A CMS Energy Company

General Offices:
One Energy Plaza Tel: (517) 788-0550
Jackson, MI 49201 Fax: (517) 768-3644

*Washington Office:
1730 Rhode Island Ave. N.W. Tel: (202) 778-3340
Suite 1007
Washington, DC 20036 Fax: (202) 778-3355

Writer's Direct Dial Number: (517) 788-1846
Writer's E-mail Address: robert.beach@cmsenergy.com

LEGAL DEPARTMENT
CATHERINE M REYNOLDS
Senior Vice President
and General Counsel

MELISSA M GLEESPEN
Vice President, Corporate
Secretary and Chief
Compliance Officer

SHAUN M JOHNSON
Vice President and Deputy
General Counsel

Bret A Totoraitis
Kelly M Hall
Eric V Luoma
Assistant General Counsel

Ashley L Bancroft
Robert W Beach
Ian F. Burgess
Don A D'Amato
Robert A. Farr
Gary A Gensch, Jr.
Emerson J. Hilton
Chantez P Knowles
Mary Jo Lawrie
Jason M Milstone
Rhonda M Morris
Deborah A Moss*
Michael C. Rampe
Scott J Sinkwitts
Adam C Smith
Theresa A G Staley
Janae M Thayer
Anne M Uitvlugt
Aaron L Vorce
Attorney

March 23, 2019

Ms. Kavita Kale
Executive Secretary
Michigan Public Service Commission
7109 West Saginaw Highway
Post Office Box 30221
Lansing, MI 48909

RE: Case No. U-20165 – In the Matter of the Application of Consumers Energy Company for Approval of an Integrated Resource Plan under MCL 460.6t and for other relief.

Dear Ms. Kale:

Pursuant to Rule 431, R 792.10431, enclosed for electronic filing in the above-captioned proceeding, please find a **Settlement Agreement** which is intended to resolve all outstanding issues in this proceeding. The Settlement Agreement has been executed by Consumers Energy Company, the Michigan Public Service Commission Staff, Michigan Environmental Council, the Sierra Club, the Natural Resources Defense Council, the Association of Businesses Advocating Tariff Equity, Energy Michigan, Inc., the Independent Power Producers Coalition of Michigan, the Michigan Chemistry Council, Michigan Electric Transmission Company, LLC, and Attorney General Dana Nessel.

Also included are the signatures of the following parties who do not join the settlement but are offering a statement of non-objection: Michigan Energy Innovation Business Council and Institute for Energy Innovation, Environmental Law & Policy Center, the Ecology Center, Union of Concerned Scientists, and Vote Solar.

Solar Energy Industries Association, Inc., Cypress Creek Renewables, LLC, Residential Customer Group, Great Lakes Renewable Energy Association, the Biomass Merchant Plants[1], and Midland Cogeneration Ventures, LP have not signed the settlement and have not indicated if they will sign a statement of non-objection.

The Company respectfully request that, pursuant to Rule 431(3), the Commission establish a reasonable time for response to this submittal, but in no event later than 14 days from March 25, 2019.

This is a paperless filing and is therefore being filed only in PDF. I have enclosed a Proof of Service showing electronic service upon the parties.

Sincerely,

Digitally signed by Robert W. Beach
Date: 2019.03.23 15:54:42 -04'00'

Robert W. Beach

cc: Hon. Sharon L. Feldman, Administrative Law Judge
Parties per Attachment 1 to Proof of Service

[1] The BMPs include: Cadillac Renewable Energy, LLC; Genesee Power Station, LP; Grayling Generating Station, LP; Hillman Power Company, LLC; T.E.S Filer City Station, LP; Viking Energy of Lincoln, Inc.; and Viking Energy of McBain, Inc.

S T A T E O F M I C H I G A N

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the application of CONSUMERS ENERGY COMPANY for Approval of an Integrated Resource Plan under MCL 460.6t and for other relief.	)))))	Case No. U-20165

SETTLEMENT AGREEMENT

Pursuant to MCL 24.278 and Rule 431 of the Michigan Administrative Hearing System's Rules of Practice and Procedure before the Michigan Public Service Commission ("MPSC" or the "Commission"), the undersigned parties agree as follows:

WHEREAS, on June 15, 2018 Consumers Energy Company ("Consumers Energy" or the "Company") filed an Application requesting approval of the Company's Integrated Resource Plan ("IRP") pursuant to Section 6t of 2016 PA 341, MCL 460.6t, the Commission's December 20, 2017 and November 21, 2017 Orders in Case Nos. U-15896, et al., and U-18418, respectively, and all other applicable law. The Company filed testimony and exhibits in support of its positions concurrently with its Application.

