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STATE OF MICHIGAN
PUBLIC SERVICE COMMISSION
DEPARTMENT OF LABOR & ECONOMIC GROWTH
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February 1, 2006

Honorable Jennifer Granholm
Governor of Michigan

Honorable Members of the State Senate

Honorable Members of the House of Representatives

The enclosed annual report, *Status of Electric Competition in Michigan*, is submitted on behalf of the Michigan Public Service Commission (Commission) in accordance with Section 10u of 2000 PA 141, MCL 460.10u. This report is available on the Commission's Web site.

During 2005, the overall MW load served and the number of customers participating in Michigan's competitive electric choice market fell by approximately 40% and 20%, respectively, in both Consumers Energy Company and The Detroit Edison Company service territories. Likewise, the MWh's of energy sales decreased 26% in The Detroit Edison territory, but increased by 1% overall in Consumers Energy territory. The decline was attributed to several factors, primarily the steadily increasing power supply costs, and state and federal regulatory changes, including implementation of stranded cost surcharges and federal seams elimination charges. The seams charge particularly affected one supplier causing it to cease doing business in Michigan. These factors likely impacted the competitive price of electric supply.

Although 2005 was a more challenging year for competitive options, the Commission believes it has worked diligently over the past several years, issuing over 120 different orders, to clarify and resolve any remaining controversial choice implementation issues. We believe these state issues have been resolved in a fair and balanced manner.

In 2005, the Commission issued 58 orders to further establish the framework for Michigan's electric customer choice program and implement the provisions of Act 141.

Key observations of the report include:

- Almost 15,000 commercial and industrial customers participate in Michigan's electric customer choice;

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- About 12% of electricity sales in the service territories of Consumers Energy Company and The Detroit Edison Company, combined, are supplied by alternative electric suppliers;
- The Commission has licensed a total of 27 alternative electric suppliers, including four in 2005, (of these, 18 had actively served customers in 2005);
- On April 1, 2005, the Midwest Independent Transmission System Operator (MISO) formally launched its Midwest Energy Markets when it began centrally dispatching wholesale electric generation throughout much of the Midwest;
- Consumers Energy Company's *Green Generation* program was launched on September 29, 2005, which allows customers to support the development of renewable energy sources by choosing to have their electricity supplied by renewable resources;
- The Commission Staff issued two important reports: *Michigan Renewable Energy Program*, and *Capacity Needs Report*; and
- The Commission recommends that the Legislature affirm the requirement in PA 141 to establish and sustain a Michigan Renewables Energy Program, and consider providing the Commission with oversight authority over utility mergers that will affect Michigan utilities.

Continued development and monitoring of the competitive market with customer protection was a high priority for the Commission during the fourth full year of electric customer choice in Michigan and this will continue in 2006. Other than a couple of historical stranded cost cases, there are no further cases pending before the Commission regarding implementation of PA 141. The Commission will apprise the Governor and the Legislature of any further developments that may require action.

Sincerely,

Chairman J. Peter Lark

Commissioner Laura Chappelle

Commissioner Monica Martinez

**STATUS OF ELECTRIC COMPETITION
IN MICHIGAN**

Report for Calendar Year 2005

J. Peter Lark, Chairman
Laura Chappelle, Commissioner
Monica Martinez, Commissioner

MICHIGAN PUBLIC SERVICE COMMISSION
Department of Labor & Economic Growth

February 1, 2006

Introduction

The Customer Choice and Electricity Reliability Act (2000 PA 141) requires the Michigan Public Service Commission (Commission) to file a report with the Governor and the Legislature by *February 1* each year. The report is to include a discussion of the following topics (2000 PA 141, Section 10u; [MCL 460.10u](#)):

- (a) The status of competition for the supplying of electricity in Michigan.
- (b) Recommendations for legislation, if any.
- (c) Actions taken by the Commission to implement measures necessary to protect consumers from unfair or deceptive business practices by utilities, alternative electric suppliers, and other market participants.
- (d) Information regarding customer education programs approved by the Commission to inform customers of all relevant information regarding the purchase of electricity and related services from alternative electric suppliers.

An important goal of PA 141 is to introduce competition into the electric industry by offering Michigan customers the opportunity to purchase their electric generation services from an alternative electric supplier (AES). The Commission does not regulate the prices charged for AES services. Thus, customers may choose an AES based on rates charged by the AES or may choose a regulated utility rate.

I. Status of Competition for Supplying Electricity

A. Overview

Full Retail Open Access (ROA) (electric customer choice) for all customers of Michigan investor-owned electric utilities took effect on January 1, 2002.¹ Thus, 2005 was the fourth full year of electric customer choice in Michigan.

In 2005, the number of AESs actively participating in competitive electricity markets grew slightly in Detroit Edison's and Consumers Energy's service territories. At year end, almost 15,000 customers were served by an AES in the Detroit Edison and Consumers Energy service territories.

About 12% of the total sales in megawatt hours (MWh) of energy usage in the Detroit Edison and Consumers Energy service areas, combined, are being served through electric customer choice; down from about 15% last year. Despite a decline in the number of choice customers, electric customer choice sales grew slightly for commercial customers and remained relatively stable for industrial customers in Consumers Energy's service area. In the Detroit Edison service territory, there was a decline in both commercial and industrial electric choice customers and sales. By the end of the year, Detroit Edison, in particular, was experiencing return of choice customers to full bundled service. Moreover, ROA load generally declined from month to month throughout 2005 for both utilities. Detroit Edison's ROA load declined from 2,378 megawatts (MW) in December 2004 to 1,524 MW in December 2005, and Consumers Energy's ROA load for the same period declined from 926 MW to 552 MW.

B. Alternative Electric Suppliers

At the end of 2005, there were 27 licensed AESs in Michigan. Twenty-eight were licensed at the end of 2004. Since then, four additional licenses were approved and five companies ceased operating or relinquished their licenses in the Michigan market. Of the five companies who relinquished their licenses -- Nicor, Dynege, AEP Ohio, DTE Energy Marketing and Engage Energy -- none were serving customers.

