

Trans-Elect, et al (EC02-23-001 & ER02-320-001)

Good morning, Mr. Chairman, Commissioners:

I am Lodie White, sitting with me is Michael Donnini and Michael McLaughlin

This order on rehearing grants, in part, and denies, in part, requests for clarification or rehearing of our February 13, 2002 order in this proceeding. In the Feb. 13 Order, the Commission conditionally authorized a proposal by Consumers Energy Company, to transfer its transmission affiliate, Michigan Electric Transmission Company, LLC, to an unaffiliated entity, Michigan Transco Holdings, LP, an indirect affiliate of Trans-Elect, Inc. The February 13 Order also conditionally approved certain treatments governing the rates of Michigan Electric Transmission Company after the transfer.

Trans-Elect Applicants request limited clarification or rehearing on two issues, namely the income tax adjustment and the extension of rate moratorium and deferral mechanisms beyond December 31, 2004. On rehearing of the income tax adjustment issue, the Commission grants rehearing and approves Trans-Elect Applicants' original proposal. Regarding the moratorium issue, the Commission denies rehearing but grants the request for clarification.

Consumers Applicants request rehearing on the easement condition. Consumers Applicants, in compliance with the Feb. 13 Order, also filed a revised easement agreement. This order denies rehearing on the easement condition and rejects the revised easement agreement as inconsistent with the Commission's directives set forth in the Feb. 13 Order.

The Michigan South Central Power Agency and the Michigan Public Power Agency filed a request for clarification or rehearing of the conditions placed on the Commission's approval of certain settlement agreements in the Feb 13 Order. This order grants, in part, and denies, in part, the request for clarification, and, at the Agencies' urging, holds their rehearing request in abeyance, pending action in related proceedings.

Thank you, and at this time we will happy to answer any questions you may have.