WHEREAS, the initial prehearing conference in this proceeding was held on July 16, 2018 before Administrative Law Judge Sharon L. Feldman. The Commission Staff ("Staff"); Michigan Environmental Council, the Sierra Club, and the Natural Resources Defense Council (collectively, "MEC"); the Association of Businesses Advocating Tariff Equity ("ABATE"); Energy Michigan, Inc.; Michigan Energy Innovation Business Council and Institute for Energy Innovation ("MEIBC"); the Independent Power Producers Coalition of Michigan ("IPPC"); Solar Energy Industries Association, Inc. ("SEIA"); the Michigan Chemistry Council; Michigan Electric Transmission Company, LLC ("METC"); Cypress Creek Renewables, LLC; Residential

Customer Group ("RCG"); Great Lakes Renewable Energy Association ("GLREA"); Attorney General Dana Nessel ("Attorney General"); Midland Cogeneration Ventures, LP ("MCV"); Environmental Law & Policy Center, The Ecology Center, Union of Concerned Scientists, and Vote Solar (collectively, "ELPC"); and the Biomass Merchant Plants ("BMPs") intervened in this proceeding. 1 TR 10.

WHEREAS, Consumers Energy filed testimony and exhibits requesting approval of the Company's IRP Proposed Course of Action ("PCA") in its entirety, as the most reasonable and prudent means of meeting the Company's energy and capacity needs through 2040. As part of its approval of the PCA, the Company specifically requested the Commission to make the following determinations:

(i) Approve as reasonable and prudent for cost recovery purposes the Company's proposed Energy Waste Reduction ("EWR"), Demand Response ("DR"), and Conservation Voltage Reduction ("CVR") costs which will be commenced by the Company within three years following the Commission's approval of the Company's IRP;

(ii) Approve the Company's proposal to recover the unrecovered book balance of D.E. Karn ("Karn") Units 1 and 2, including decommissioning costs, and proposed regulatory accounting treatment through 2031;

(iii) Approve the Company's proposed competitive-bid methodology for determining avoided costs rates and for determining and addressing the Company's capacity position pursuant to the Public Utility Regulatory Policies Act of 1978 ("PURPA");

(iv) Approve the utilization of a five-year period for the purpose of determining the Company's capacity position and related obligations pursuant to PURPA and find that the Company has no PURPA capacity need so long as the Company is implementing the PCA, as approved by the Commission; and

(v) Approve the Company's Financial Compensation Mechanism ("FCM") for any new Power Purchase Agreements ("PPAs") entered by the Company.

Staff and other intervening parties filed testimony and exhibits addressing various issues.

NOW THEREFORE, for purposes of settlement of Case No. U-20165, the undersigned parties agree as follows:

1. The parties agree that the Company's PCA, as modified herein, should be approved as the most reasonable and prudent means of meeting the Company's energy and capacity needs over the 5-year, 10-year, and 15-year time horizons. Such approval shall mean that the Company's PCA will be evaluated in future IRP proceedings to determine if the PCA continues to represent the most reasonable and prudent means of meeting the Company's energy and capacity needs. The Company will file a new IRP by June 2021.

2. The parties agree that the identified capital costs for DR ($21,028,357) and CVR ($8,924,600) that the Company will incur in the next three years (June 2019 – June 2022) are reasonable and prudent and pre-approved for cost recovery purposes and will be included in rates in a future Company rate case consistent with MCL 460.6t(11) and (17). The parties further agree to the approval of the capacity value provided by the DR (total peak load reduction of 607 MW (incremental 238 MW) from 2019 levels proposed in the Company's pending electric rate case) by June 1, 2022; CVR (a total peak load reduction of 44 MW (incremental 40 MW) by June 1, 2022); and EWR (total EWR peak load reductions of 718 MW (incremental 52 MW from current EWR Plan) by June 1, 2022) resources that the Company will invest in during the next three years. The Company shall file an annual reporting template with the Commission addressing the implementation of the approved DR, CVR, and EWR resources above. The parties further agree that the Company shall communicate any significant changes or anticipated changes to the expected cost, timing, or size of any of the above resource additions to Staff.

3. The parties agree that Karn Units 1 and 2 will be retired in 2023. The Company agrees to seek recovery of the Karn Units 1 and 2 unrecovered book balance by no later than

May 31, 2023, filing an application under the applicable provisions of Customer Choice and Electricity Reliability Act, MCL 460.10 *et seq*., seeking a financing order from the Commission authorizing Consumers Energy to recover the unrecovered book balance of Karn Units 1 and 2.

4. The Parties agree that the Company will conduct a retirement analysis of J.H. Campbell ("Campbell") Units 1 and 2 in the Company's next IRP case, which will be filed in June of 2021 and that analysis shall include the following assumptions:

a. The analysis will evaluate the following potential retirement dates: 2024, 2025, 2026, 2028, and 2031;

b. For each of the potential retirement dates, the analysis will evaluate the retirement of Campbell Unit 1, Campbell Unit 2, and Campbell Units 1 and 2 together;

c. The analysis will (i) provide a detailed explanation for the Company's capital expenditure and major maintenance cost projections for each retirement scenario; (ii) provide a detailed explanation of how the Company's forecasted unit heat rates are consistent with its cost projections; and (iii) apply consistent assumptions to each retirement scenario to address how capital and major maintenance costs change in the years leading up to an assumed retirement date;.

