reject the Staff proposal that an APC methodology should include PRDM charges which collect both power supply and distribution costs from ROA customers.

II. Reply to Consumers' Exception

A. Consumers Energy Has Changed Its Position Regarding The Method Of Assessing PRDM Surcharges/Credits To ROA Customers.

The Initial Consumers Position

The initial Consumers Energy position in this case urged the Commission to adopt a method of calculating and assessing PRDM surcharges/credits as proposed by Consumers in Case U-15645 through Exhibit A-105 and the Testimony of the sponsoring witness Stephen Stubleski. However, Consumers did make one exception to Mr. Stubleski's methodology: Consumers proposed that PRDM charges/credits for both distribution and power supply be assessed to all full service customers and all ROA customers. Consumers Brief, p. 11.

This new Consumers proposal was in direct contradiction to the format specifically provided in Exhibit A-105 of Case U-15645 (Exhibit A-12 of Case U-16566) (Exhibit A-105) which calculated and assessed separate PRDM surcharges/credits for ROA secondary and ROA primary customers. Those separate charges are limited to distribution costs. See attached copy of Exhibit A-105. The new Consumers proposal to assess ROA customers for power costs also

contradicted the Testimony of Mr. Stubbleski, the sponsor of Exhibit A-105 (or Exhibit A-12) who provided the following Testimony:

- Q. If the Commission ordered the implementation of the RDM, would it apply to ROA sales?
- A. Yes, the [P]RDM would apply to ROA sales as these customers are included in the Company's Energy Optimization programs. ROA sales would be included in their respective rate class but would have a separate charge that reflected only their delivery charges. U-15645, Rebuttal Testimony of Stephen Stubbleski, 7 Tr 733, lines 12-16. (Emphasis added).

Thus, the new position of Consumers Energy in Case U-16566 was that the Exhibit A-105 methodology should be adopted except that separate PRDM surcharges/credits would not be calculated for ROA customers. Instead, ROA customers would be forced to pay for PRDM power supply surcharges/credits despite the fact that they do not use power supply and, much more important, despite the fact that ROA customers do not receive the PSCR savings that are produced by ROA migration and are given to full service customers.

The New Consumers Energy Position On ROA PRDM Surcharges/Credits.

The Exception filed by Consumers on February 24, 2012 takes yet another turn on the issue of PRDM charges to ROA customers. Now Consumers Energy argues that the Michigan Public Service Commission ("Commission) specifically adopted the entire Exhibit A-105 PRDM methodology in Case U-15645 (Exhibit A-12 in this docket). Consumers states several times that the Commission meant to adopt the exact methodology stated in Exhibit A-105 in the Commission's U-15645 rate case decision. Consumers Exceptions, p. 6, 8. Consumers concludes its argument on this subject by stating that, "...it seems impossible to come to any other conclusion [than that the Commission adopted a specific PRDM mechanism in Order U-15645] based on the language in the Commission [U-16191] Orders." Consumers Exceptions, p. 9. Further, Consumers states that, "Making retroactive adjustments to past Commission Orders has long been held to be unlawful and doing so cannot be considered 'just and reasonable'." Id.

In conclusion, Consumers now urges that the Commission adopt the PRDM adopted in Case U-15645 and described in Exhibit A-105 in that case which would calculate a revenue shortfall of \$26,915,000.

At no place in its Exceptions does Consumers Energy propose that the exact U-15645 methodology set forth in Exhibit A-105 by Mr. Stubleski be modified in any way.

Thus the new position of Consumers Energy is that the Exhibit A-105 methodology should be adopted which includes separate PRDM charges for ROA service that do not include power supply costs.

B. Energy Michigan Reply.

The Exhibit A-105 Method of Calculating PRDM Charges/Credits Mandates Separate ROA Charges/Credits Which Are Limited to Distribution Costs

The Consumers Exhibit A-105 from Case U-15645 is attached and indeed was set forth in its entirety at page 7 of the Consumers Exceptions. The Commission can clearly see that Exhibit A-105 provides for the calculation of separate PRDM surcharges/credits for primary and secondary ROA customers which do not contain power supply costs. This conclusion is supported by the quotation from Mr. Stubleski who sponsored Exhibit A-105:

ROA sales would be included in their respective rate class but would have a separate charge that reflected only their delivery charges. Stubleski Testimony, U-15645, 7 TR 733.

