

UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Pat Wood, III, Chairman;  
Nora Mead Brownell, Joseph T. Kelliher,  
and Suedeem G. Kelly.

Michigan Electric Transmission  
Company, LLC

Docket Nos. EC04-110-000  
ER04-847-000

ORDER CONDITIONALLY AUTHORIZING DISPOSITION OF JURISDICTIONAL  
FACILITIES AND CONDITIONALLY ACCEPTING TRANSMISSION OWNERSHIP  
AND OPERATING AGREEMENTS

(Issued October 27, 2004)

1. On May 17, 2004, Michigan Electric Transmission Company, LLC (Michigan Electric) filed an application under section 203 of the Federal Power Act<sup>1</sup> for authorization to transfer undivided ownership interests in certain of its 345 kV extra high voltage transmission facilities to the Michigan South Central Power Agency (MSCPA) and the Michigan Public Power Agency (MPPA) (jointly, Michigan Agencies). Michigan Electric also seeks Commission approval of new Transmission Ownership and Operating Agreements between it and the Michigan Agencies under section 205 of the Federal Power Act (FPA) (New Agreements).<sup>2</sup>
2. In this order, the Commission conditionally authorizes the transfer of ownership and conditionally accepts the New Agreements, subject to the requirement that transmission service under those agreements be subject to the rates, terms, and conditions of the Midwest Independent Transmission System Operator, Inc.'s (Midwest ISO) Open Access Transmission Tariff (OATT) under a service agreement under that OATT.
3. This order benefits customers because it ensures that the rates, terms, and conditions for transmission service are just and reasonable and not unduly

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<sup>1</sup> 16 U.S.C. § 824b (2000).

<sup>2</sup> 16 U.S.C. § 824d (2000).

discriminatory, and thus encourages more competitive markets. It also ensures that the disposition of facilities is consistent with the public interest.

## **I. Background**

4. Michigan Electric is a transmission owning member of the Midwest ISO,<sup>3</sup> and transmission service across its facilities is provided under the Midwest ISO's OATT. Michigan Electric's transmission facilities are on the lower peninsula of Michigan.

5. The Michigan Agencies are political subdivisions of the State of Michigan that are not subject to the Commission's jurisdiction. They are municipal power agencies in Michigan. They have ownership interests in certain generating resources, contract for other power supply, and have ownership interests in and transmission service rights over the Michigan Electric transmission system. MPPA is a transmission owning member and transmission customer of the Midwest ISO, and MSCPA is a transmission customer of the Midwest ISO.

6. The New Agreements set forth the Michigan Agencies' rights and Michigan Electric's obligations under the Midland Antitrust Settlements and the Branch County Settlements. The Midland Antitrust Settlements resolved antitrust claims brought against Consumers Power Company (Consumers) before the Nuclear Regulatory Commission and require Consumers<sup>4</sup> to sell ownership interests in certain transmission facilities to the Michigan Agencies and, to grant the Michigan Agencies transmission service rights in the transmission system now owned by Michigan Electric in defined MW capacity amounts (transmission service rights). Under the Midland Antitrust Settlements, Consumers entered into two Agreements with MPPA and one Agreement with MSCPA (Existing Agreements). Under these Existing Agreements, MPPA owns approximately 272 MW of transmission service capacity and MSCPA owns 90 MW of transmission service capacity.

7. The Branch County Settlements resolved state court litigation initiated by the Michigan Agencies to prevent the disposition of Consumers' membership interests in Michigan Electric to Michigan Transco Holdings. Under the Branch County Settlements, Michigan Electric assumed certain obligations under the Midland Antitrust Settlements to sell additional ownership interests and related transmission service rights to each of the Michigan Agencies.

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<sup>3</sup> Michigan Electric is owned by Michigan Transco Holdings Limited Partnership (Michigan Transco Holdings), a subsidiary of Trans-Elect, Inc. (Trans-Elect). Michigan Electric Holdings acquired ownership of Michigan Electric from Consumers Energy Company (Consumers), its former owner, effective May 1, 2002.

<sup>4</sup> Consumers Power Company is Michigan Electric's predecessor for ownership of certain transmission facilities.

8. The Commission conditionally approved the Branch County Settlements and Michigan Electric's assumption of certain obligations under the Existing Agreements.<sup>5</sup> We expressed concern that, if these transmission service rights are not compatible with the terms and conditions of service under the applicable OATT (now the Midwest ISO OATT), efficient operation and use of the transmission system could be impaired. Therefore, the Commission conditioned its approval of the Branch County Settlements on such transmission service rights being defined in a manner that is consistent with the terms and conditions of service of the OATT applicable to the Michigan Electric system.