d. The analysis's modeling of potential replacement resources will include, but not be limited to, (i) Michigan wind and out-of-state wind; and (ii) capacity purchases (i.e., bilateral contracts), including MCV, both within and external to Zone 7. For the capacity purchases option, the assumed cost should include the Company's recent bilateral capacity contracts;

e. The analysis will (i) include different capacity price assumptions (0, 25, 50, 75, 100% of cost of new entry), as in the prior retirement analysis; and (ii) also include a capacity price assumption based on the Company's most recent reverse capacity auction;

f. The analysis will determine the potential impact of retiring Campbell Units 1 and 2 on the current Capacity Import Limit ("CIL");

g. The analysis will identify any transmission system improvements (and the estimated costs) associated with retiring Campbell Units 1 and 2 and adding any equivalent replacement capacity; and

h. The analysis will model the potential retirement of Campbell Units 1 and 2 using the Company's gas price forecast in addition to any MPSC-mandated forecast (e.g., the Energy Information Administration's Annual Energy Outlook forecast).

5. If, in the Company's next IRP, the Company proposes to retire Campbell Unit 1 and/or Unit 2 in 2025 or earlier or agrees to a Commission recommendation that the Company should retire Campbell Unit 1 and/or Unit 2 in 2025 or earlier, the Company commits to retiring the unit(s) within three years from the Commission's final order approving the Company's IRP. However, the above addressed three-year retirement window shall be subject to the Midcontinent Independent System Operator, Inc.'s ("MISO") designation of Campbell Unit 1 and/or Unit 2 as a System Support Resource ("SSR"). If MISO makes such an SSR designation, the Company shall operate Campbell Unit 1 and/ or Unit 2 in accordance with MISO's designation and direction. This provision does not preclude any party from advocating for a retirement date for Campbell Unit 1 and/or Unit 2 prior to 2025 or for a shorter retirement window than three years from the Commission's final order approving the Company's IRP.

6. The parties agree that the Company will identify in its intervening rate cases avoidable capital expenditures (environmental and non-environmental) and avoidable major maintenance for Campbell Units 1 and 2 in 2024 and 2025 retirement scenarios. The parties further agree that the terms of this Settlement Agreement do not limit any party's right to advocate for a retirement analysis of Campbell Units 1 and 2 to be provided prior to the Company's next IRP and any party's right to advocate for the retirement of Campbell Units 1 and 2 any time prior to 2031 in other Commission cases and advocacy.

7. The parties agree that a competitive bidding process should be used to address future capacity needs of the Company during the IRP period approved as provided in Paragraph 1 of this Settlement Agreement and also for determining the Company's PURPA avoided cost rates. The Company shall use a five-year outlook for determining capacity needs. The competitive bidding process shall utilize the following parameters:

a. The Company shall conduct annual solicitations for the technology or technologies specified in the PCA;

b. Any remaining capacity that is not filled by responses to each Request for Proposal ("RFP") would be available to Qualifying Facilities which the Company has a legal obligation to purchase from under PURPA (such facilities are referred to as "QFs" in this Settlement Agreement). The QFs would receive a contract with terms substantially similar to the RFP respondents. Specifically, the full avoided cost rate offered will be equal to the highest priced proposal that received a contract in the competitive solicitation and the contract length will be the same as offered in the competitive solicitation. QFs that enter PURPA-based PPAs with the Company pursuant to this provision shall not be required to automatically transfer Renewable Energy Credits ("RECs") to the Company but may sell RECs to the Company at a mutually agreed upon price;

c. The competitive bid process shall be administered by an independent third party. The evaluation criteria and process is to be made available to all bidders submitting responses for the specific technology requested by the Company, as part of the RFP, to ensure transparency. QFs may bid any technology that meets the requirements of PURPA. A ranking of proposals is to be used by the independent third party and provided to the Company for selection. Both the cost of the resource and the value that it provides are to be considered to determine the net cost of a resource to compare different technologies offered by QFs;

d. The Company shall utilize the competitive bidding procedures attached as Attachment A to this Settlement Agreement during the IRP period approved as provided in Paragraph 1 for all future solicitations until such time that the Commission adopts competitive bidding guidelines or procedures as part of a future proceeding. The Company shall also utilize the competitive bidding procedures attached as Attachment A to this Settlement Agreement for all new Company-owned supply-side resources that are developed as part of the PCA approved by the Commission in this case;

e. The first competitive solicitation for the Company pursuant to this Settlement Agreement will be conducted no later than September 30, 2019. New full avoided cost rates stemming from each competitive solicitation will be filed with the Commission for review and approval within 30 days of the conclusion of each competitive solicitation;

f. The maximum term length of competitively bid contracts will be equivalent to the depreciation schedule of a similar Company-owned asset. For solar projects, this is currently 25 years;

