

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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In the matter of the application of)
CONSUMERS ENERGY COMPANY for *ex parte*) Case No. U-16157
approval of an experimental billing program.)
_____)

At the January 25, 2010 meeting of the Michigan Public Service Commission in Lansing,
Michigan.

PRESENT: Hon Orjiakor N. Isiogu, Chairman
Hon. Monica Martinez, Commissioner
Hon. Greg R. White, Commissioner

ORDER

On December 4, 2009, Consumers Energy Company (Consumers) filed an application for *ex parte* approval of an experimental Michigan Saves (MiSaves) billing program for certain governmental entities currently served on a metered streetlight rate (Rate Schedule GML) in which the company will serve as the billing agent for MiSaves financed projects.

Consumers currently provides metered street lighting service to a small number of customers through service on Rate Schedule GML. The control equipment for service provided through Rate Schedule GML is furnished, owned, and maintained by Consumers. The customers furnish, install, own, and maintain the rest of the equipment for the metered lighting system. Consumers is responsible for connecting the customers' equipment to the company's lines and supplies energy for operation of the street lighting equipment owned by the customer.

Consumers states that a number of municipalities have communicated an interest in converting their existing lighting to more energy efficient light-emitting diode lighting. Consumers believes that the pilot MiSaves program offers customers the opportunity to finance the cost of new equipment through the MiSaves program.

A charge equal to or less than the anticipated savings to the participating customer would be placed on the energy bill by the company and paid by the participating customer. Consumers would act as the billing agent, forwarding payments received to the appropriate entity identified through the MiSaves program. All expenses associated with purchasing the customers' equipment would be borne by the customers requesting participation. Minimal expenses would be incurred at this time by Consumers to modify its billing systems and remit amounts paid under the program. Approval of the proposed MiSaves tariff will not alter any existing electric rates paid by Consumers' other customers or increase current or future electric rates to other customers.

This new tariff provision will be found in its tariffs in Section C12.3 [Experimental "Michigan Saves Billing Program]. A copy of the proposed tariff is attached to this order as Exhibit A.

The experimental MiSaves billing program has the potential to be offered in conjunction with Consumers' energy optimization plan under 2008 PA 295. Installation of customer-owned energy efficient equipment or appliances may be facilitated through MiSaves financing opportunities with a billing program by the company for the payments to the MiSaves administrator or program lender. Approval of this application shall not increase rates or charges for any customer.

THEREFORE, IT IS ORDERED that:

A. The application filed by Consumers Energy Company for *ex parte* approval of the experimental Michigan Saves billing program is approved.

B. Within 30 days of the issuance of this order, Consumers Energy Company shall submit tariff sheets substantially similar to those attached to this order as Exhibit A.

The Commission reserves jurisdiction and may issue further orders as necessary.

Any party desiring to appeal this order must do so in the appropriate court within 30 days after issuance and notice of this order, under MCL 462.26.

MICHIGAN PUBLIC SERVICE COMMISSION

Orjiakor N. Isiogu, Chairman

Monica Martinez, Commissioner

Greg R. White, Commissioner

By its action of January 25, 2010.

Mary Jo Kunkle, Executive Secretary

(Continued From Sheet No. C-52.00)

C12. ENERGY OPTIMIZATION (EO)

C12.1 Energy Optimization Program – Electric

This rule implements the Energy Optimization requirements of 2008 PA 295 in accordance with Orders issued by the Commission in Case No. U-15805. The monthly Energy Optimization surcharges to be applied to each rate schedule are shown on Sheet No. D-2.10 of this Rate Book.

C12.2 Self-Directed Customer Plans

An eligible primary or secondary electric customer is exempt from the mandatory energy optimization surcharge(s), with the exception of the surcharge funding low-income programs as well as review and evaluation costs, if the customer files and implements a self-directed energy optimization plan.

A. Eligibility

- (1) In 2009 or 2010, the customer must have had an annual peak demand in the preceding year of at least 2 megawatts at each site to be covered by the self-directed plan or 10 megawatts in the aggregate at all sites to be covered by the plan.
- (2) In 2011, 2012, or 2013, the customer or customers must have had an annual peak demand in the preceding year of at least 1 megawatt at each site to be covered by the self-directed plan or 5 megawatts in the aggregate at all sites to be covered by the plan.
- (3) In 2014 or any year thereafter, the customer or customers must have had an annual peak demand in the preceding year of at least 1 megawatt in the aggregate at all sites to be covered by the self-directed plan.
- (4) The customer and sites covered by a self-directed plan and implemented are not eligible to participate in any energy optimization program of the Company.

B. Requirements

- (1) A customer with a self-directed plan is required to pay the self-directed customer program surcharge.
- (2) In its Order dated December 4, 2008, in Case No. U-15800, the Commission stated “A self-direct energy optimization plan shall be considered complete, and the customer exempt from the Company’s energy optimization surcharge in the next billing cycle after the start date for the first action item in the customer’s self-direct energy optimization plan. This applies to a customer with a single site or several sites aggregated together. The plan, including the implementation schedule and expected energy savings, must be attested to as true and accurate by a knowledgeable official of the customer. Customers must comply with the statutory self-direct plan reporting requirements to retain the exemption from the surcharge.” Additional information on self-directed plans is available to customers in Attachment E of that Order. *

* The self-directed plan shall provide for aggregate energy savings that for each year meet or exceed the energy optimization performance standards based on the electricity purchases in the previous year for the site or sites covered by the self-directed plan.