9. The Commission noted that further filings would be required under FPA sections 203 and 205 in order to implement the Michigan Agencies' acquisition of these ownership interests and transmission service rights, and stated that in those filings (which are the filings at issue here), the applicants would be required to demonstrate that the transmission service rights are consistent with the terms and conditions of service under the OATT applicable to the Michigan Electric system.<sup>6</sup> The Michigan Agencies sought rehearing of the February Order, but, at the Michigan Agencies' request, their request for rehearing is being held in abeyance, pending the outcome of this proceeding.<sup>7</sup>

## II. The New Agreements

10. The New Agreements provide for Michigan Electric to sell undivided ownership interests in certain 345 kV transmission facilities to MPPA and MSCPA.<sup>8</sup> They provide that Michigan Electric will manage, control, operate and maintain the transferred facilities, except where that power is vested with the Midwest ISO, and that the Michigan Agencies will bear their share of operation and maintenance costs for the facilities.<sup>9</sup> The New Agreements also provide transmission service rights between multiple receipt and delivery points to MPPA or MSCPA over the Michigan Electric transmission system.<sup>10</sup> The New Agreement with MPPA provides MPPA with 90 MW

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<sup>5</sup> See *Trans-Elect, Inc.*, 98 FERC ¶ 61,142 (February Order), *order on reh'g*, 98 FERC ¶ 61,138 (2002) (March Order), *reh'g pending*.

<sup>6</sup> See February Order at 61,424.

<sup>7</sup> See March Order at 62,596.

<sup>8</sup> See section 3.1 of each New Agreement.

<sup>9</sup> See sections 8 and 8.1 of the New Agreements.

<sup>10</sup> See section 6.1 of the New Agreements.

of transmission service capacity, and the New Agreement with MSCPA provides MSCPA with 31.5 MW of transmission service capacity.

11. According to Michigan Electric, the proposed transfer of ownership interests and the New Agreements would: (1) implement the Michigan Agencies' rights and Michigan Electric's obligations under the Midland Antitrust and Branch County Settlements; (2) integrate the Michigan Agencies into the Midwest ISO; (3) integrate the Michigan Agencies into the Greater Michigan Joint Transmission Pricing Zone (Greater Michigan Joint Zone) established under the settlement conditionally approved by the Commission in Docket No. ER02-2458-000;<sup>11</sup> and (4) reflect agreeable arrangements among the Midwest ISO, Michigan Electric, MPPA and MSCPA for the integration of the agreements into both the Midwest ISO and the Greater Michigan Joint Zone.

### **III. Notice of Filing, Interventions and Comments**

12. Notice of Michigan Electric's filing was published in the *Federal Register*, 69 Fed. Reg. 30,289 (2004), with comments, protests, and interventions due on or before June 8, 2004. Consumers filed a timely motion to intervene and comments on June 8, 2004 and a clarification on June 14, 2004 (Consumers' Clarification). The Michigan Agencies also filed a timely motion to intervene and supporting comments. On June 23, 2004, Michigan Electric filed an answer to Consumers' comments (Michigan Electric's Answer). On July 7, 2004, Consumers filed an answer to Michigan Electric's June 23 Answer (Consumers' Answer).

### **IV. Discussion**

#### **A. Procedural Matters**

13. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2004), the notice of intervention and timely, unopposed motions to intervene serve to make the entities that filed them parties to this proceeding.

14. Rule 213(a)(2) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.213(a)(2) (2004), prohibits an answers to a protest and/or answer unless otherwise ordered by the decisional authority. The Commission will accept Michigan Electric's and Consumers' answers because they have provided information that assisted us in our decision-making process.

#### **B. Section 205 Determination**

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<sup>11</sup> See *Midwest Independent Transmission System Operator, Inc.*, 106 FERC ¶ 61,219 (2004), *reh'g pending*.

## **1. The Filing**

15. Michigan Electric argues that the New Agreements meet the conditions imposed by the Commission in the February and March Orders and that the New Agreements recognize that the Michigan Electric transmission system is under the Midwest ISO's operational control. Michigan Electric asserts that the transferred transmission facilities will continue to be operated by the Midwest ISO under the Midwest ISO's OATT. Michigan Electric notes that the Midwest ISO is aware of the Michigan Agencies' Existing Agreements and that the Michigan Agencies and the Midwest ISO have agreed upon the necessary arrangements for integration of both Existing Agreements and the New Agreements into the Midwest ISO's operations.