g. Current existing QFs with a PURPA-based PPA with the Company, as of January 1, 2019, shall receive new PPAs, regardless of the Company's capacity need, upon the expiration of their current PPAs based on the Company's full avoided cost rates at the time of PPA expiration. QFs that receive a contract based on the Planning Resource Auction ("PRA") rate and forecasted or actual Locational Marginal Prices ("LMPs") shall not automatically receive a contract at the full avoided cost rate when their current contract expires; however, these QFs will be eligible to participate in future competitive solicitations after their contracts expire;

h. The Standard Offer PPA shall be available to QFs up to 2 MW. QFs at or below 150 kW shall receive a PPA based on the Company's full avoided cost rates, regardless of the Company's capacity need, for the maximum term provided for full avoided costs. QFs above 150 kW to 2 MW in size can participate in the competitive bidding process or can receive the MISO PRA capacity rate and either (i) a 10-year term based on a forecast of LMPs for the first five years and year six through year 10 of the term will be equal to the price of energy in the fifth year of the LMP forecast or (ii) actual LMPs for 15 years. Within 30 days following the Commission's approval of this Settlement Agreement, the Company shall file revised Standard Offer tariff sheets and a revised Standard Offer contract, to reflect the Standard Offer construct and rates approved as part of this Settlement Agreement. Parties shall be given 14 calendar days subsequent to the Company's filing to provide comments to the Commission;

i. The Company has no PURPA capacity need so long as the Company is implementing the Commission-approved PCA, as provided in Paragraph 1, including the competitive bidding process for all future capacity needs;

j. When the Company has no capacity need, as defined in Paragraph 7.i. above, QFs are eligible to receive the MISO PRA capacity rate, which will be adjusted annually each MISO Planning Year based on the results of the MISO PRA, and either (i) a 10-year term based on a forecast of LMPs for the first five years and year six through year 10 of the term will be equal to the price of energy in the fifth year of the LMP forecast or (ii) actual LMPs for 15 years. QFs that enter PURPA-based PPAs with the Company pursuant to this

provision shall not be required to automatically transfer Renewable Energy Credits ("RECs") to the Company but may sell RECs to the Company at a mutually agreed upon price; and

k. Subsequent to the issuance of the Commission's order approving this Settlement Agreement and prior to issuance of the first competitive solicitation for the Company pursuant to this Settlement Agreement, the Company shall commence a competitive bidding stakeholder workshop. During this workshop, the Company shall provide draft competitive bidding guidelines to stakeholders so that participating stakeholders can provide recommendations to the Company. After receiving recommendations, the Company shall provide stakeholders with final competitive bidding procedures for the first competitive solicitation to be conducted by September 30, 2019. By April 1, 2020, the Company shall commence a second stakeholder workshop to share, at a minimum, information on bids received and selected, the impact of the FCM on PPA bids, the costs and benefits to ratepayers, the role of the independent evaluator, criteria used to rank proposals, and any other criteria deemed to be important. At the second stakeholder process, interested parties will have an opportunity to discuss the information the Company provides and ask questions. Within 35 calendar days of the second stakeholder process, the Company and interested parties will have an opportunity to file comments about the reasonableness of the Company's competitive bidding procedures and to recommend changes and additions. Parties will then have 21 calendar days to file responses. These comments, recommendations, and responses will be filed in Case No. U-20165 or in another docket that the Commission opens to facilitate this process. Once comments, recommendations, and responses have been filed, the Commission will have an opportunity to consider all interested parties' input and to issue an order adopting uniform standards on best practices for competitive bidding and RFPs. The reasonableness of the Company's competitive bidding procedures shall also be evaluated in the Company's next IRP. This evaluation shall include at least information on bids received and selected, impact of the FCM on PPA bids, costs to ratepayers, role of the independent evaluator, criteria used to rank proposals, and any other criteria deemed to be important.

8. The parties agree that the new capacity that the Company intends to procure through the PCA, in each annual solicitation, shall be: (i) acquired through a competitive bidding process; and (ii) 50% will be from PPAs and 50% will be owned by the Company, as acquired through a competitive bidding process. The Company, at its sole discretion, may choose to acquire more than 50% of its new capacity from PPAs. The parties further agree that

the Company's affiliates will be prohibited from bidding on the portion of the Company's new capacity acquired from PPAs.

9. The parties agree that the Company shall receive, and recover in general electric rates an FCM on all new PPAs approved by the Commission on or after January 1, 2019, including PURPA contracts. The method of cost recovery shall be determined in the Company's next rate case. However, the Company shall not receive an FCM on any PPAs executed under the Company's Renewable Energy Plan. For PPAs subject to the FCM, the Company will be authorized to annually earn an FCM equal to the product of PPA payments in that year multiplied by the Weighted Average Cost of Capital ("WACC"), which is currently 5.88%, of the Company's total capital structure at the time of PPA execution, for the entire term of the contract. The FCM shall not exceed the WACC of the Company's total capital structure multiplied by the schedule of MWh prices in Attachment B to this Settlement Agreement based on the time of PPA execution. The parties agree that the Commission has the authority to consider the existence of an FCM in determining the overall cost of capital, including the appropriate capital structure and cost of equity, as it relates to imputed debt. The parties further agree that the amount of the FCM could be reviewed in future IRP proceedings and adjusted if circumstances warrant the adjustment and the Commission may consider the FCM in rate cases when reviewing issues related to imputed debt. However, such an adjustment would not impact the FCM approved as part of any existing PPAs. The parties agree that during the competitive bidding process addressed in Paragraph 7 of this Agreement, the Company shall provide bidding parties with information necessary to calculate the price impact of the FCM on a submitted bid.