- (1) Biennial incremental energy savings in 2008-2009 equivalent to 0.3% of total annual retail electricity sales in megawatt hours in 2007.
- (2) Annual incremental energy savings in 2010 equivalent to 0.5% of total annual retail electricity sales in megawatt hours in 2009.
- (3) Annual incremental energy savings in 2011 equivalent to 0.75% of total annual retail electricity sales in megawatt hours in 2010.
- (4) Annual incremental energy savings in 2012, 2013, 2014, and 2015 and, subject to section 97, each year thereafter equivalent to 1.0% of total annual retail electricity sales in megawatt hours in the preceding year.

(Continued on Sheet No. C-52.20)

Issued by
J. G. Russell,
President and Chief Operating Officer,
Jackson, Michigan

**Effective for bills rendered on
and after the company’s February 2010
billing month.**
**Issued under authority of the
Michigan Public Service Commission
dated
in Case No. U-15805**

(Continued From Sheet No. C-52.10)

C12. ENERGY OPTIMIZATION (EO) (cont'd)

C12.3 Experimental "Michigan Saves" Billing Program

Subject to any restrictions, the "Michigan Saves" Billing Program (MiSaves) allows a customer who is a governmental entity currently served on Rate Schedule GML to purchase energy-efficient light emitting diode equipment for streetlighting purposes from vendors, obtain third-party financing through the program, receive billing notices through their monthly energy bill from the Company, and make all payments required to the Company. The customer will remain subject to all requirements of Rate Schedule GML. The Company will invoice applicable customers for the MiSaves financed project in accordance with direction from the MiSaves Program Administrator and shall forward payment funds to the single entity designated by the Program Administrator as the Program Lender. Billing will commence with the customer's first full billing month following enrollment, but not earlier than the February 2010 billing month. Terms of enrollment will be stipulated under a separate contract. An eligible customer may enter into a contract to participate in MiSaves through the June 2011 billing month; after that date, the Company will maintain billing in accordance with a contract executed between January 26, 2010 and the June 2011 billing month but shall not allow enrollments for contracts executed after the June 2011 billing month. The Company reserves the right to extend, modify or terminate the experimental program.

- A. The MiSaves payment shall be payable to the Company monthly. The customer may elect to pay off the remaining MiSaves principal balance and any accrued interest with a lump sum payment equal to the total amount due by directly contacting the Program Lender and making such arrangements. Billing for MiSaves shall cease only upon notification by the MiSaves Administrator to the Company.
- B. In the event of a dispute questioning legal authorization of the charge, the customer shall be required to notify the Company of the dispute in a form acceptable to the Company within 60 days of the charge appearing on the monthly bill of the customer. Upon receipt of such notification, the Company shall suspend billing of future charges until (a) the Company is notified by the Program Lender that the dispute is resolved, and (b) the resolution is confirmed by the customer. Billing of the charge may then be reinstated.

If resolution of the dispute is not confirmed by the customer but is requested by the MiSaves Administrator or Program Lender, the Company shall (a) provide notice to the customer that the MiSaves Administrator or Program Lender has requested that billing be reinstated, (b) provide notice to the customer that the customer has 30 days to notify the Company that the dispute has not been resolved, and, if such notification is not received from the customer, (c) resume billing of the charge, including any past-due amounts communicated to the Company by the MiSaves Administrator or the Program Lender, upon expiration of the 30-day period. If the customer notifies the Company that the dispute is not resolved, the Company shall notify the MiSaves Administrator and Program Lender that billing by the Company has ceased and alternative arrangements for collection shall be made between the Program Lender and the customer.

- C. If, after enrollment and billing of the charge, the customer fails to pay any bill in full which may include the MiSaves charge, the Company shall first credit payment to all past-due or current charges due to the Company and then apply the remaining amount paid to the MiSaves charge billed. Any funds in excess of the billed amount shall be held on the customer's account in the absence of any other specific direction by the customer. If the MiSaves charge remains past due for more than one billing cycle after the initial bill that was not paid, the Company shall notify the Program Lender that billing shall be suspended by the Company and other arrangements for payment of current and past-due charges must be made with the customer. The Company shall not be obligated to include the MiSaves charge in any settlement agreement or payment plan. If billing of the MiSaves charge is suspended, charges for the customer's project financed under MiSaves shall be removed from the Company's energy bill and the Company shall not be responsible for collection of any MiSaves charges.

(Continued on Sheet No. C-52.30)

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Jackson, Michigan

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Issued under authority of the
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dated
in Case No. U-15805

(Continued From Sheet No. C-52.20)

C12. ENERGY OPTIMIZATION (EO) (cont'd)

C12.3 Experimental "Michigan Saves" Billing Program (cont'd)

- D. All customer inquiries regarding the MiSaves Program shall be directed to the MiSaves Administrator. Upon request of the customer or an authorized representative of the customer or the MiSaves Administrator or Program Lender, the Company shall provide the dollar amount of the MiSaves charge and/or payment information or other relevant information regarding a dispute as provided in Section E of this Rule. The dollar amount of the charge shall not be provided by the Company to third parties without the express authorization of the customer.
- E. As a condition of participation in the MiSaves Program, the customer authorizes the Company to provide the MiSaves Administrator with the following:
- (1) the customer's electric consumption data beginning 12 months prior to placement of charges on the customer's energy bill and up to 12 months following expiration of the charge, for the purpose of analysis, and
 - (2) any billing and payment information related to the MiSaves Program for the period beginning with the date of enrollment until the date that the charge has expired or that the Company has notified the MiSaves Administrator and Program Lender that billing is suspended; the Customer also agrees to allow the Company to provide the MiSaves Administrator payment information related to the MiSaves program for any program payments received by the Company after the date that billing has been suspended.
- F. The Company shall be held harmless for any claims by the customer, MiSaves Administrator or Program lender for errors or actions that are the responsibility of other parties, such as the customer, Program Lender or the MiSaves Administrator.

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