Mr. Stubleski's Testimony demonstrates beyond question that the Consumers position in Case U-15645 was that ROA customers should not be subjected to PRDM surcharges/credits related to power supply. Since Consumers believes that the specific U-15645 PRDM methodology in Exhibit A-105 must be adopted by the Commission and given that Consumers has not mentioned any exception to this methodology, Consumers has modified its position to support separate ROA PRDM charges which only include distribution service. This represents a significant

change in the Consumers position at long last reconciles its position with the clear Testimony and policy direction of the Consumers Energy PRDM proposals in Case U-15645.

Commission Precedent

The Commission should also note that the Exhibit A-105 methodology specifying separate surcharges for ROA and full service customers is fully consistent with the Order of the Commission in U-16472 which adopted the same result on a prospective basis for the Detroit Edison Company. Opinion and Order, U-16472, October, 20, 2011, p. 87.

The Attorney General Has Calculated Specific PRDM Surcharges/Credits for ROA Customers Based on the Exhibit A-105 Methodology

The Exceptions of Energy Michigan point out that both the MPSC Staff and the Attorney General testified that the average use per customer methodology could be implemented with separate PRDM charges for ROA service (including only distribution) and for full service (including power supply and distribution). Energy Michigan Exceptions, p. 12. Moreover, Attorney General Witness Coppola actually calculated the specific PRDM surcharges/credits which would be implemented using the Exhibit A-105 methodology which incorporates separate surcharges for ROA and full service customers. Those recommended surcharges are based on the exact \$26.915 million PRDM shortfall proposed to be collected by Consumers and are set forth in attached Exhibits AG-4 and AG-5 (attached). Thus the record in this case contains support for use of separate ROA surcharges in conjunction with the Exhibit A-105 methodology and, equally important, the exact calculation of the surcharges which would result from implementation of that methodology.

If the Commission chooses to use the Exhibit A-105 methodology for calculation of PRDM charges, it should adopt the specific surcharges for both ROA customers and full service customers recommended by the Attorney General in Exhibits AG-4 and AG-5 (attached).

III. Reply to Exception of MPSC Staff

A. Staff Recommended Adoption of Its Proposed Average Per Customer Methodology.

The MPSC Staff Exceptions stress disagreement with the ALJ's proposal to adopt the Consumers Energy APC methodology. Staff believes that the Consumers APC methodology will not produce the most just and reasonable rates. Staff Exceptions, p. 2.

Nonetheless, Staff did present a variation of the APC methodology in its Exhibit S-3, Schedule D-1, p. 5 of 5 ("Exhibit S-3") which it now believes is consistent with the PFD in all aspects other than customer groupings and treatment of Choice migration. *Id.*, p. 6. Staff believes that their proposed Exhibit S-3 would produce more just and reasonable rates than the APC methodology proposed by Consumers Energy. *Id.* This Staff proposal, however, differs from the Consumers Exhibit A-105 in two important respects:

1. Individual PRDM charges are calculated for each customer rate not by rate class (residential, secondary and primary); and
2. Only one PRDM surcharge/credit is calculated for each rate. Therefore, ROA customers would be surcharged/credited for power supply costs in addition to distribution costs. The PRDM methodology proposed by Consumers in Exhibit A-105 separated the secondary and primary class into ROA and full service. Under the Consumers A-105 proposal ROA customers paid PRDM surcharges/credits based only on distribution costs.

B. Energy Michigan Reply to Staff.

Energy Michigan opposes the recommended APC methodology for calculating PRDM charges as proposed by Staff in its Exceptions. See Staff Exceptions, p. 6. The referenced Staff implementation of the APC methodology would require ROA customers to pay PRDM surcharges/credits based on power supplies. This is unjust and unreasonable because ROA customers do not use power supply and because ROA customers do not receive the PSCR

savings which are credited to full service customers through the PRSC mechanism. It would be unfair and unreasonable to force ROA customers to pay for a PRDM power supply charge while depriving them of the PSCR power supply credit.

Also, Energy Michigan has demonstrated that power supply costs have not been allocated to ROA customers therefore collection of non-cost based charges to these customers is a violation of PA 286 § 11(1). See Energy Michigan Exceptions, p. 10-11.

