

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

* * * * *

In the matter of the investigation, on the)
Commission's own motion, into the electric)
supply reliability plan of **THE DETROIT**) Case No. U-14109
EDISON COMPANY for the year 2004.)
_____)

At the August 10, 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

ORDER

On January 22, 2004, the Commission ordered Consumers Energy Company, The Detroit Edison Company (Detroit Edison), and Indiana Michigan Power Company to submit assessments of their ability to meet expected electric requirements in 2004. See, Case No. U-14005, order dated January 22, 2004. On March 31, 2004, Detroit Edison filed its report.

On June 3, 2004, the Commission issued an order finding that Detroit Edison's report was substandard. The Commission criticized Detroit Edison's planning, stating that the utility must "explore and develop an array of alternative options." Among other things, the Commission was concerned that the Commission Staff had to expend resources working with the Midwest Independent System Operator to secure additional firm transmission rights on Detroit Edison's behalf. Further, the Commission stated that Detroit Edison should have identified other supply options before concluding that it would be required to purchase electric supplies from affiliates.

Noting the May 5, 2004 report in “MegaWatt Daily” that the East Central Area Reliability Council was projecting a capacity margin of over 20% for the summer of 2004, the Commission concluded that there was no justification for Detroit Edison’s assertion that it could not provide better supply and reliability assurances to its customers.

The Commission ordered Detroit Edison to fulfill its obligation to provide its customers with reliable electric service during the summer of 2004. Further, the Commission ordered that Detroit Edison ensure adequate service by employing reasonable, prudent, and cost-effective measures, consistent with the safe and reliable operation of its electric system. Lastly, the Commission ordered Detroit Edison to use a higher standard when preparing reports assessing peak capacity and reliability and in planning to meet projected peak demand.

On July 2, 2004, Detroit Edison filed a petition for rehearing and a supplemental Summer 2004 capacity plan. Detroit Edison’s petition claims that its transmission planning was reasonable and prudent. Further, Detroit Edison states that its plan identified supply sources that constituted a reasonable and practical plan to meet summer reliability. Detroit Edison asserts that because supply and reliability planning are continuous, the supplementation of Detroit Edison’s initial 2004 capacity plan is required. Detroit Edison asks the Commission to grant rehearing and modify the Commission’s June 3, 2004 order in this proceeding.

No replies to Detroit Edison’s petition for rehearing were filed.

Rule 403 of the Commission’s Rules of Practice and Procedure, 1999 AC, R460.17403, provides that a petition for rehearing may be based on claims of error, newly discovered evidence, facts or circumstances arising after the hearing, or unintended consequences resulting from compliance with the order. A petition for rehearing is not merely another opportunity for a party

to argue a position or to express disagreement with the Commission's decision. Unless a party can show the decision to be incorrect or improper because of errors, newly discovered evidence, or unintended consequences of the decision, the Commission will not grant a rehearing.

The Commission finds that Detroit Edison's petition for rehearing does not meet the standard for rehearing under Rule 403. Notwithstanding Detroit Edison's assertions to the contrary, the June 3, 2004 order in this proceeding was not based on erroneous findings of fact or conclusions of law. Support can be found for each of the Commission's rulings. However, in the interest of creating a complete and accurate record in this proceeding, the Commission acknowledges Detroit Edison's supplemental Summer 2004 capacity plan filing.

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's petition for rehearing should be denied.

THEREFORE, IT IS ORDERED that The Detroit Edison Company's petition for rehearing is denied.

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 August 10, 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 August 10, 2004.

Its Executive Secretary

In the matter of the investigation, on the)
Commission's own motion, into the electric)
supply reliability plan of **THE DETROIT**)
EDISON COMPANY for the year 2004.)
_____)

Case No. U-14109

Suggested Minute:

“Adopt and issue order dated August 10, 2004 denying The Detroit Edison Company's petition for rehearing, as set forth in the order.”