¹ The schedules for implementing customer choice are different for cooperatively owned and municipal electric utilities (see MCL 460.10x for cooperatives and MCL 460.10y for municipal utilities). On September 11, 2003, the Commission issued an order for Michigan's cooperative electric utilities in Case No. U-13698, which established the schedule by which cooperatives would file unbundled rates and begin offering electric choice service to member-consumers, based on size. Starting January 1, 2005, electric choice service is now available for all commercial and industrial member-consumers with a peak load of 200 kilowatts and above. Member-consumers with peak loads 50 kW and larger, and up to 30% of each cooperative's load between 50-199 kW, became eligible for choice service on January 1, 2006, and the Commission will make a determination by January 1, 2007 about expanding electric choice service to all member-consumers. Municipal utilities are not regulated by the MPSC. Under MCL 460.10y, "The governing body of a municipally owned utility shall determine whether it will permit retail customers receiving delivery service from the municipally owned utility the opportunity of choosing an alternative electric supplier... ."

In the fall, one AES informed its customers that it was discontinuing service to Michigan customers by year-end. Some of these customers switched to new competitive suppliers, but most returned to full utility service. The AES's decision to exit the Michigan market apparently was influenced by steadily increasing wholesale energy prices, and regulatory changes (e.g., a temporary seams elimination cost adjustment charge required by the Federal Energy Regulatory Commission (FERC)).

In 2005, there were nine AESs serving commercial and industrial customers in Consumers Energy territory and 18 in Detroit Edison territory. That compared to seven AESs in Consumers Energy territory and 17 in Detroit Edison territory at the end of 2004. Seven of the AESs serving customers in Consumers Energy territory were also active in Detroit Edison territory in 2005. *See Attachments 1, 4 and 8.*

C. Load Served by Electric Choice Programs

Customers are currently participating in two customer choice programs in Michigan. Consumers Energy operates one program and Detroit Edison the other. Together, the Consumers Energy and Detroit Edison companies provide distribution service to almost 90% of the State's electric customers. Although electric customer choice is available in the service territories of all other Michigan investor-owned and member-owned (cooperative) electric utilities that are regulated by the Commission, no customers of those utilities have enrolled.

1. Consumers Energy Electric Customer Choice

Consumers Energy's ROA program was established by Commission orders and Act 141. Attachment 1 shows the numbers of customers and the electricity demand in MW served by each AES in the Consumers Energy ROA program at the end of each year of the program. The ROA load served in Consumers Energy's service territory at year-end 2005 totals 552 MW, which represents a 40% annual decline, compared to a 41% increase last year. The number of customers served by an AES in Consumers Energy's ROA program declined at an average annual rate of 19% in 2005, reaching 1,193 by the end of the year. These trends reflect a slight shift from larger industrial customers towards increased participation by smaller commercial customers.

For Consumers Energy customers, about 11% of commercial sales (up from 10% in 2004) and 22% of industrial sales (the same as 2004) are now served through ROA. By customer class, the mix of ROA sales is about 35% commercial and 65% industrial customers. There is no residential customer participation in the Consumers Energy service territory at this time.

Earlier in the year, more than 10% of the commercial customer consumption in Consumers Energy's service territory had moved to ROA service. As a result, ROA commercial and industrial customers were required to provide 60 days, versus 30 days, notice to return to full service with Consumers Energy.²

Attachment 2 shows the trends in numbers of customers participating and numbers of MW served in Consumers Energy's electric choice program. Attachment 3 shows the utility's average sales by customer class, including ROA and full service customers.

2. Detroit Edison Electric Choice Program

Detroit Edison's ROA program was also established through Commission orders and Act 141. Attachment 4 shows the numbers of customers and capacity in MW served by each AES in the Detroit Edison ROA program at the end of each year of the program. As of year-end 2005, there was a total of 1,524 MW of load, representing 13,664 customers, being served by competitive suppliers in the Detroit Edison service territory. The number of customers served in Detroit Edison's ROA program declined at an annual rate of about 20% in 2005 (down from 40% growth in 2004), and the number of MW served decreased by 36% (down from 15% growth in 2004). More customers returned to full service near the end of the year (due, in part, to one AES's exit from the Michigan market).

Sales levels of customers opting for the ROA program are presently estimated at 25% of Detroit Edison commercial sales (down from 32% at the end of 2004) and 13% of Detroit Edison industrial sales (down from 23% at year-end 2004). By customer class, almost 1/4 of Detroit Edison ROA sales are to industrial customers and 3/4 to commercial customers. This represents less of a down shift in ROA sales by commercial customer participation in 2005 than for industrial customer participation. Residential customer participation is still negligible.

Attachment 5 shows the trends in numbers of customers participating and numbers of MW served in Detroit Edison's electric choice program. Attachment 6 shows the utility's average monthly sales by customer class, including ROA and full service customers.

II. Recommendations for Legislation

In PA 141 of 2000 (MCL 460.10r (6)), the Legislature directed the Commission to establish the Michigan Renewables Energy Program. The program was to inform customers in this state of the availability and value of using renewable energy generation and the potential of reduced pollution, and to promote the use of existing renewable

² In Case No. U-12488, the Commission recognized that as a larger number of customers choose ROA service, Consumers Energy might need additional notice from returning customers. Therefore, when more than 10% of the customer consumption (i.e., kilowatt-hours) for any of the three rate classes—residential, commercial, and industrial—is taking ROA service, customers in that class must provide 60 days' notice to return to full service.

energy sources and encourage the development of new facilities. As a result, the Commission issued several orders initiating renewable energy programs for Consumers Energy and Detroit Edison, and directed the two companies to begin collecting from all customers' 5-cents per meter per month to support renewable energy initiatives. In a November 22, 2005 decision, the Michigan Court of Appeals reversed the Commission's decision. The Court determined that the Commission's legal authority under PA 141 of 2000 does not authorize the Commission to implement such a charge. The Commission has appealed this decision. Pending a final court decision in this matter, legislation may be necessary to affirm the requirements in PA 141 to establish and sustain the Michigan Renewables Energy Program.