Finally, the Commission considered this same issue in Case U-16472 for Detroit Edison. In that case, the Commission clearly stated that, "For Retail Open Access customers, revenues reflected in the [RDM charge] calculation are equal to total rate class revenue less customer charge revenue and other surcharges and shall not include revenue shortfalls in non-fuel power cost." U-16472, Opinion and Order of the Commission, p. 87, October 20, 2011 (emphasis supplied).

If the Commission agrees with Consumers Energy that Case U-15645 has essentially decided this issue and adopts the methodology described in Exhibit A-105 of that case, the issue of the applicability of surcharges to ROA and full service customers has been decided: ROA customers must have separate PRDM surcharges/credits exclusively based on distribution costs.

For all these reasons, Staff's proposal to adopt the APC methodology described in Exhibit S-3, Schedule D-1, p. 5 of 5 should be rejected.

IV. Conclusion and Prayer for Relief

WHEREFORE, Energy Michigan respectfully requests that the Commission specifically find that any method of assessing PRDM charges should utilize separate distribution and power supply PRDM charges with only PRDM distribution charges applicable to ROA service.

Respectfully submitted,

Varnum,^{LLP}
Attorneys for Energy Michigan, Inc.

March 9, 2012

By: _____
Eric J. Schneidewind (P20037)
The Victor Center, Suite 810
201 N. Washington Square
Lansing, Michigan 48933
517/482-6237

Case No.: U-16566
Hearing Date: 08-18-2011
Exhibit No.: A-12

Case No: U-16566
Exhibit: A-12 (PEC-8)
Date: June 2011
Page 1 of 1
Witness: P. Clifford

Illustration of Approved Decoupling Mechanism

Case No.: U-15645
Hearing Date: 06/08/2009
Exhibit No.: A-105

Michigan Public Service Commission
Consumers Energy Company

Case No. U-15645
Revised Exhibit No. A-105 (SPS-10)
Witness: SPStubleski
Date: May, 2009
Page 1 of 1

Revenue Decoupling - Electric Illustrative Example

Line No.	Description	(a)	(b)	(c)	(d)	(e)
		Residential	Secondary Bundled	ROA	Primary ⁽¹⁾ Bundled	ROA
Rate Case Nonfuel Charges						
1	Proposed Tariff Revenue (\$000)	\$1,267,976	\$671,520	\$4,926	\$714,515	\$11,396
2	Less: Fuel Revenue (\$000)	\$412,083	\$243,165	\$0	\$363,968	\$0
3	Nonfuel Revenue (\$000)	\$855,893	\$428,355	\$4,926	\$350,547	\$11,396
4	Annual Sales (MWhs)	12,897,366	7,685,252	229,740	12,628,659	1,483,758
5	Nonfuel Charge (¢ / kWh)	6.64¢	5.57¢	2.14¢	2.78¢	0.77¢
Rate Case Sales & Customers						
6	Annual Sales (MWhs)	12,897,366	7,685,252	229,740	12,628,659	1,483,758
7	Monthly No. of Customers	1,568,502	211,255	563	3,786	170
8	Rate Case Sales / Customer	8,223	36,379	408,064	3,335,620	8,727,988
Actual Sales & Customers						
9	2009 Annual Sales (MWhs)	12,918,922	7,542,962	217,137	12,394,863	1,399,701
10	2009 Monthly No. of Customers	1,567,777	211,169	590	3,789	182
11	Actual Sales / Customer	8,240	35,720	368,029	3,271,276	7,690,665
Calculation Of Revenue Decoupling Surcharges						
<u>Annual kWh Sales / Customer</u>						
12	Rate Case Sales / Customer	8,223	36,379	408,064	3,335,620	8,727,988
13	Actual Sales / Customer	8,240	35,720	368,029	3,271,276	7,690,665
14	Sales / Customer Variance	(17)	659	40,035	64,344	1,037,323
15	Nonfuel Charge (¢ / kWh)	6.64¢	5.57¢	2.14¢	2.78¢	0.77¢
16	Nonfuel Revenue Variance (\$ / Cust.)	(\$1)	\$37	\$857	\$1,789	\$7,987
17	Rate Case Monthly No. of Customers	1,568,502	211,255	563	3,786	170
18	Nonfuel Revenue Variance (\$000)	(\$1,771)	\$7,754	\$482	\$6,772	\$1,358
19	2010 Projected Sales (MWhs)	12,645,060	7,268,183	263,822	11,943,338	1,700,642
20	RDM Surcharges (¢ / kWh)	<u>(0.0140¢)</u>	<u>0.1067¢</u>	<u>0.1827¢</u>	<u>0.0567¢</u>	<u>0.0799¢</u>