16. Because MPPA has joined the Midwest ISO as a transmission-owning member but MSCPA has not, Michigan Electric explains, each agency's Agreement is integrated into the Midwest ISO differently. According to Michigan Electric, MPPA takes all the transmission service that it needs from the Midwest ISO under the Midwest ISO OATT and, under the settlement agreement establishing the Greater Michigan Joint Zone, MPPA would receive a capacity offset for its transmission service entitlements under the Existing and New Agreements against its billing demand for the license plate zonal transmission rate. Because all service is taken by MPPA under the Midwest ISO OATT, scheduling, losses and all other aspects of the transmission service will be governed by the Midwest ISO OATT. Michigan Electric states that in contrast to MPPA, MSCPA serves most of its transmission service needs through its Agreements and, when it requires supplemental transmission service, it buys point-to-point transmission service from the Midwest ISO under the Midwest ISO OATT. However, Michigan Electric states, the New Agreements are operationally compatible with the Midwest ISO's procedures and operations.

17. Michigan Electric states that the New Agreements satisfy the conditions of the February and March Orders wherever necessary and appropriate, specifically noting the following provisions: (1) sections 6.1.1 and 6.1.2, which require that the procedures relating to the Michigan Agencies' use of the bulk transmission system be developed not only by the parties' administrative committee, but also in coordination with the Midwest ISO; (2) section 7.1, which provides that the loss factor applied to the Michigan Agencies must be the same loss factor then in effect under the Midwest ISO OATT; (3) section 7.2, which provides that the Midwest ISO OATT will govern the provision of reactive power; (4) section 8.1, which provides that Michigan Electric's operational control of facilities is subject to the Midwest ISO's operation control of the system; and (5) section 18.2, which provides that decisions by the parties' administrative committee or senior executives resolving any transmission issue must be reported to the Midwest ISO for its approval if within the Midwest ISO's authority.

## **2. Consumers Comments**

18. Consumers points out that the New Agreements grant to the Michigan Agencies 126.5 MW of new firm transmission entitlements which, while authorized by Michigan Electric, have not gone through the Midwest ISO OATT's transmission service request procedures. Therefore, if the Commission accepts the New Agreements, it must ensure that they do not harm the Midwest ISO's other OATT customers in the Michigan Electric zone. Consumers also argues that, if upgrades are required to serve these firm new transmission entitlements, those costs must be absorbed by Michigan Electric.

19. Consumers provides jurisdictional "distribution" service to Michigan Electric to satisfy the needs of Michigan Electric's transmission customers over Consumers' distribution facilities. While the New Agreements provide for wholesale distribution service over Consumers' distribution facilities, they do not ensure that such wholesale distribution service will be available. According to Consumers, while its agreements with Michigan Electric require Michigan Electric to provide Consumers with reasonable advance notice of any proposed new or expanded use of Consumers' facilities, there has been an ongoing problem in which Consumers does not receive adequate load forecasts of anticipated wholesale distribution service from Michigan Electric and the Midwest ISO. Consumers therefore cautions Michigan Electric and the Midwest ISO to provide sufficient advance notice of any new wholesale distribution service load to allow Consumers to determine the adequacy of its facilities for such additional load.

20. Consumers states that its comments should not be considered a protest.<sup>12</sup> Rather, its comments are driven by its frustration with Michigan Electric and the Midwest ISO over the lack of modeling, planning, and timely communication with respect to the end-use retail customer loads that Consumers and the Michigan Agencies serve. Consumers is collaborating with the Michigan Agencies on efforts to obtain improvements by the Midwest ISO and Michigan Electric in response to these issues. It requests that the Commission direct the parties to some other means for resolving these concerns.

### **3. Michigan Electric's Answer**

21. Michigan Electric argues that the New Agreements will not have additional effects on the transmission system. Michigan Electric states that, of the 95 MW of transmission service in the MPPA New Agreement, only 18.9 MW involves new transmission service on the Michigan Electric transmission system and the rest is served under existing network service agreements under the Midwest ISO's OATT. Michigan Electric contends that the MPPA New Agreement will reduce the load served under these network service agreements by 76.1 MW. Since there are no additional system effects from the sale of the entitlements replacing existing network service, Michigan Electric concludes that there is no need for a study to determine the system impacts of serving this 76.1 MW of load. Michigan Electric argues that adequate transmission

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<sup>12</sup> See Consumers' Clarification.

capability is available to serve the additional 18.9 MW of load under the MPPA New Agreement without any system improvements. Also, for the additional 31.5 MW of transmission service under the MSCPA New Agreement, Michigan Electric states that its system studies found that adequate transmission capacity already exists.