10. The Company acknowledges that capacity imports can lend support to the Company's PCA and that opportunities to increase the CIL should be evaluated. In addition, the

Company acknowledges that the CIL supports the reliability of the transmission system and that an adequate CIL needs to be maintained. The Company shall continue to collaborate with METC and MISO on the implementation of the PCA to minimize negative impacts on the Zone 7 CIL and investigate opportunities to increase the CIL. The Company also agrees to continued collaboration with METC on the implementation of all future PCAs.

11. If the Commission issues future PURPA-related orders in other proceedings, the impact of those orders on the Company's PCA, as approved pursuant to this Settlement Agreement, will be addressed in future proceedings, including the Company's next IRP, and will not be a basis for re-opening this Settlement Agreement.

12. This Settlement Agreement is not intended to affect or waive, nor should it be construed as affecting or waiving, the PURPA rights or positions of any party existing prior to approval by the Commission.

13. The parties agree that the Company's next IRP shall include:

a. Modeling of in-state and out-of-state wind;

b. A stochastic risk assessment;

c. Modeling of all optimized portfolios in all scenarios as part of the Risk Assessment Methodology;

d. Continued collaboration with METC and MISO on the implementation of the PCA including: (i) an analysis of the PCA's impact on the Zone 7 CIL; and (ii) an analysis of minimizing the impact on the Zone 7 CIL as well as investigating opportunities to increase the CIL and investigating transmission alternatives to improve market access;

e. Utilization of other mediums of communication to educate and collect feedback from interested stakeholders of the public;

f. Modeling of energy storage and solar resources either in isolation or as a combination and continued investigation into energy storage to potentially incorporate into future IRP modeling;

g. A list of all environmental regulations applicable to the utility fleet;

h. A description, to the extent practicable, of how a Michigan workforce will be utilized in the construction or investment in a new or existing capacity resource in this state;

i. Consideration of a distributed generation program, similar to Staff's Customer Distributed Generation Program proposed by Staff witness Meredith A. Hadala in this case;

j. A description of the demand for participation in customer-initiated renewable energy resources that are satisfying the Company's demand. The Company shall consider including the forecast dependent on actual data and trending;

k. A description of the transportation electrification and heating electrification impacts of the Company's demand forecast. The Company shall consider including the forecast dependent upon actual data and trending;

l. A survey of current DR practices of other electric utilities, particularly an analysis of planning assumptions; whether limits are imposed on the amount of reserves that can be provided by DR; and quantifying the amount of DR as a percent of peak demand. The Company shall meet with representatives from ABATE to discuss the results of these studies prior to the filing of the Company's next IRP;

m. Results of a loss of load expectation study to assess the potential change in either the frequency or durations of curtailments and the role of DR in meeting peak demand. The study should reflect the impact of varying generation capacity mix scenarios, including the PCA and varying amounts of DR. The Company shall also monitor changing requirements for load modifying resources at MISO;

n. An assessment of ways to reduce excess capacity which may exist in the resource plan approved as part of this Settlement Agreement;

o. An assessment showing how the Company intends to meet peak demand during winter months with its resource portfolio in each of the projected plan years; and

p. An assessment of the impact of the FCM on the competitive bidding process.

14. This settlement is entered into for the sole and express purpose of reaching a compromise among the parties. All offers of settlement and discussions relating to this settlement are, and shall be considered, privileged under MRE 408. If the Commission approves

this Settlement Agreement without modification, neither the parties to this Settlement Agreement nor the Commission shall make any reference to, or use, this Settlement Agreement or the order approving it, as a reason, authority, rationale, or example for taking any action or position or making any subsequent decision in any other case or proceeding; provided, however, such references may be made to enforce or implement the provisions of this Settlement Agreement and the order approving it.

15. This Settlement Agreement is based on the facts and circumstances of this case and is intended for the final disposition of Case No. U-20165. So long as the Commission approves this Settlement Agreement without any modification, the parties agree not to appeal, challenge, or otherwise contest the Commission order approving this Settlement Agreement. Except as otherwise set forth herein, the parties agree and understand that this Settlement Agreement does not limit any party's right to take new and/or different positions on similar issues in other administrative proceedings, or appeals related thereto.

16. This Settlement Agreement is not severable. Each provision of the Settlement Agreement is dependent upon all other provisions of this Settlement Agreement. Failure to comply with any provision of this Settlement Agreement constitutes failure to comply with the entire Settlement Agreement. If the Commission rejects or modifies this Settlement Agreement or any provision of the Settlement Agreement, this Settlement Agreement shall be deemed to be withdrawn, shall not constitute any part of the record in this proceeding or be used for any other purpose, and shall be without prejudice to the pre-negotiation positions of the parties.