The Energy Policy Act of 2005 contained provisions that could have significant implications for the Michigan market. One notable provision repealed the Public Utility Holding Company Act of 1935 (PUHCA) and creates a new PUHCA. On December 8, 2005, the Federal Energy Regulatory Commission (FERC) issued an order adopting its Final Rule to implement the repeal of PUHCA of 1935, and to enact the newly created PUHCA of 2005. PUHCA 2005 revises federal and state authority concerning access to holding company books and records and gives FERC additional authority in overseeing mergers, including oversight of utility acquisitions of generating assets. Forty-seven states currently hold merger review authority. Michigan is one of only three states that do not have explicit codes or policy language defining its merger authority. The Commission urges the Legislature to consider providing the Commission with oversight authority over utility mergers and acquisitions that will affect Michigan utilities.

III. Commission Action Related to Electric Customer Choice and Consumer Protection

In 2005, the Commission issued 58 orders to further establish and implement the framework for Michigan's electric customer choice programs and the provisions of 2000 PA 141.³ *See Attachment 9 for more detail on these orders.*

A. Commission Orders Related to Implementation of PA 141 of 2000

The orders issued in 2005 included a variety of issues:

- Eight orders on implementation costs, stranded costs, and true-up adjustments for securitization charges;
- Two orders on electric supply reliability concerns;
- Five orders on the Michigan Renewable Energy Program;
- Four orders on service quality rules and Code of Conduct;
- Four orders approving new AES licenses;
- Five orders relinquishing AES licenses;
- Twenty-four orders on changes in unbundled rates and return to service provisions;
- Two orders regarding a statewide net metering program for small-scale electricity generation using renewable energy sources;

³ Commission orders are available on the Commission's website at www.dleg.state.mi.us/mpsc/orders/electric/. Documents and orders associated with many cases are available in the MPSC Electronic Case Filings system, at <http://efile.mpsc.cis.state.mi.us/efile/electric.html>.

- One order adopting revised administrative proceedings;
- Two orders related to choice tariff/rule violations;
- One order on recovery of certain clean air costs.

B. Commission Action to Protect Customers

In 2005, the Commission issued orders relating to the protection of customers that included:

- Approval of a limited rate realignment for The Detroit Edison Company's proposal to unbundle and realign its rates for retail sales of electricity. The Commission ordered rate cuts for commercial and industrial bundled electric customers by as much as 6%, beginning in February 2006. The Commission directed that distribution charges for choice customers should be brought into parity with their cost of service. It also approved an economic development rate designed to attract new industrial development to Michigan. In addition, a Commission Staff proposal to double the number of customers who may participate in Detroit Edison's residential time-of-day service rate was adopted. Detroit Edison must file a general rate case by July 1, 2007, so the Commission and others can review rapidly changing issues.
- Accepted compliance filings and granted waivers to enforce the Code of Conduct for electric utilities and their affiliates.⁴
- Granted licenses to four alternative electric suppliers: Peoples Energy Services Corporation; Direct Energy Services, LLC; Suez Energy Resources NA, Inc.; and UP Power Marketing, LLC.
- Established electric choice for all commercial and industrial member-consumers with a peak load of 50 kilowatts or more for nine Michigan electric cooperatives.
- Required all regulated electric utilities and alternative electric suppliers, including utilities' affiliates and Wolverine Power Cooperative, Inc., to file assessments of their ability to meet customers' expected electric requirements in 2005.
- Allowed Consumers Energy Company and The Detroit Edison Company to recover electric restructuring implementation costs incurred.
- Approved an amended consensus agreement that implements a voluntary statewide net metering program for a minimum of five years.⁵ Net metering occurs when customers produce electric energy in excess of their needs, providing energy back to the serving utility and permitting the customer to receive a credit for power they supply to the system. Detroit Edison's net metering tariff extends eligibility to fuel cells and Stirling engines that have potential to become hydrogen-enabling technologies.⁶
- Levied fines totaling \$1,075,000 on the Detroit Edison Company for electric

⁴ See PA 141, Section 10a (4); MCL 460.10a(4). See MPSC orders in Case No. U-12134, at <http://efile.mpsc.cis.state.mi.us/cgi-bin/efile/viewcase.pl?casenum=12134>

⁵ See <http://www.michigan.gov/netmetering>.

⁶ See the Commission's October 18, 2005 order in Case No. U-14346, at http://www.dleg.state.mi.us/mpsc/orders/electric/2005/u-14346_10-18-2005.pdf

choice tariff violations, based on findings of a recurring history of prolonged delays in processing new choice customers within 45 days for Strategic Energy, LLC, Constellation NewEnergy, Inc., Nordic Marketing and Quest Energy LLC. The fine equates to \$5,000 for each of the days the company was not in compliance.

- Sought public comment on the Detroit Edison proposed renewable resources program. Under the company's proposal, residential customers may elect to purchase either 50 percent or 100 percent of their electric energy requirements from renewable resources for a price premium of 2 cents per kWh. Non-residential customers would have two options to choose from: either a 2 cents per kWh price premium or a contract for the purchase of blocks of renewable energy.
- Sought public comment on the Commission Staff's report: 2004-2005 *Michigan Renewables Energy Program*.
- Directed Consumers Energy to file an application seeking approval of its Renewable Energy Resources Program tariffs and to issue a request for proposals so that commercial operation of the first renewable resources could be in place by the end of 2005. The Commission approved seven new power purchase agreements and one renegotiated agreement for Consumers Energy's renewable energy projects in Michigan.
- Approved a resource conservation plan for Consumers Energy. The plan included a requirement for the company to provide \$5 million annually to fund renewable energy programs.
- Required Commission Staff to prepare an overview of electric and natural gas energy efficiency programs in Michigan by January 31, 2006.
- Proposed emergency rules regarding emergency billing practices for retail customers of electric and natural gas utilities to help with residential heating bills. On October 28, 2005, Governor Jennifer Granholm approved the emergency rules.

IV. Commission Action on Customer Education

In 2005, the Commission issued various press releases to educate customers of shutoff protection programs, emergency billing rule changes, energy efficient lighting options, and the expiration of residential rate caps.