Notes

(1) Excludes Rate E-1

AG Calculation of Decoupling Refunds or Surcharges, including Interest
 (Sales in MWh, Revenues in \$000, Surcharges in ¢/kWh)

Method A

Line	Rate Class (a)	Decoupling Revenue Surcharge (Refund) w/ Interest ⁽¹⁾ (b)	2012 Elec. Sales ⁽²⁾ (c)	Total Surcharge (Refund) Rate (d)
		(000s)	(MWhs)	(b) / (c)
1	Residential Class	\$ (7,512.7)	12,538,669	\$ (0.000599)
2	Secondary Bundled Service	3,757.5	7,587,072	\$ 0.000495
3	Secondary ROA Service	179.3	264,831	\$ 0.000677
4	Primary Bundled Service	30,583.1	11,160,246	\$ 0.002740
5	Primary ROA Service	(51.1)	3,714,491	\$ (0.000014)
6		<u>\$ 26,956.1</u>	<u>35,265,309</u>	

Source:

(1) Exhibit AG-5.

(2) Exhibit AG-5 Workpaper and Company response to AG-CE-5, 2012 Fprecasted Sales attachment.

METHOD A

AG Calculation of Revenue Decoupling Surcharge or Refund with Interest

Residential Surcharge \$ (0.000599) (\$0.000599)

Recovery of Electric Revenue Decoupling Mechanism - Residential

Line No.	(a) Month	(b) Sales (MWhs)	(c) Beginning Balance (\$000)	(d) ERDM Refund (\$000)	(e) Ending Balance (\$000)	(f) Average Balance (\$000)	(g) Interest (%)	(h) Interest (\$000)	(i) Cumulative Interest (\$000)	(i) Balance Schedule (\$000)
1	Jan-12	1,242,845	(\$7,502.0)	(\$744.7)	(\$6,757.3)	(\$7,129.7)	0.29%	(\$1.7)	(\$1.7)	(\$6,759.1)
2	Feb-12	1,091,409	(\$6,757.3)	(\$653.9)	(\$6,103.4)	(\$6,430.4)	0.29%	(\$1.6)	(\$3.3)	(\$6,106.7)
3	Mar-12	1,043,380	(\$6,103.4)	(\$625.2)	(\$5,478.2)	(\$5,790.8)	0.29%	(\$1.4)	(\$4.7)	(\$5,482.9)
4	Apr-12	946,406	(\$5,478.2)	(\$567.1)	(\$4,911.2)	(\$5,194.7)	0.29%	(\$1.3)	(\$5.9)	(\$4,917.1)
5	May-12	860,681	(\$4,911.2)	(\$515.7)	(\$4,395.5)	(\$4,653.3)	0.29%	(\$1.1)	(\$7.1)	(\$4,402.5)
6	Jun-12	941,398	(\$4,395.5)	(\$564.1)	(\$3,831.4)	(\$4,113.5)	0.29%	(\$1.0)	(\$8.1)	(\$3,839.5)
7	Jul-12	1,154,974	(\$3,831.4)	(\$692.0)	(\$3,139.4)	(\$3,485.4)	0.29%	(\$0.8)	(\$8.9)	(\$3,148.3)
8	Aug-12	1,188,912	(\$3,139.4)	(\$712.4)	(\$2,427.1)	(\$2,783.2)	0.29%	(\$0.7)	(\$9.6)	(\$2,436.6)
9	Sep-12	1,082,037	(\$2,427.1)	(\$648.3)	(\$1,778.7)	(\$2,102.9)	0.29%	(\$0.5)	(\$10.1)	(\$1,788.8)
10	Oct-12	915,571	(\$1,778.7)	(\$548.6)	(\$1,230.2)	(\$1,504.5)	0.29%	(\$0.4)	(\$10.4)	(\$1,240.6)
11	Nov-12	948,275	(\$1,230.2)	(\$568.2)	(\$662.0)	(\$946.1)	0.29%	(\$0.2)	(\$10.7)	(\$672.7)
12	Dec-12	1,122,780	(\$662.0)	(\$672.7)	\$10.7	(\$325.6)	0.29%	(\$0.1)	(\$10.7)	(\$0.0)
13		12,538,668		<u>(\$7,512.7)</u>				<u>(\$10.7)</u>		

