

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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In the matter of the application of)
THE DETROIT EDISON COMPANY for)
authority to implement a power supply cost)
recovery plan in its rate schedules for 2000)
metered jurisdictional sales of electricity.)
_____)

Case No. U-12121

At the June 19, 2000 meeting of the Michigan Public Service Commission in Lansing,
Michigan.

PRESENT: Hon. John G. Strand, Chairman
Hon. David A. Svanda, Commissioner
Hon. Robert B. Nelson, Commissioner

OPINION AND ORDER

On September 30, 1999, The Detroit Edison Company (Detroit Edison) filed an application to implement a power supply cost recovery (PSCR) plan in 2000. On June 5, 2000, Public Act 141 of 2000 took effect. Subsection 10d(1) provides:

Unless otherwise reduced by the commission under subsection (4) [for the effects of securitization], the commission shall establish the residential rates for each electric utility with 1,000,000 or more retail customers in this state as of May 1, 2000 that will result in a 5% rate reduction from the rates that were authorized or in effect on May 1, 2000. Notwithstanding any other provision of law or commission order, rates for each electric utility with 1,000,000 or more retail customers established under this subsection become effective on the effective date of the amendatory act that added this section and remain in effect until December 31, 2003 and all other electric retail rates of an electric utility with 1,000,000 or more retail customers authorized or in effect as of May 1, 2000 shall

remain in effect until December 31, 2003, unless otherwise reduced by the commission under subsection (4).

MCL 460.10d(1); MSA 22.13(10d)(1).

On June 5, 2000, the Commission issued an order in Case No. U-12464 implementing the rate reduction for residential customers and requiring Detroit Edison to file tariff sheets. With that reduction, all of the retail rates now in effect may not be changed until at least December 31, 2003 except to reflect the effects of securitization. The implementation of a PSCR plan for Detroit Edison, which is designed to adjust rates for changes in the costs of fuel and purchased power, is inconsistent with subsection 10d(1). Therefore, Detroit Edison's application must be dismissed.¹

The Commission FINDS that:

a. Jurisdiction is pursuant to 1909 PA 106, as amended, MCL 460.551 et seq.; MSA 22.151 et seq.; 1919 PA 419, as amended, MCL 460.51 et seq.; MSA 22.1 et seq.; 1939 PA 3, as amended, MCL 460.1 et seq.; MSA 22.13(1) et seq.; 1982 PA 304, as amended, MCL 460.6h et seq.; MSA 22.13(6h) et seq.; 1969 PA 306, as amended, MCL 24.201 et seq.; MSA 3.560(101) et seq.; and the Commission's Rules of Practice and Procedure, as amended, 1992 AACRS, R 460.17101 et seq.

b. Detroit Edison's application should be dismissed with prejudice.

¹On May 1, 1999, the Michigan Environmental Council (MEC) and the Public Interest Research Group in Michigan (PIRGIM) filed an application for leave to appeal and motion for immediate consideration regarding testimony stricken by the Administrative Law Judge in this proceeding. Although the testimony sought to address issues that may have been outside the jurisdiction of the Commission prior to June 5, 2000, the new law gives the Commission specific authority to require environmental disclosures (subsection 10r (3)) and creates an energy efficiency fund (subsection 10d(6)) as advocated by these parties. They are encouraged to participate in Case No. U-12487 and any subsequent proceedings involving the energy efficiency fund.

THEREFORE, IT IS ORDERED that the application of The Detroit Edison Company to implement a power supply cost recovery plan in 2000 is dismissed with prejudice.

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; MSA 22.45.

MICHIGAN PUBLIC SERVICE COMMISSION

/s/ John G. Strand
Chairman

(S E A L)

/s/ David A. Svanda
Commissioner

/s/ Robert B. Nelson
Commissioner

By its action of June 19, 2000.

/s/ Dorothy Wideman
Its Executive Secretary

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By its action of June 19, 2000.

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Suggested Minute:

“Adopt and issue order dated June 19, 2000 dismissing the application of The Detroit Edison Company to implement a power supply cost recovery plan in 2000, as set forth in the order.”