22. Michigan Electric states that the New Agreements do not give the Michigan Agencies unfettered rights to use Consumers' wholesale distribution service, and do not override or ignore any rights that Consumers has to advance notification. It points out that MPPA's New Agreement requires Michigan Electric to enter into a wholesale distribution service agreement with Consumers and that the MSCPA New Agreement requires Michigan Electric to make the necessary advance arrangements with Consumers for MSCPA's use of Consumer's wholesale distribution service.

23. Michigan Electric also notes that, under the MPPA New Agreement, no new load is added on Consumers' wholesale distribution service because this load is already served under network service agreements under the Midwest ISO's OATT. Thus, MPPA will not increase its total use of Consumers' wholesale distribution service.

24. As to the MSCPA New Agreement, Michigan Electric states that no load will be served using Consumers' wholesale distribution service except for a future request for additional service in the range of 0.3 MW of demand growing to 1.0 MW over the next 10 years for Union City. Michigan Electric states that it plans to enter into a wholesale distribution service agreement with Consumers to serve both the MPPA entitlement and Union City's additional load.

25. Michigan Electric notes that it shares Consumers' concern about receiving adequate load forecasts. Michigan Electric points out that the Midwest ISO recently agreed to implement a process to ensure that these updates are provided to the Midwest ISO transmission owners on a timely basis.

#### **4. Commission Determination**

26. In the February Order, the Commission preserved the parties' bargain under the Midland Antitrust Settlements, while ensuring that the rates, terms, and conditions of transmission service provided under any future Agreements are just, reasonable and not unduly discriminatory. Specifically, the Commission noted the inefficiencies that could result if the terms and conditions of the new transmission service rights are not compatible with the terms and conditions of service under the applicable Midwest ISO OATT, and conditioned approval of the Branch County Settlements on such transmission service rights being defined in a manner consistent with the terms and conditions of service under the Midwest ISO OATT. The February Order thus requires that the transmission service provided under the New Agreements be consistent with the rates, terms and conditions of transmission service under the Midwest ISO's OATT in order to ensure efficient operation of the Midwest ISO's transmission system.

27. The Commission cannot find that the New Agreements achieve this. While the parties have attempted to modify the *pro forma* Agreement contained in the Midland Antitrust Settlements in order to reflect the terms and conditions of service under the Midwest ISO's OATT (for example, provisions for real power losses and reactive power compensation in section 7.2 of the New Agreements), many of the terms and conditions of transmission service, such as reservation and scheduling rules, remain undefined. While the New Agreements provide for implementation of their transmission service provisions in "coordination" with the Midwest ISO, and provide for approval by the Midwest ISO of practices under the Agreements that are within the Midwest ISO's authority, they do not specify what authority Midwest ISO would have to review particular practices, or what standard Midwest ISO would use to evaluate particular practices. Because the role contemplated for the Midwest ISO in the implementation of these bilateral transmission service agreements is novel, the Midwest ISO Agreement<sup>13</sup> does not address the present situation, nor has Michigan Electric provided any other documents addressing the Midwest ISO's authority over the New Agreements.

28. In order to ensure that the transmission service contemplated under the New Agreements meets the requirements of the February and March Orders, the Commission will require that the transmission service provisions be removed from the New Agreements and that the transmission service contemplated in those agreements be provided under the rates, terms and conditions of the Midwest ISO's OATT, through service agreements under that OATT. The Commission believes that, with this condition, the parties can still preserve the financial bargain reflected in the Branch County Settlements and the New Agreements through an arrangement for sharing revenues received for transmission service under the Midwest ISO OATT.<sup>14</sup> Since Michigan Electric claims in its filing that the New Agreements track the Midwest ISO OATT, the Commission does not find that this condition will require Michigan Electric to do anything it would object to.

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<sup>13</sup> Agreement of Transmission Facilities Owners To Organize The Midwest ISO (Midwest ISO Agreement).