January Short Term Borrowing Rate, .29%

Secondary Bundled Service Surchar \$ 0.000495 \$0.000495

Recovery of Electric Revenue Decoupling Mechanism - Secondary Bundled Service

Line No.	(a) Month	(b) Sales (MWhs)	(c) Beginning Balance (\$000)	(d) ERDM Collection (\$000)	(e) Ending Balance (\$000)	(f) Average Balance (\$000)	(g) Interest (%)	(h) Interest (\$000)	(i) Cumulative Interest (\$000)	(i) Balance Schedule (\$000)
14	Jan-12	656,525	\$3,752.0	\$325.1	\$3,426.9	\$3,589.4	0.29%	\$0.9	\$0.9	\$3,427.7
15	Feb-12	613,015	\$3,426.9	\$303.6	\$3,123.3	\$3,275.1	0.29%	\$0.8	\$1.7	\$3,124.9
16	Mar-12	617,380	\$3,123.3	\$305.8	\$2,817.5	\$2,970.4	0.29%	\$0.7	\$2.4	\$2,819.9
17	Apr-12	590,804	\$2,817.5	\$292.6	\$2,524.9	\$2,671.2	0.29%	\$0.6	\$3.0	\$2,527.9
18	May-12	586,319	\$2,524.9	\$290.4	\$2,234.5	\$2,379.7	0.29%	\$0.6	\$3.6	\$2,238.1
19	Jun-12	627,362	\$2,234.5	\$310.7	\$1,923.8	\$2,079.2	0.29%	\$0.5	\$4.1	\$1,927.9
20	Jul-12	694,225	\$1,923.8	\$343.8	\$1,580.0	\$1,751.9	0.29%	\$0.4	\$4.5	\$1,584.5
21	Aug-12	682,497	\$1,580.0	\$338.0	\$1,242.0	\$1,411.0	0.29%	\$0.3	\$4.9	\$1,246.9
22	Sep-12	676,277	\$1,242.0	\$334.9	\$907.1	\$1,074.5	0.29%	\$0.3	\$5.1	\$912.2
23	Oct-12	607,260	\$907.1	\$300.7	\$606.3	\$756.7	0.29%	\$0.2	\$5.3	\$611.6
24	Nov-12	596,967	\$606.3	\$295.6	\$310.7	\$458.5	0.29%	\$0.1	\$5.4	\$316.1
25	Dec-12	638,442	\$310.7	\$316.2	(\$5.5)	\$152.6	0.29%	\$0.0	\$5.5	(\$0.0)
26		7,587,073		<u>\$3,757.5</u>				<u>\$5.5</u>		

METHOD A

AG Calculation of Revenue Decoupling Surcharge or Refund with Interest

Secondary ROA Service Surcharge \$ 0.000677 0.000677

Recovery of Electric Revenue Decoupling Mechanism - Secondary ROA Service

Line No.	Month	(b) Sales (MWhs)	(c) Beginning Balance (\$000)	(d) ERDM Collection (\$000)	(e) Ending Balance (\$000)	(f) Average Balance (\$000)	(g) Interest (%)	(h) Interest (\$000)	(i) Cumulative Interest (\$000)	(j) Balance Schedule (\$000)
27	Jan-12	21,572	\$179.0	\$14.6	\$164.4	\$171.7	0.29%	\$0.0	\$0.0	\$164.4
28	Feb-12	22,430	\$164.4	\$15.2	\$149.2	\$156.8	0.29%	\$0.0	\$0.1	\$149.3
29	Mar-12	20,575	\$149.2	\$13.9	\$135.3	\$142.2	0.29%	\$0.0	\$0.1	\$135.4
30	Apr-12	22,217	\$135.3	\$15.0	\$120.2	\$127.8	0.29%	\$0.0	\$0.1	\$120.4
31	May-12	20,630	\$120.2	\$14.0	\$106.3	\$113.3	0.29%	\$0.0	\$0.2	\$106.4
32	Jun-12	23,852	\$106.3	\$16.1	\$90.1	\$98.2	0.29%	\$0.0	\$0.2	\$90.3
33	Jul-12	23,286	\$90.1	\$15.8	\$74.4	\$82.2	0.29%	\$0.0	\$0.2	\$74.6
34	Aug-12	24,883	\$74.4	\$16.8	\$57.5	\$65.9	0.29%	\$0.0	\$0.2	\$57.7
35	Sep-12	20,946	\$57.5	\$14.2	\$43.3	\$50.4	0.29%	\$0.0	\$0.2	\$43.6
36	Oct-12	21,250	\$43.3	\$14.4	\$28.9	\$36.1	0.29%	\$0.0	\$0.3	\$29.2
37	Nov-12	21,719	\$28.9	\$14.7	\$14.2	\$21.6	0.29%	\$0.0	\$0.3	\$14.5
38	Dec-12	21,471	\$14.2	\$14.5	(\$0.3)	\$7.0	0.29%	\$0.0	\$0.3	(\$0.0)
39		264,831		<u>\$179.3</u>				<u>\$0.3</u>		