The Commissioners held a series of Consumer Forums in nine cities throughout the state to inform consumers about changes in the electric industry, and highlight the latest information on electric rates for the winter. In addition, residential customers were alerted to the expiration of the rate caps established by PA 141 of 2000 on January 1, 2006.

V. Electric Supply Infrastructure Serving Michigan

A. Regional Transmission System Activities

Under Act 141, Section 10w, investor-owned electric utilities in Michigan are required to join a FERC -- approved regional transmission organization (RTO), or

divest transmission assets to an independent transmission owner. In Michigan, all transmission assets formerly owned by Consumers Energy and Detroit Edison are now owned by independent transmission companies: Michigan Electric Transmission Company and International Transmission Company, respectively. The American Transmission Company serves the Upper Peninsula. All of these transmission companies have joined the Midwest Independent Transmission System Operator (MISO), an RTO. American Electric Power (AEP), doing business in the southwest corner of Michigan as Indiana Michigan Power Company, became a member of PJM Interconnection.

On August 8, 2005, President Bush signed the Federal Energy Policy Act of 2005. For transmission, the act establishes mandatory reliability standards to be developed and enforced by a national Electric Reliability Organization under FERC oversight. The Act also authorizes FERC to preempt states and issue permits for the construction of interstate transmission power lines in the U.S. Department of Energy -- designated “national interest electric transmission corridors” if a state fails to approve a permit application within one year after submittal.

B. Midwest Independent Transmission System Operator

On April 1, 2005, MISO formally launched its Midwest Energy Markets when it began centrally dispatching wholesale electric generation throughout much of the Midwest. During the year, MISO was able to manage both the market and the transmission system without fail. MISO is continuing to work with stakeholders on resource adequacy and other business practices.

C. Generating Plant Additions

On October 14, 2004, the Commission issued, on its own motion, an order in Case No. U-14231, to begin an investigation into future capacity requirements. The Capacity Need Forum was created as a collaborative, industry-wide process to assess the projected need for electrical generating capacity in Michigan over the short, intermediate, and long term time period. Representatives of independent power producers, merchant plants, utilities, and other interest groups participated in the Capacity Need Forum. On July 1, 2005, the *Capacity Needs Forum Status Report* was completed. On January 3, 2006, the final report was issued.⁷ On January 10, 2006, the Commission issued an order seeking public comments on the Staff’s report which are due by March 1, 2006 and ordered a Public Hearing to be held on March 14, 2006.

Attachment 7 provides data on Michigan electric power production by electric utilities, the MCV Cogeneration plant, and other non-utility suppliers.

D. Michigan Renewable Energy Program

The second report to the Commission on the Michigan Renewables Energy Program (MREP) was issued on November 30, 2005. The report is entitled:

⁷ <http://www.michigan.gov/mpsc/0,1607,7-159--133381--,00.html>

*Michigan Renewable Energy Program: 2004-2005 Annual Report to the Michigan Public Service Commission*⁸.

The state legislature directed the Michigan Public Service Commission in Section 10r of Public Act 141 of 2000 to establish the MREP. The Commission, in turn, directed its Staff to establish an MREP Collaborative to analyze various regulatory and policy options with the goal of promoting the use and development of renewable energy in the state.

On December 20, 2005, the Commission sought public comments on the Commission Staff's report which are due by January 31, 2006.

⁸ http://www.michigan.gov/documents/mrep_annual_2005_143719_7.pdf

AES Customers in Consumers Energy Service Territory, Year End

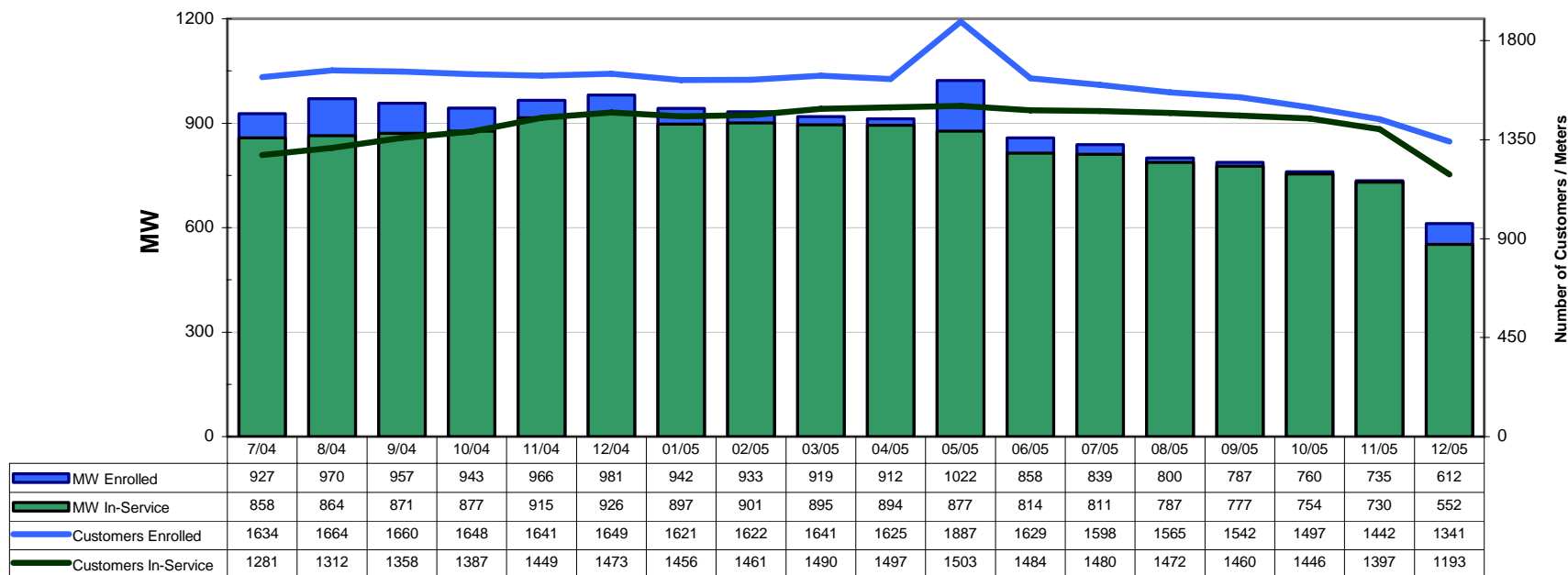
AES Name ¹	Number of Customers					MW Served				
	2001	2002	2003	2004	2005	2001	2002	2003	2004	2005
CMS MS&T			2	2	2			2	2	2
Constellation			183	477	671			61	229	151
MidAmerican					4					1
Mirant ²			4	0	0			22	0	0
Nordic ³		4	18	16	12		25	35	33	8
Quest	327	467	494	314	96	217	380	411	395	105
Sempra			9	55	43			13	47	49
Strategic			89	591	323			9	99	46
Wolverine Power	2	5	15	18	21	9	43	105	121	157
WPS					21					32
Totals	329	563 ¹	814	1,473	1,193	226	473 ¹	658	926	552

