

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

* * * * *

In the matter of the application of)	
THE DETROIT EDISON COMPANY)	Case No. U-13286
to unbundled its retail rates.)	
_____)	

At the November 23, 2004 meeting of the Michigan Public Service Commission in Lansing, Michigan.

PRESENT: Hon. J. Peter Lark, Chair
Hon. Robert B. Nelson, Commissioner
Hon. Laura Chappelle, Commissioner

OPINION AND ORDER

In the December 20, 2001 order in Case No. U-12966, the Commission rejected an application filed by The Detroit Edison Company (Detroit Edison) to unbundle its electric rates and required the company to file a new application that would comply with Section 10b(2) of 2000 PA 141 (Act 141), MCL 460.10b(2).

On February 4, 2002, Detroit Edison filed this application together with supporting testimony and exhibits.

On April 2, 2002, a prehearing conference was held before Administrative Law Judge Barbara A. Stump (ALJ). At that time, the ALJ granted petitions to intervene filed by the Association of Businesses Advocating Tariff Equity (ABATE), Energy Michigan, the National Energy Marketers Association (NEMA), Energy America LLC, the Michigan Electric and Gas

Association (MEGA), and Attorney General Jennifer M. Granholm (Attorney General).¹ The Commission Staff (Staff) also participated in the proceedings.

On August 27, 2002, the parties agreed that prefiled testimony should be bound into the record, and the parties waived cross-examination. The record consists of 146 pages of testimony and 7 exhibits that were admitted into evidence.

By September 23, 2002, Detroit Edison, the Attorney General, ABATE, Energy America, MEGA, and NEMA had filed briefs. On October 4, 2002, reply briefs were filed by Detroit Edison, the Attorney General, ABATE, Energy Michigan, MEGA, and the Staff.

On October 18, 2002, the ALJ issued her Proposal for Decision (PFD), in which she recommended that the Commission reject the objections raised by the parties and approve Detroit Edison's application with one exception. In the ALJ's view, the Commission should reject Detroit Edison's proposal to exclude the unbundled rate information from customers' bills and the company's tariffs.

On November 1, 2002, exceptions were filed by Detroit Edison, the Attorney General, ABATE, Energy Michigan, and NEMA. On November 12, 2002, replies to exceptions were filed by Detroit Edison, ABATE, Energy Michigan, and MEGA.

Today, the Commission issued an order in Case No. U-13808 in which it determined that Detroit Edison should file a new unbundling case within 120 days, based on more recent cost data. In doing so, the Commission recognized that the costs upon which Detroit Edison's proposal in this case is based are now stale and that the last of the statutory rate caps expire on December 31, 2005. The Commission further determined that the new unbundling case should be completed before December 31, 2005, so that unbundled rates could be effective as soon as possible.

¹ On January 1, 2003, after all of the filings made in this case, Michael A. Cox took office as Michigan's Attorney General.

Based on the issues that were raised in this case, the Commission finds that the following determinations may be helpful to the parties in the new unbundling case. First, the Commission finds that the Detroit Edison should base its unbundling proposal on fully allocated embedded costs. Second, the Commission finds that the scope of unbundling need not be greater than unbundling transmission, distribution, and generation, although Detroit Edison may propose additional unbundling if it desires. Many of the remaining issues raised by the parties will be moot when the rate caps expire and require no further comment.

Finally, the Commission concludes that this case should be closed.

The Commission FINDS that:

- a. Jurisdiction is pursuant to 1909 PA 106, as amended, MCL 460.551 et seq.; 1919 PA 419, as amended, MCL 460.51 et seq.; 1939 PA 3, as amended, MCL 460.1 et seq.; 1969 PA 306, as amended, MCL 24.201 et seq.; and the Commission's Rules of Practice and Procedure, as amended, 1999 AC, R 460.17101 et seq.
- b. Detroit Edison should file within 120 days of the date of this order a proposal to unbundle its rates.
- c. This case should be closed.

THEREFORE, IT IS ORDERED that:

- A. The Detroit Edison Company shall file within 120 days of the date of this order, an application for approval of its proposal to unbundle its rates as described in this order and today's order in Case No. U-13808.
- B. This case is closed.

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, pursuant to MCL 462.26.

MICHIGAN PUBLIC SERVICE COMMISSION

/s/ J. Peter Lark

Chair

(S E A L)

/s/ Robert B. Nelson

Commissioner

/s/ Laura Chappelle

Commissioner

By its action of November 23, 2004.

/s/ Mary Jo Kunkle

Its Executive Secretary

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, pursuant to MCL 462.26.

MICHIGAN PUBLIC SERVICE COMMISSION

Chair

Commissioner

Commissioner

By its action of November 23, 2004.

Its Executive Secretary