<sup>14</sup> As noted above, the settlement agreement conditionally approved by the Commission in Docket No. ER02-2458-000, establishing the Greater Michigan Joint Zone, and the treatment for Existing and New Agreements thereunder, provides that the Michigan Agencies will receive a capacity offset for their transmission service entitlements against their billing demand for the license plate zonal transmission rate, in lieu of a revenue distribution under the Midwest ISO OATT. Since the Commission's condition imposed on the New Agreements in this order removes the transmission service entitlements from these agreements, there will be no capacity offset associated with the New Agreements.

29. With respect to Consumers' concerns about the adequacy of transmission capacity to provide the transmission service contemplated in the New Agreements, in conjunction with the above condition that the service be provided directly under the Midwest ISO OATT, the Commission will require that the transmission service be studied by the Midwest ISO in accordance with its OATT. However, it is premature to address Consumers' request regarding responsibility for the cost of network upgrades. Consumers can raise this issue when Michigan Electric seeks to recover the cost of any such facilities in its transmission rates.

30. Finally, we find that Consumers' concern about receiving adequate advance notice for new wholesale distribution service involves enforcement of its agreements with Michigan Electric and is beyond the scope of this proceeding. However, we encourage the parties to communicate updated load forecasts in a timely manner so that upgrades needed can be constructed.

31. Subject to the conditions discussed above, the Commission finds that the New Agreements are just and reasonable and will accept them for filing, to take effect on the date that the transaction closes, as requested. Michigan Electric is directed to file revised agreements, modified as discussed above, within 30 days of the date of this order.

### **C. Section 203 Determination**

32. Section 203(a) of the Federal Power Act provides that the Commission must approve a proposed disposition of jurisdictional facilities if it finds that the disposition "will be consistent with the public interest."<sup>15</sup> The Commission's analysis of whether a disposition is consistent with the public interest generally involves consideration of three factors: (a) the effect on competition; (b) the effect on rates; and (c) the effect on regulation.<sup>16</sup> As discussed below, the Commission will approve the proposed transaction, subject to a condition, as consistent with the public interest.

#### **1. Effect on Competition**

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<sup>15</sup> 16 U.S.C. § 824b(a) (2000).

<sup>16</sup> See *Inquiry Concerning the Commission's Merger Policy Under the Federal Power Act: Policy Statement*, Order No. 592, 61 Fed. Reg. 68,595 (Dec. 30, 1996), FERC Stats. & Regs., Regulations Preambles July 1996-December 2000 ¶ 31,044 (1996), *order on reconsideration*, Order No. 592-A, 62 Fed. Reg. 33,341 (June 19, 1997), 79 FERC ¶ 61,321 (1997); see also *Revised Filing Requirements Under Part 33 of the Commission's Regulations*, Order No. 642, 65 Fed. Reg. 70,983 (Nov. 28, 2000), FERC Stats. & Regs. Regulations Preambles July 1996-December 2000 ¶ 3,111 (2000), *order on reh'g*, Order No. 642-A, 66 Fed. Reg. 16,121 (Mar. 23, 2001), 94 FERC ¶ 61,289 (2001).

33. Michigan Electric states that the proposed transactions will have no adverse effect on competition. It explains that the proposed transactions involve only a disposition of interests in transmission facilities and will not alter the competitive situation in wholesale markets. In addition, Michigan Electric states that the transactions will not harm competition because the Michigan Agencies will continue to have access to competitive wholesale markets. No party disputes these statements. The Commission finds that the proposed disposition will not adversely affect competition.

## **2. Effect on Rates**

34. Michigan Electric states that the proposed transactions will not change the rates currently being charged under the Midwest ISO's OATT for the Michigan Electric transmission pricing zone. No party disputes Michigan Electric's statements to this effect.

35. As the Commission found in the February and March Orders, if the terms and conditions of the transmission service rights created through the proposed transaction are not compatible with the terms and conditions of service under the Midwest ISO OATT, efficient operation and use of the transmission system could be impaired, which could adversely affect rates for third parties. Accordingly, the Commission conditioned its approval of the Branch County Settlements on such transmission service rights being defined in a manner that is consistent with the terms and conditions of service of the Midwest ISO OATT. As discussed above, the Commission conditions its approval of those agreements on the transmission service contemplated in those agreements being provided under the rates, terms and conditions of the Midwest ISO's OATT, through service agreements under that OATT. In order to ensure that the proposed transaction does not adversely affect rates, the Commission will similarly condition its section 203 authorization of the proposed transaction. With that condition, the Commission finds that the proposed disposition will not adversely affect rates.