Note: ¹Companies not actively serving customers since 2002 are not included in this table. Totals for 2002 include 87 customers and 25 MW served by companies that have since exited the Consumers Energy market. By 2003, those customers either switched to another AES or returned to full service from Consumers Energy.

²On July 14, 2003, Mirant America Retail Energy Marketing, LP, filed for Chapter 11 bankruptcy.

³The companies formerly known as Nordic Energy and Nordic Electric were restructured in 2004. Nordic operated in Michigan as both Nordic Marketing, LLC, and Nordic Marketing of Michigan, LLC after that time. For purposes of this report, all Nordic Companies are combined in this one row.

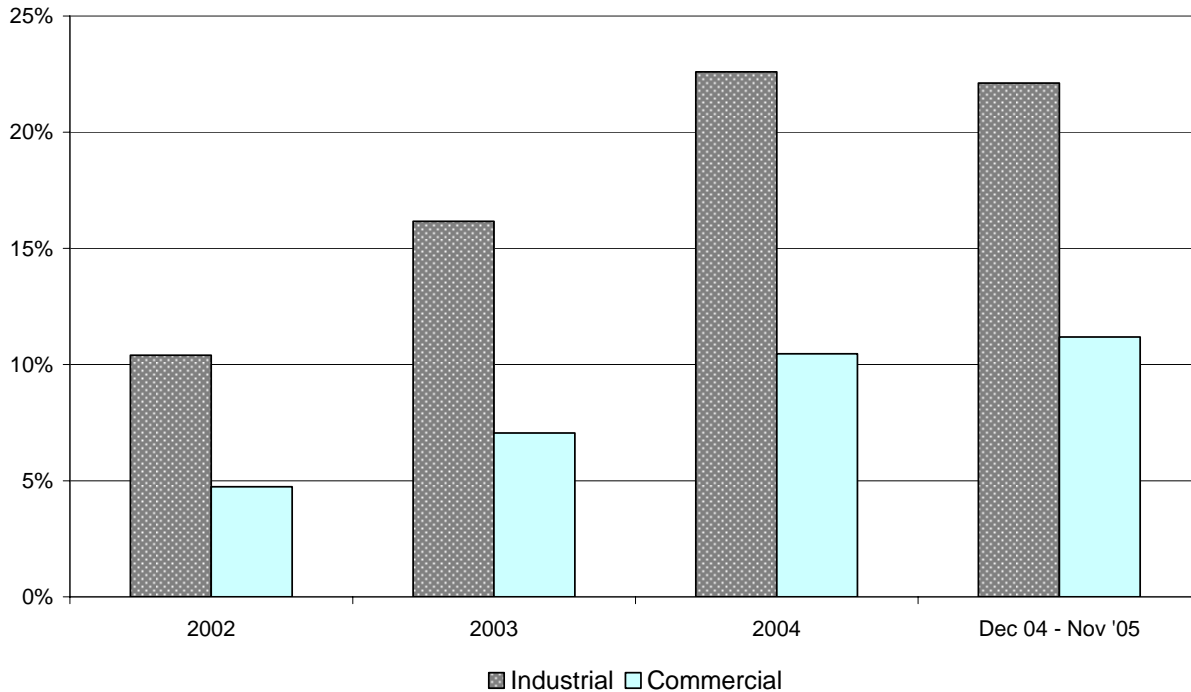
Consumers Energy Electric Customer Choice Program Activity (Cumulative Numbers of MW & Customers/Meters, Enrolled & In-Service, by Month)



Note: Short-term increases in both MW Enrolled and Customers Enrolled, as depicted in 5/05 reflect the double-counting of customers that are in the process of switching service from one AES to another. As the service switches are entered into the utility company's database and until the switch is completed, MW and customers are effectively counted as both in-service for one company and enrolled for the new provider.

Source: Stephen Hirsch, Consumers Energy Co., January 2006

**Consumers Energy Average Monthly ROA Sales
as a Percentage of Total (ROA + Non-ROA Sales), by Customer Class**



Consumers Energy Average Monthly Sales by Class (MWh)

	2002	2003	2004	Dec '04 – Nov '05
Industrial Non-ROA	952,920	865,230	806,750	802,490
Industrial ROA	110,560	166,870	235,540	227,910
Commercial Non-ROA	948,330	930,120	917,680	951,380
Commercial ROA	47,230	70,600	107,250	119,860
Residential Non-ROA	1,058,170	1,038,530	1,028,850	1,118,070
Residential ROA	0	0	0	0

Source: Consumers Energy Company data for U.S. Department of Energy, Energy Information Administration, Form EIA-826, 2002-2005.