17. The parties agree that approval of this Settlement Agreement by the Commission would be reasonable and in the public interest.

18. The parties agree to waive Section 81 of the Administrative Procedures Act of 1969 (MCL 24.281), as it applies to the issues resolved in this Settlement Agreement, if the Commission approves this Settlement Agreement without modification.

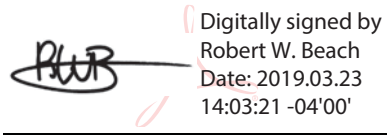
WHEREFORE, the undersigned parties respectfully request the Commission to approve this Settlement Agreement on an expeditious basis and to make it effective in accordance with its terms by final order.

MICHIGAN PUBLIC SERVICE COMMISSION STAFF

By: Spencer Sattler Digitally signed by Spencer Sattler Date: 2019.03.23 15:24:37 -04'00' Date: March 23, 2019

Spencer A. Sattler
Assistant Attorneys General
Public Service Division
7109 West Saginaw Highway
Post Office Box 30221
Lansing, MI 48909

CONSUMERS ENERGY COMPANY



By: _____ Date: March 23, 2019

Bret A. Totoraitis (P72654)
Robert W. Beach (P73112)
Anne M. Uitvlugt (P71641)
Gary A. Gensch (P66912)
Theresa A.G. Staley (P56998)
Michael C. Rampe (P58189)
Emerson J. Hilton (P76363)
One Energy Plaza
Jackson, Michigan 49201
Attorneys for Consumers Energy Company

ASSOCIATION OF BUSINESSES ADVOCATING TARIFF EQUITY

By: Bryan A. Brandenburg

Digitally signed by: Bryan A. Brandenburg
DN: CN = Bryan A. Brandenburg
email = bbrandenburg@clarkhill.com
C = US O = Clark Hill PLC
Date: 2019.03.22 13:45:14 -05'00'

Date: March 22, 2019

Michael Pattwell, Esq.
Bryan A. Brandenburg, Esq.
Clark Hill PLC
212 East César E. Chávez Avenue
Lansing, MI 48906

ENERGY MICHIGAN, INC., THE INDEPENDENT POWER PRODUCERS COALITION OF MICHIGAN, AND MICHIGAN CHEMISTRY COUNCIL.

By: Timothy Lundgren Digitally signed by Timothy Lundgren DN: cn=Timothy Lundgren, o=Varnum, ou, email=tjlundgren@varnumlaw.com, c=US Date: 2019.03.22 13:03:04 -04'00' Date: _____

Timothy J. Lundgren, Esq.
Kimberly Champagne, Admin. Asst.
Varnum, LLP
The Victor Center, Suite 910
201 North Washington Square
Lansing, MI 48933

MICHIGAN ENVIRONMENTAL COUNCIL

By: _____ Date: 03/22/2019

Christopher M. Bzdok, Esq.
Olson, Bzdok & Howard, P.C.
420 East Front Street
Traverse City, MI 49686

NATURAL RESOURCES DEFENSE COUNCIL

By: _____ Date: 03/22/2019

Christopher M. Bzdok, Esq.
Olson, Bzdok & Howard, P.C.
420 East Front Street
Traverse City, MI 49686

SIERRA CLUB

By: _____ Date: 03/22/2019

Christopher M. Bzdok, Esq.
Olson, Bzdok & Howard, P.C.
420 East Front Street
Traverse City, MI 49686

Michael Soules, Esq.
1625 Massachusetts Avenue NW, Suite 702
Washington, DC 20036

ATTORNEY GENERAL DANA NESSEL

By: Celeste R. Gill Digitally signed by Celeste R. Gill Date: 2019.03.22 16:14:39 -04'00'

Date: March 22, 2019

Celeste R. Gill, Esq.
Assistant Attorney General
Special Litigation Division
6th Floor Williams Building
525 West Ottawa Street
Post Office Box 30755
Lansing, MI 48909

MICHIGAN ELECTRIC TRANSMISSION COMPANY

By: Richard J. Aaron/ With Permission MKH Date: March 22, 2019

Richard J. Aaron, Esq.
Dykema Gossett PLLC
201 Townsend Street, Suite 900
Lansing, MI 48933

The following parties do not wish to be signatories to this Settlement Agreement; however they have agreed to sign below to indicate non-objection to the Settlement Agreement:

ENVIRONMENTAL LAW AND POLICY CENTER, THE ECOLOGY CENTER, UNION OF CONCERNED SCIENTISTS, VOTE SOLAR

By:  Date: March 23, 2019

Margrethe Kearney, Esq.
Environmental Law & Policy Center
1514 Wealthy Street SE, Suite 256
Grand Rapids, MI 49506

The following parties do not wish to be signatories to this Settlement Agreement; however they have agreed to sign below only to indicate non-objection to the Settlement Agreement:

MICHIGAN ENERGY INNOVATION BUSINESS COUNCIL AND INSTITUTE FOR ENERGY INNOVATION

By: Laura A. Chappelle

Date: March 22, 2019

Laura A. Chappelle, Esq.
Varnum, LLP
The Victor Center, Suite 910
201 North Washington Square
Lansing, MI 48933

ATTACHMENT A

Attachment A

The Parties agree that the following guidelines are intended to shape the competitive bidding process for Consumers Energy Company's ("Consumers Energy") Integrated Resource Plan ("IRP"). The guidelines are not intended to be a comprehensive methodology.

