**Consumers Energy Company Responses Dated December 9, 2015 to METC Questions Submitted On November 16, 2016**

**1.** What is the nature of the rental revenue in the amount of $748 calculated as $200\*3.74, page 4 of 5 of CE’s Attachment O, line 34, column J?

**a.** What does the 3.74 factor represent?

*Response:* The $3.74 represents the approved MPSC tariff rate for pole attachments per MPSC Case No. U-10831. It was estimated that there were approximately 200 transmission poles with attachments.

**b.** If rental revenue, which footnote ‘R’ of CE’s Attachment O explains “Includes income related only to transmission facilities, such as pole attachments, rentals and special use”, shouldn’t CE also have a rental credit associated with the $10.2 million annual lease payment received from METC under the Amended and Restated Easement Agreement (AREA)?

*Response:* No. The easements that METC attributes the $10.2 lease payment to are accounted for as distribution property by Consumers Energy Company on its books and therefore no rental credit is warranted. In addition, the electric rental revenue from FERC Account 454 is treated as an offset to the revenue requirement filed in the Company’s electric rate cases filed at the Michigan Public Service Commission.

**c.** What FERC account does Consumers use for recording METC’s $10.2 million lease payment? If the answer does not include a FERC account, please explain why and where the amount is recorded.

*Response:* The METC $10.2 million lease payment was recorded in FERC account 454.

**2**. METC noticed that most of CE’s inputs to the Attachment O, cited above, are not supported with work papers. Furthermore, page 11 of 20 of Exhibit VI of the January 23, 2015 application to approve the reclassification of certain assets from Distribution to Transmission (Docket No ER15-910) states that “To provide transparency around the Company’s use of a proxy FERC Form No. 1 to complete its Attachment O the Company will submit the proxy FERC Form No.1 to MISO so that it can be posted along with Consumers Energy’s work papers on the MISO website” for interested parties to be able to compare “Consumers Energy’s FERC Form No. 1 on FERC’s eLibrary and the Proxy FERC Form No. 1 on the MISO’s website”. However, as of November 16, 2015, there were no work papers or Proxy FERC Form No. 1 to be compared either on the Consumers Energy MISO OASIS web page or on the Transmission Owner Rate Data page on the MISO website.

**a.** Will Consumers Energy publish such work papers supporting inputs to its recently published Attachment O”?

*Response:* The work papers are now located on the CE OASIS web page.

**b.** If so, when can METC expect to have access to such documents?

*Response:* Please see response directly above to subpart (a) of the question.

**3.** What is the total amount of transmission-related NERC-compliance costs included in Consumers’ Attachment O? Where are these costs recorded?

*Response:* During 2014, approximately $1.8 million of transmission-related NERC compliance costs were recorded in FERC account 556 – Miscellaneous Transmission Expenses.

**4.** What amortization rates are being used to depreciate transmission plant? When did Consumers receive FERC approval for using these rates?

*Response:* Please see the Affidavit Of Jan C. Anderson Regarding Testimony In Michigan Public Service Commission Case No. U-17598 in Federal Energy Regulatory Commission Docket No. ER15-910, page 4 of 5 of Exhibit VIII, which reads as follows: “During the period that Consumers Energy uses the proxy methodology as described in Steven Gaarde's affidavit, Consumers Energy will use the MPSC approved depreciation rates. After the period that Consumers Energy uses this proxy methodology, it will file with the FERC for approval of depreciation rates for transmission assets, if necessary.” The FERC approved the application to which this affidavit was attached.