AES Customers in Detroit Edison Service Territory, Year End

AES Name ¹	Number of Customers					MW Served				
	2001	2002	2003	2004	2005	2001	2002	2003	2004	2005
CMS MST Michigan, LLC	11	11	11	11	11	261	261	261	261	261
Commerce ²		953	3,420	4,663	3,070		35	181	215	104
Constellation			1,325	1,881	3,582			303	356	532
Cook Inlet		9	9	9	0		86	86	86	0
Dillon			149	136	2			33	28	<1
Dynegy			10	0	0			5	0	0
Energy International		73	773	1,231	613		5	36	55	28
Exelon					42					8
FirstEnergy Solutions		5	952	1,234	956		3	171	180	118
Metro Energy		2	2	2	2		13	13	13	13
MidAmerican				66	806				4	31
Mirant ²			6	0	0			8	0	0
Nicor/EMC	246	1,012	66	10	0	18	169	4	1	0
Nordic ³	1,159	1,312	1,718	1,838	10	77	107	162	140	<1
Premier			327	632	207			53	77	19
Quest	620	1,287	1,477	1,262	774	141	325	422	347	104
Sempra		33	98	162	16		26	59	80	5
Strategic			2,000	4,095	3,068			245	475	237
Wolverine		2	2	2	2		13	13	13	13
WPS			4	7	503			15	45	49
Totals	2,036	5,198 ¹	12,349	17,241	13,664	497	1,138 ¹	2,070	2,378 ⁴	1,524

Note: ¹Companies not actively serving customers since 2002 are not included in this table. Totals for 2002 include 499 customers and 95 MW served by companies that have since exited the Detroit Edison market. By 2003, those customers either switched to another AES or returned to full service from Detroit Edison.

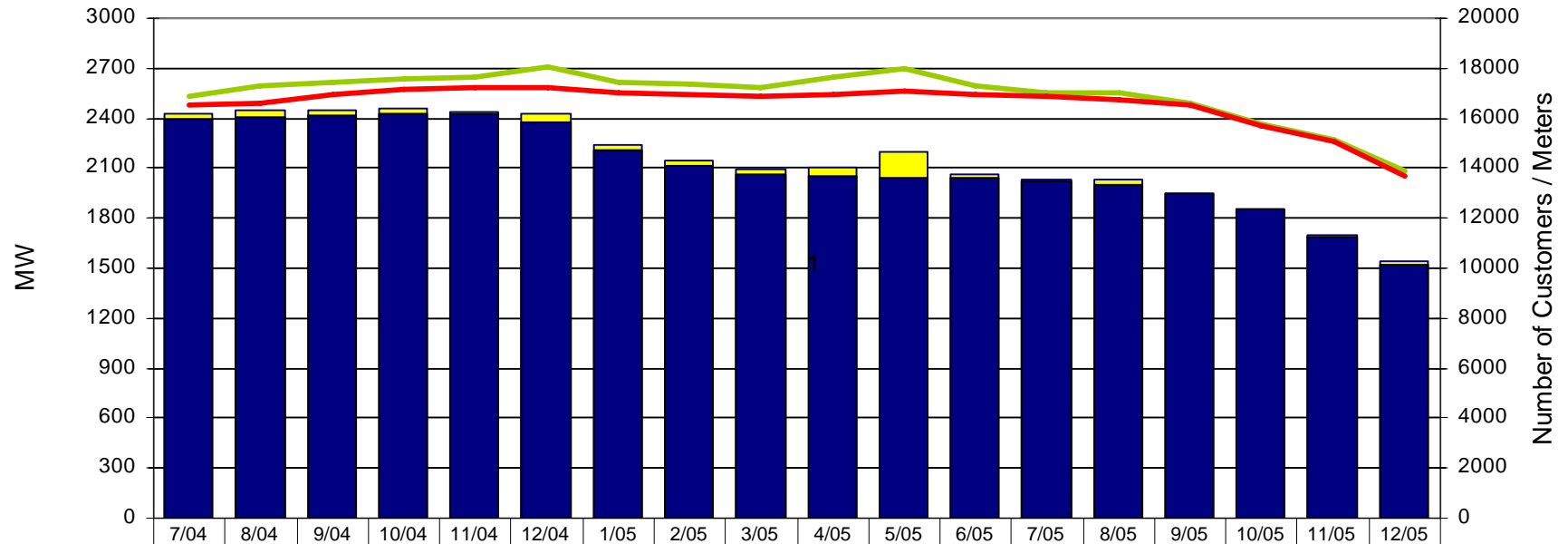
²In 2005, Electric-America changed the company name to Commerce Energy Inc. On July 14, 2003, Mirant America Retail Energy Marketing, LP filed for Chapter 11 bankruptcy.

³The companies formerly known as Nordic Energy and Nordic Electric were restructured in 2004. Nordic operated in Michigan as both Nordic Marketing, LLC, and Nordic Marketing of Michigan LLC. For purposes of this report, all Nordic companies are combined in this one row.

⁴Total does not add correctly due to rounding error.

Detroit Edison Electric Customer Choice Program Activity

(Cumulative Numbers of MW & Customers/Meters, Enrolled & In-Service, by Month)