## **3. Effect on Regulation**

36. Michigan Electric states that the proposed transactions will not impair the effectiveness of either state or federal regulation. According to Michigan Electric, there are no state regulatory issues to address because the transactions involve only wholesale transmission facilities. Michigan Electric asserts that the transactions will have no effect on the jurisdictional status of Michigan Electric or either Michigan Agency, and that no holding company will be formed as a result of the transactions. No party disputes Michigan Electric's statements to this effect. The Commission finds that the proposed disposition will not adversely affect regulation.

## **4. Easement Arrangements**

37. Each New Agreement provides that before the conveyance date, Consumers will grant appropriate easement rights to MPPA or MPSC in connection with the transferred facilities.<sup>17</sup> Michigan Electric notes that these easement arrangements are not yet completed but states that, upon completion of the necessary agreements, it will provide copies of the easement agreements to the Commission and incorporate those agreements as Attachment A-2 to the New Agreements.

38. In the February Order, the Commission conditionally approved the proposed easement arrangement between Consumers and Michigan Electric, subject to Michigan Electric having the same rights to use the land for transmission additions or expansions that Consumers could exercise before the transfer of its facilities to Michigan Electric. The Commission's fundamental concern with the then-proposed easement arrangement was that it could restrict access to transmission because use of the land by Michigan Electric for transmission additions or expansions was subordinate to the use of the land by Consumers for non-transmission purposes. Accordingly, the Commission conditioned its section 203 authorization of the transaction in that proceeding on Consumers' retained interest in the land being limited to uses that do not interfere with or impair the value of the land for Michigan Electric's transmission-related uses.<sup>18</sup> In order to find the transaction proposed in this proceeding to be consistent with the public interest, the Commission requires that the Michigan Agencies secure the same easement rights from Consumers that Michigan Electric currently has as a result of the condition imposed in the February Order. Michigan Electric is directed to file the easement agreements for informational purposes within 15 days of their becoming final.

## **5. Accounting Treatment**

39. Michigan Electric submitted its proposed journal entries to account for the transfer of undivided ownership interests in the transmission facilities to the Michigan Agencies. Michigan Electric intends to remove its capital investment in the facilities from its books and records and recognize a gain on the transaction in Account 421.1, Gain on Disposition of Property.

40. Michigan Electric's proposed accounting for the transfer appears consistent with the requirements of the Commission's Uniform System of Accounts. However, since this transfer of assets is a sale of and acquisition of an operating unit or system, Michigan Electric must file its proposed journal entries with the Commission to clear Account 102, Electric Plant Purchased or Sold, as required by the instructions to such

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<sup>17</sup> See Section 2.2 of the New Agreements.

<sup>18</sup> February Order at 61,421-22.

account, within six months of the date the transfer is consummated.<sup>19</sup>

The Commission orders:

(A) Michigan Electric's New Agreements with the Michigan Agencies are conditionally accepted, as discussed in the body of this order.

(B) Michigan Electric is directed to file the revised New Agreements, as discussed in this order, within 30 days of the date of this order.

(C) Michigan Electric is directed to file the companion easement agreements, discussed in this order, within 15 days of their becoming final.

(D) The proposed transfer transaction is authorized upon the terms and conditions and for the purposes set forth in the application, subject to the conditions discussed in the body of this order.

(E) The foregoing authorization is without prejudice to the authority of the Commission or any other regulatory body with respect to rates, service, accounts, valuation, estimates or determinations of costs, or any other matter whatsoever now pending or which may come before the Commission;

(F) Nothing in this order shall be construed to imply acquiescence in any estimate or determination of cost or any valuation of property claimed or asserted.

(G) The Commission retains authority under sections 203(b) and 309 of the FPA to issue supplemental orders as appropriate.

(H) Applicants shall make appropriate filings under section 205 of the FPA, as necessary, to implement the transaction.

(I) Applicants shall notify the Commission within 10 days of the date that the disposition of the jurisdictional facilities has been consummated.

(J) Michigan Electric shall account for the transfer of facilities in accordance with

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<sup>19</sup> 18 CFR Part 101 (2004).

the instructions to Account 102, Electric Plant Purchased or Sold, of the Uniform System of Accounts and file, within six months of the date of the transfer, detailed journal entries, with narrative statements explaining the proposed accounting, including related income tax consequences.

By the Commission.

( S E A L )

Magalie R. Salas,  
Secretary.