- To the extent applicable, Consumers Energy shall use the RFP parameters included in the 2008 *Guidelines for Competitive Request for Proposal for Renewable and Advanced Cleaner Energy*, as adopted in Attachment D of the Commission's December 4, 2008 Temporary Order in Case No. U-15800.

- Timely Issuance of RFP through Public Notice: The issuance of an RFP will be made through public notice to ensure parties interested in responding have an opportunity to learn of it.

- Terms of Contract Provided in RFP: In accordance with MCL 460.6t(6), Consumers Energy shall provide the terms of the contract in their RFP. Consumers Energy may accomplish this by developing standard form contracts along with credit terms and instruments to be included in the RFP.

- Independent Evaluator ("IE"): In the implementation of the Company's Proposed Course of Action, the Company will utilize an IE during the competitive solicitation of Power Purchase Agreements and the generating facilities that the Company may ultimately own, in the manner proposed by Company witness Keith G. Troyer at 8 TR 1285-1289 and Exhibit A-107 (KGT-4).

ATTACHMENT B

Contract Year	Total Rate ($/MWh)
2019	**55.54**
2020	**57.49**
2021	**59.38**
2022	**61.28**
2023	**63.25**
2024	**65.24**
2025	**67.24**

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the application of CONSUMERS ENERGY COMPANY for approval of its integrated resource plan pursuant to MCL 460.6t and for other relief	)))))	Case No. U-20165

PROOF OF SERVICE

STATE OF MICHIGAN)
) SS
COUNTY OF JACKSON)

Melissa K. Harris, being first duly sworn, deposes and says that she is employed in the Legal Department of Consumers Energy Company; that on March 23, 2019, she served an electronic copy of the **Settlement Agreement** upon the persons listed in Attachment 1 hereto, at the e-mail addresses listed therein. She further states that she also served a hard copy of the same document to the Hon. Sharon L. Feldman at the address listed in Attachment 1 by depositing the same in the United States mail in the City of Jackson, Michigan, with first-class postage thereon fully paid.

Digitally signed by Melissa K. Harris
Date: 2019.03.23 16:00:28 -04'00'

Melissa K. Harris

Subscribed and sworn to before me this 23rd day of March, 2019.

Wrae E. Loring
Digitally signed by Wrae E. Loring
Date: 2019.03.23 16:09:12 -04'00'

Wrae E. Loring, Notary Public
State of Michigan, County of Eaton
My Commission Expires: 03/25/20
Acting in the County of Jackson

ATTACHMENT 1 TO CASE NO. U-20165

Administrative Law Judge

Hon. Sharon L. Feldman
Administrative Law Judge
7109 West Saginaw Highway
Post Office Box 30221
Lansing, MI 48909
E-Mail: feldmans@michigan.gov

Counsel for the Michigan Public Service Commission Staff

Spencer A. Sattler, Esq.
Amit T. Singh, Esq.
Daniel E. Sonneveldt, Esq.
Heather M.S. Durian, Esq.
Assistant Attorneys General
7109 West Saginaw Highway
Post Office Box 30221
Lansing, MI 48909
E-Mail: sattlers@michigan.gov
singha9@michigan.gov
sonneveldtd@michigan.gov
durianh@michigan.gov

Counsel for Attorney General, Dana Nessel

Celeste Gill, Esq.
Assistant Attorney General
Michigan Dept. of Attorney General,
Special Litigation Unit
6th Floor Williams Building
Post Office Box 30755
Lansing, MI 48909
E-Mail: Gillc1@michigan.gov
AG-ENRA-Spec-Lit@michigan.gov

Consultant for Attorney General, Dana Nessel

Sebastian Coppola, President
Corporate Analytics
5928 Southgate Road
Rochester, MI 48306
E-Mail: sebcoppola@corplytics.com

Counsel for the Great Lakes Renewable Energy Association

Don L. Keskey, Esq.
Brian W. Coyer, Esq.
Public Law Resource Center PLLC
333 Albert Avenue, Suite 425
East Lansing, MI 48823
E-Mail:
donkeskey@publiclawresourcecenter.com
bwcoyer@ publiclawresourcecenter.com

Counsel for the Cadillac Renewable Energy, LLC, Genesee Power Station Limited Partnership, Grayling Generating Station Limited Partnership, Hillman Power Company, LLC, TES Filer City Station Limited Partnership, Viking Energy of Lincoln, Inc., and Viking Energy of McBain, Inc.