Primary Surcharge Bundled Service \$ 0.002740 \$0.002740

Recovery of Electric Revenue Decoupling Mechanism - Primary Bundled Service

Line No.	Month	(b) Sales (MWhs)	(c) Beginning Balance (\$000)	(d) ERDM Collection (\$000)	(e) Ending Balance (\$000)	(f) Average Balance (\$000)	(g) Interest (%)	(h) Interest (\$000)	(i) Cumulative Interest (\$000)	(j) Balance Schedule (\$000)
40	Jan-12	887,543	\$30,538.0	\$2,432.2	\$28,105.8	\$29,321.9	0.29%	\$7.1	\$7.1	\$28,112.9
41	Feb-12	885,723	\$28,105.8	\$2,427.2	\$25,678.6	\$26,892.2	0.29%	\$6.5	\$13.6	\$25,692.2
42	Mar-12	879,218	\$25,678.6	\$2,409.4	\$23,269.2	\$24,473.9	0.29%	\$5.9	\$19.5	\$23,288.7
43	Apr-12	899,001	\$23,269.2	\$2,463.6	\$20,805.7	\$22,037.4	0.29%	\$5.3	\$24.8	\$20,830.5
44	May-12	899,411	\$20,805.7	\$2,464.7	\$18,340.9	\$19,573.3	0.29%	\$4.7	\$29.6	\$18,370.5
45	Jun-12	933,365	\$18,340.9	\$2,557.8	\$15,783.2	\$17,062.1	0.29%	\$4.1	\$33.7	\$15,816.9
46	Jul-12	978,615	\$15,783.2	\$2,681.8	\$13,101.4	\$14,442.3	0.29%	\$3.5	\$37.2	\$13,138.6
47	Aug-12	955,642	\$13,101.4	\$2,618.8	\$10,482.6	\$11,792.0	0.29%	\$2.8	\$40.0	\$10,522.6
48	Sep-12	979,357	\$10,482.6	\$2,683.8	\$7,798.8	\$9,140.7	0.29%	\$2.2	\$42.2	\$7,841.1
49	Oct-12	950,340	\$7,798.8	\$2,604.3	\$5,194.6	\$6,496.7	0.29%	\$1.6	\$43.8	\$5,238.4
50	Nov-12	945,742	\$5,194.6	\$2,591.7	\$2,602.9	\$3,898.7	0.29%	\$0.9	\$44.7	\$2,647.6
51	Dec-12	966,292	\$2,602.9	\$2,648.0	(\$45.1)	\$1,278.9	0.29%	\$0.3	\$45.0	(\$0.0)
52		11,160,248		<u>\$30,583.1</u>				<u>\$45.0</u>		

Primary Surcharge ROA Service \$ (0.000014) (\$0.000014)

