

RE: Detroit Edison's response to the Attorney General's Initial Comments for the COS Collaborative

Detroit Edison's response, below, is arranged by the major headings found within the Attorney General's comments.

Goals:

Detroit Edison believes that the goal of the collaborative was clearly stated in the Commission's December 22, 2005 Order in Case No. U-14399 as follows:

"The Staff requests that the Commission open a collaborative for the purpose of modernizing the rate case process for major electric utilities by developing a standardized COSS model that will not be proprietary, and will take advantage of the electronic data processing capabilities of all parties, in order to allow COSS data to be submitted and analyzed on a desktop personal computer. The Commission is persuaded that it has become vital for the parties to major rate cases to be able to **exchange information electronically**. The Staff is directed to work with Detroit Edison, Consumers, and other interested parties to develop a standardized COSS model that can be **exchanged electronically and that provides sufficient flexibility to allow all parties to understand the bases for the data underlying the COSS.**" (Order page 38, emphasis supplied)

Process Issues:

Detroit Edison agrees that the Cost of Service model should be compatible with Excel.

Rate Case Filing Requirements Defined:

Detroit Edison views the Attorney General's attempt to redefine filing requirements beyond incorporating the standardized COSS model into the filing requirements as being outside the scope of this collaborative.

In the discussion section of the December 22, 2005 Order in Case No. U-14399, the Commission wrote:

"The Staff recommends that the Commission direct Detroit Edison to participate in a collaborative process with the Staff, Consumers Energy Company (Consumers), and other interested parties, to develop a standardized COSS model **to be incorporated into the filing requirements** for electric utilities within 12 months of the date of this order. The Staff advocates an electronic format that would allow parties to readily verify complex calculations and exchange information more easily. (Order page 14, emphasis supplied)

Model Capabilities/ Model Input Capabilities/ Output Requirements:

Given the fact that the base COSS model is an Excel worksheet, Detroit Edison believes that each party's ability to create scenarios will be limited only by their proficiency in using Excel and/or the limitations of the Excel software itself.

Rate Design:

Detroit Edison believes that rate design is outside the scope of this collaborative. Rate design takes place "downstream" of the COSS. The COSS serves as only one of many considerations taken into account in the rate design. Rate design is performed at a greater level of detail than is required for the COSS. For example, the COSS consolidates rate classes, whereas rate design addresses each tariff.

Centralized Support:

Detroit Edison sees no need to depart from current rate case practice. Namely, the utility is responsible for filing its own position and other parties are responsible for creating and distributing their position(s).