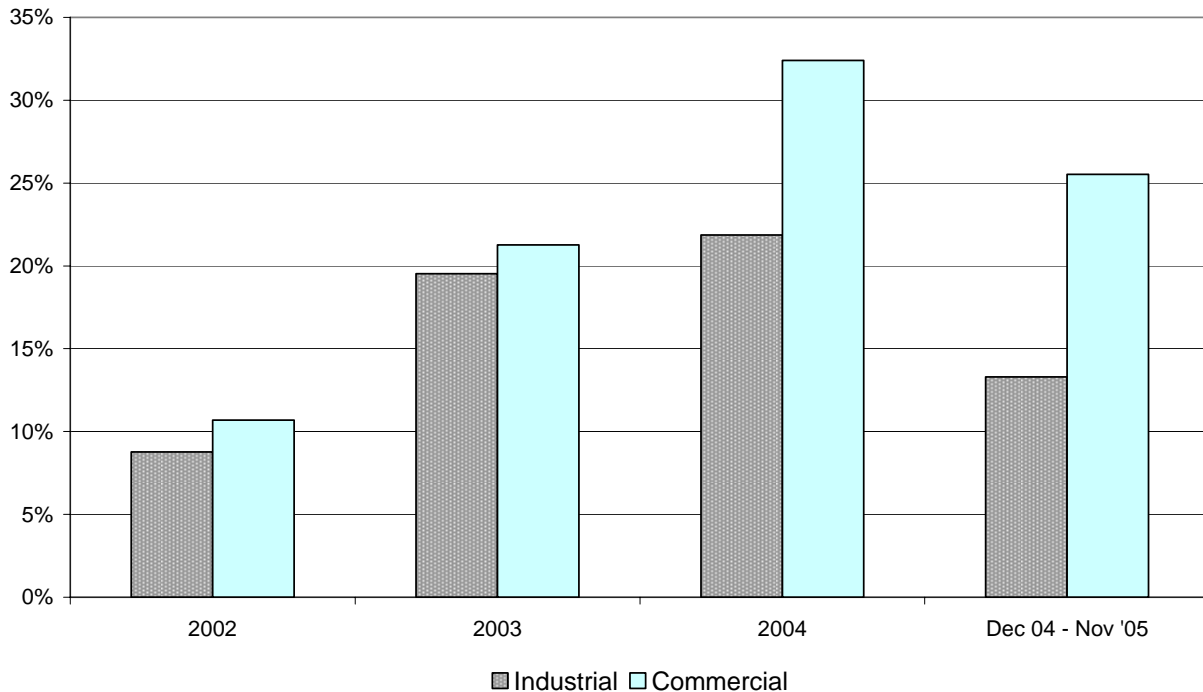


	7/04	8/04	9/04	10/04	11/04	12/04	1/05	2/05	3/05	4/05	5/05	6/05	7/05	8/05	9/05	10/05	11/05	12/05
MW Enrolled	2432	2453	2447	2461	2440	2428	2235	2143	2091	2099	2199	2064	2030	2031	1953	1855	1699	1538
MW In-Service	2400	2406	2419	2424	2422	2378	2206	2116	2061	2049	2042	2039	2021	2000	1943	1851	1687	1524
Customers Enrolled	16897	17257	17422	17546	17606	18033	17453	17333	17247	17619	17968	17305	17025	16991	16604	15759	15160	13881
Customers In-Service	16500	16631	16915	17124	17239	17241	17046	16917	16871	16944	17049	16958	16878	16714	16545	15696	15049	13664

Note: Short-term increases in both MW Enrolled and Customers Enrolled, as depicted in 12/04 and 5/05 reflect the double-counting of customers that are in the process of switching service from one AES to another. As the service switches are entered into the utility company's database and until the switch is completed, MW and customers are effectively counted as both in-service for one company and enrolled for the new provider.

Source: J. Yakima, Detroit Edison Co., January 2006

**Detroit Edison Average Monthly ROA Sales
as a Percentage of Total (ROA + Non-ROA Sales), by Customer Class**



Source: Detroit Edison Company data for U.S. Department of Energy, Energy Information Administration, Form EIA-826, 2002-2005.

Detroit Edison Average Monthly Sales by Class (MWh)

	2002	2003	2004	Dec '04 – Nov '05
Industrial Non-ROA	1,132,460	1,021,140	955,970	1,015,830
Industrial ROA	108,910	247,930	267,540	155,950
Commercial Non-ROA	1,532,940	1,328,500	1,152,140	1,319,910
Commercial ROA	183,530	358,760	552,330	452,220
Residential Non-ROA	1,329,820	1,256,200	1,260,970	1,409,010
Residential ROA	71	51	104	124

Source: Detroit Edison Company data for U.S. Department of Energy, Energy Information Administration, Form EIA-826, 2002-2005.

Note: Though a small quantity of residential sales is reported in the Detroit Edison service territory, no AESs currently offers service to residential customers. The Residential ROA category reports service to residential accounts associated with commercial customers and very small commercial customers.

Major Categories of Michigan Electricity Production

Producer Category	Capacity ¹		Total Production 12 Months ending Sept 2005	
	MW	% of Total	MWh	% of Total
Electric Utilities	21,346	70.1%	102,565,240	85.2%
MCV Cogeneration	1,821	6.0%	7,470,241	6.2%
Non-Utility Suppliers ²	7,280	23.9%	10,416,782	8.6%
Total	30,447	100%	120,452,263	100%

¹ Capacity equals total summer ratings of all generators in each producer category. Capacity reported is from EIA 2004 data.

² Non-Utility Suppliers include 70 different facilities in Michigan. EIA includes estimated amounts for facilities lacking current reports.

Source: US DOE, Energy Information Administration; EIA Forms 906 and 920, http://www.eia.doe.gov/cneaf/electricity/page/eia906_920.html.

Michigan Licensed Alternative Electric Suppliers *

Company Name, Address, Contact Information	Case Number	Authorization Date
Accent Energy Midwest LLC - <i>Company has received a license. A Michigan office must be established before the company can begin marketing.</i>	U-14012	2/12/04
CMS MS&T Michigan LLC One Energy Plaza, Suite 1060, Jackson, MI 49201-2277 Serving Dearborn Industrial Generation	U-12567	8/17/2000
CMS Energy Resource Management Co. One Energy Plaza, Suite 1060, Jackson, MI 49201-2277, Contact: Dave Zwitter Phone: 517-788-1944 Fax: 517-787-4606 Email: dmzwitter@cmsenergy.com	U-12563	8/17/2000
Commerce Energy Inc. 32991 Hamilton Court, Farmington Hills, MI 48334 Phone: 800-556-8457 Fax: 887-332-1067 URL: www.commerceenergy.com Email: contactus@commerceenergy.com	U-13203	11/20/2001
Constellation NewEnergy, Inc. 1000 Town Center, Suite 2350, Southfield, MI 48075 Phone: 877-232-1200 (Toll free) Fax: 248-936-9007 email: newenergy-michigan@constellation.com URL: http://www.newenergy.com	U-13660	12/20/2002
Cook Inlet Power, LP 200 E. Big Beaver, Troy, MI 48083 Phone: 248-619-3995 Fax: 248-619-3997 email: energy@cook-inlet.com URL: http://www.cook-inlet.com	U-13265	1/22/2002
Dillon Energy Services, Inc. 21312 Mack Avenue, Grosse Pointe Woods, MI 48236 Phone: 313-885-4299 Fax: 313-885-4720 email: dillonenergy@comcast.net URL: http://www.dillonenergy.com	U-13703	2/20/2003
Direct Energy Services, LLC 39111 West 6 Mile, Livonia, MI 48152 Phone: 866-736-4818 Email: customerservice@directenergy.com URL: www.directenergy.com	U-14724	12/20/2005
Dorman Energy, LLC <i>Not currently serving the Michigan Market</i>	U-13281	2/1/2002
Energy International Power Marketing Corporation d/b/a Powerone Corporation 6850 N. Haggerty, Canton, MI 48187 Phone: 734-455-2500 Fax: 734-455-1038 email: info@poweronecorp.com URL: http://www.poweronecorp.com	U-13280	2/1/2002
Exelon Energy Company 2315 Enterprise Drive, Westchester, IL 60154, Contact: Charles Forman Phone: 877-617-8593 (Toll free) Fax: 877-212-2630 email: michoice@exelonenergy.com URL: http://www.exelonenergy.com	U-12662	10/6/2000
FirstEnergy Solutions 395 Ghent Road, Akron, Ohio 44333 Phone: 800-977-0500 Fax: 330-315-6913 email: leppm@fes.com URL: http://www.fes.com	U-13244	01/08/2002
Metro Energy, LLC 414 S. Main Street, Suite 600, Ann Arbor, MI 48104 Phone: 734-302-4866 Fax: 734-302-8242 email: fountag@dtees.com	U-13311	2/25/2002