Recovery of Electric Revenue Decoupling Mechanism - Primary ROA Service

Line No.	Month	(b) Sales (MWhs)	(c) Beginning Balance (\$000)	(d) ERDM Collection (\$000)	(e) Ending Balance (\$000)	(f) Average Balance (\$000)	(g) Interest (%)	(h) Interest (\$000)	(i) Cumulative Interest (\$000)	(j) Balance Schedule (\$000)
53	Jan-12	305,294	(\$51.0)	(\$4.2)	(\$46.8)	(\$48.9)	0.29%	(\$0.0)	(\$0.0)	(\$46.8)
54	Feb-12	307,904	(\$46.8)	(\$4.2)	(\$42.6)	(\$44.7)	0.29%	(\$0.0)	(\$0.0)	(\$42.6)
55	Mar-12	291,418	(\$42.6)	(\$4.0)	(\$38.6)	(\$40.6)	0.29%	(\$0.0)	(\$0.0)	(\$38.6)
56	Apr-12	301,853	(\$38.6)	(\$4.2)	(\$34.4)	(\$36.5)	0.29%	(\$0.0)	(\$0.0)	(\$34.5)
57	May-12	289,532	(\$34.4)	(\$4.0)	(\$30.4)	(\$32.4)	0.29%	(\$0.0)	(\$0.0)	(\$30.5)
58	Jun-12	316,714	(\$30.4)	(\$4.4)	(\$26.1)	(\$28.3)	0.29%	(\$0.0)	(\$0.1)	(\$26.1)
59	Jul-12	322,253	(\$26.1)	(\$4.4)	(\$21.6)	(\$23.9)	0.29%	(\$0.0)	(\$0.1)	(\$21.7)
60	Aug-12	345,777	(\$21.6)	(\$4.8)	(\$16.9)	(\$19.3)	0.29%	(\$0.0)	(\$0.1)	(\$17.0)
61	Sep-12	321,708	(\$16.9)	(\$4.4)	(\$12.5)	(\$14.7)	0.29%	(\$0.0)	(\$0.1)	(\$12.5)
62	Oct-12	301,931	(\$12.5)	(\$4.2)	(\$8.3)	(\$10.4)	0.29%	(\$0.0)	(\$0.1)	(\$8.4)
63	Nov-12	304,914	(\$8.3)	(\$4.2)	(\$4.1)	(\$6.2)	0.29%	(\$0.0)	(\$0.1)	(\$4.2)
64	Dec-12	305,192	(\$4.1)	(\$4.2)	\$0.1	(\$2.0)	0.29%	(\$0.0)	(\$0.1)	(\$0.0)
65		3,714,491		<u>(\$51.1)</u>				<u>(\$0.1)</u>		

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the application of)
CONSUMERS ENERGY COMPANY)
for authority to reconcile electric)
revenue pursuant to Pilot Revenue)
Decoupling Mechanism)
and for other relief.)
_____)

Case No. U-16566

PROOF OF SERVICE

STATE OF MICHIGAN)
) ss.
COUNTY OF INGHAM)

Monica Robinson, the undersigned, being first duly sworn, deposes and says that she is a Legal Secretary at Varnum LLP and that on the 9th day of March, 2012, she served a copy of Energy Michigan, Inc.'s Replies to Exceptions upon those individuals listed on the attached Service List by email at their last known addresses.

Monica Robinson

CASE NO. U-16566 SERVICE LIST

ALJ

Hon. Dennis W. Mack
Michigan Public Service Commission
6545 Mercantile Way
P.O. Box 30221
Lansing, MI 48909
mackd2@michigan.gov

Case Coordinator
Katie Morgan
morgank@michigan.gov

Consumers Energy Company

Jon R. Robinson
H. Richard Chambers
One Energy Plaza
Jackson, MI 49201
jrrobinson@cmsenergy.com
hrchambers@cmsenergy.com
mpscfilings@cmsenergy.com

MPSC Staff

Robert W. Beach
Public Service Commission Staff
6545 Mercantile Way, Suite 15
Lansing, MI 48911
Beachr1@michigan.gov

Attorney General of Michigan

Michael E. Moody
Assistant Attorney General
6th Floor Williams Building
525 W. Ottawa Street
P.O. Box 30755
Lansing, MI 48909
moodym2@michigan.gov

Sebastian Coppola, President
Corporate Analytics
1359 Springwood Lane
Rochester Hills, MI 48309
sebcoppola@corplytics.com

ABATE

Robert A. W. Strong
Clark Hill
151 S. Old Woodward Ave., Suite 200
Birmingham, MI 48009
rstrong@clarkhill.com

Leland R. Rosier
Clark Hill
212 East Grand River Avenue
Lansing, MI 48906
lrosier@clarkhill.com