Thomas J. Waters, Esq.
Anita G. Fox, Esq.
Fraser Trebilcock Davis & Dunlap, P.C.
124 W. Allegan Street
Lansing, MI 48933
E-Mail: twaters@fraserlawfirm.com
afox@fraserlawfirm.com

Counsel for the Michigan Environmental Council, the Sierra Club, and the Natural Resources Defense Council

Christopher M. Bzdok, Esq.
Lydia Barbash-Riley, Esq.
Kimberly Flynn, Legal Assistant
Karla Gerds, Legal Assistant
Olson, Bzdok & Howard, P.C.
420 East Front Street
Traverse City, MI 49686
E-Mail: chris@envlaw.com
Lydia@envlaw.com
kimberly@envlaw.com
karla@envlaw.com

Counsel for Midland Cogeneration Venture Limited Partnership

Richard J. Aaron, Esq.
Jason T. Hanselman, Esq.
John A. Janiszewski, Esq.
Dykema Gossett PLLC
201 Townsend Street, Suite 900
Lansing, MI 48933
E-Mail: raaron@dykema.com
jhanselman@dykema.com
jjaniszewski@dykema.com

Charles E. Dunn, Esq.
Midland Cogeneration Venture, LP
100 Progress Place
Midland, MI 48640
E-Mail: cedunn@midcogen.com

Consultant for MCV

Emily S. Medine
Principal
Energy Ventures Analysis, Inc.
1800 Beechwood Blvd.
Pittsburgh, PA 15217
E-Mail: emedine@evainc.com

Counsel for the Association of Businesses Advocating Tariff Equity ("ABATE") and Gerdau Macsteel, Inc.

Bryan A. Brandenburg, Esq.
Michael J. Pattwell, Esq.
Clark Hill PLC
212 East Grand River Avenue
Lansing, MI 48906
E-Mail: bbrandenburg@clarkhill.com
mpattwell@clarkhill.com

Consultant for ABATE

Jeffry C. Pollock
Billie S. LaConte
Kitty A. Turner
J. Pollock, Inc.
12647 Olive Boulevard, Suite 585
St. Louis, MO 63141
E-Mail: jcp@jpollockinc.com
bsl@jpollockinc.com
KAT@jpollockinc.com

Counsel for Cypress Creek Renewables. LLC and Solar Energy Industries Association

Jennifer Utter Heston, Esq.
Fraser Trebilcock Davis & Dunlap, P.C.
124 West Allegan, Suite 1000
Lansing, MI 48933
E-Mail: jheston@fraserlawfirm.com

Counsel for Energy Michigan

Timothy J. Lundgren, Esq.
Laura A. Chappelle, Esq.
Varnum, LLP
The Victor Center, Suite 910
201 North Washington Square
Lansing, MI 48933
E-Mail: tjlundgren@varnumlaw.com
lachappelle@varnumlaw.com

Counsel for Independent Power Producers Coalition of Michigan

Laura A. Chappelle, Esq.
Varnum, LLP
The Victor Center, Suite 910
201 North Washington Square
Lansing, MI 48933
E-Mail: lachappelle@varnumlaw.com

Counsel for Michigan Chemistry Council

Timothy J. Lundgren, Esq.
Varnum, LLP
The Victor Center, Suite 910
201 North Washington Square
Lansing, MI 48933
E-Mail: tjlundgren@varnumlaw.com

Michigan Energy Innovation Business Council and Institute for Energy Innovation

Laura A. Chappelle, Esq.
Toni L. Newell, Esq.
Varnum, LLP
The Victor Center, Suite 910
201 North Washington Square
Lansing, MI 48933
E-Mail: lachappelle@varnumlaw.com
tlnewell@varnumlaw.com

Counsel for Environmental Law & Policy Center, Ecology Center, Union of Concerned Scientists, and Vote Solar

Margrethe Kearney, Esq.
Unimuke John Agada, Legal Assistant
Environmental Law & Policy Center
1514 Wealthy Street SE, Suite 256
Grand Rapids, MI 49506
E-Mail: mkearney@elpc.org

Bradley Klein, Esq.
Environmental Law & Policy Center
35 East Wacker Drive, Suite 1600
Chicago, IL 60601
E-Mail: bklein@elpc.org

Michigan Electric Transmission Company, LLC

Richard J. Aaron
Courtney F. Kissel
Dykema Gossett PLLC
201 Townsend St. Suite 900
Lansing, MI 48933
E-Mail: raaron@dykema.com
ckissel@dykema.com

Counsel for Residential Customer Group

Don L. Keskey, Esq.
Brian W. Coyer, Esq.
Public Law Resource Center PLLC
333 Albert Avenue, Suite 425
East Lansing, MI 48823
E-Mail:
donkeskey@publiclawresourcecenter.com
bwcoyer@publiclawresourcecenter.com

Counsel for the Sierra Club

Michael Soules, Esq.
1625 Massachusetts Avenue NW, Suite 702
Washington, DC 20036
E-Mail: msoules@earthjustice.org