- This list is current as of December 2005. An up-to-date AES directory is kept on the MPSC website, at <http://www.dleg.state.mi.us/mpsc/electric/restruct/esp/>. For information about AES licensing and a current listing of pending applications, if any, see <http://www.dleg.state.mi.us/mpsc/electric/restruct/esp/>.

Company Name, Address, Contact Information	Case Number	Authorization Date
MidAmerican Energy Co. 39555 Orchard Hill Place, Suite 600, Novi, MI 48375 Phone: 800-432-8893 URL: www.midamericanchoice.com Email: retail@midamerican.com	U-13928	3/29/04
Mirant America Retail Energy Marketing, LP 1155 Perimeter Center West, Atlanta, GA 30338 Phone: 678-579-3104 Fax: 678-579-5946 email: dan.phillips@mirant.com URL: http://www.mirant.com	U-13516	9/16/2002
Nordic Marketing, LLC 2010 Hogback Road, Suite 4, Ann Arbor, MI 48105 Phone: 888-262-9919 URL: http://www.nordicmarketing.com	U-12568	8/17/2000
Nordic Marketing of Michigan, LLC 2010 Hogback Road, Suite 4, Ann Arbor, MI 48105 Phone: 888-262-9919 URL: http://www.nordicelectric.com	U-14168	8/31/2004
North American Energy, L.L.C. 4121 Okemos Road, Suite 17, Okemos, MI 48864 Contact: Robert C. Evans Phone: 517-347-4048 Fax: 517-347-4075 email: nanr@tctmet.net	U-13310	2/25/2002
Peoples Energy Services Corporation 210 East Main Street, Niles, MI 49120 Phone: 866-645-9805 Fax: 312-946-8547 URL: www.peoplesenergyservices.com email: customerservice@peopleenergy.com	U-14548	12/20/2005
Premier Energy Marketing, L.L.C. 900 Victors Way, Ann Arbor, MI 48108 URL: http://www.premierenergy.net Phone: 866-348-7605 (Toll Free) Fax: 734.929.1259	U-13620	11/7/2002
Quest Energy, LLC 3520 Green Court, Suite 200, Ann Arbor, MI 48105 Phone: 734.761-2552 Fax: 734-761-2140 URL: www.wpsenergy.com Email: mstiers@wpsenergy.com	U-12566	8/17/2000
Sempra Energy Solutions 39555 Orchard Hill Place, Suite 600, Novi, MI 48375 Phone: 877-273-6772 Fax: 619-696-3103 URL: www.SempraSolutions.com Email: msaunders@SempraSolutaions.com	U-13361	4/16/2002
Strategic Energy, LLC 17197 N. Laurel Park Drive, Livonia, MI 48152 Phone: 734-432-2615 email: fpolenz@sel.com URL: http://www.sel.com	U-13609	11/7/2002
Suez Energy Resources NA, Inc. – <i>Company has received a license. A Michigan office is required to begin marketing.</i>	U-14559	10/18/2005
U.P. Power Marketing LLC 1 Willow Road, White Pine, MI 49971 (CONDITIONAL LICENSE)	U-14594	8/16/2005
Wolverine Power Marketing Cooperative, Inc. 10125 W. Watergate Road, P. O. Box 100, Cadillac, MI 49601 Phone: 800-283-1270 (Toll-free), Fax: 231.775.0172 URL: http://www.wpmc.coop Email: cborr@wpsci.com	U-12723	11/20/2000
WPS Energy Services, Inc. 3520 Green Court, Suite 200, Ann Arbor, MI 48105 Phone: 734.761.2552 Ext. 231 Fax: 734.761-2140 URL: http://www.wpsenergy.com Email: mstiers@wpsenergy.com	U-13245	01/08/2002

Michigan Public Service Commission Orders Issued in 2005

Related to Implementation of 2000 PA 141 & Retail Open Access Service Business Rules

- [U-14031](#) Consumers Energy Company (resource conservation plan) 1/25/2005. In this order, the Commission approved a resource conservation plan for Consumers Energy. The plan includes a requirement for Consumers Energy to provide \$5 million annually to fund a renewable energy program. It also saves customers an estimated \$14 million per year.
- [U-13843](#) Mackinaw Power, LLC, and North American Wind Energy, LLC (green power pilot program) 1/25/2005. In this order, the Commission directed Consumers Energy Company to file an application seeking approval of its Renewable Resources Program (RRP) tariffs by March 31 and to issue a request for proposals by that same date so that commercial operation of the first renewable resources program is in place by the end of 2005.
- [U-14414](#) Commission's Own Motion (electric supply reliability) 1/25/2005. This order required all regulated electric utilities, alternative electric suppliers, including utilities' affiliates, and Wolverine Power Supply Cooperative, Inc. to file, by April 15, assessments of their ability to meet customers' expected electric requirements in 2005.
- [U-12478](#) The Detroit Edison Company (securitization) 2/24/2005. In this order, the Commission approved a routine true-up for Detroit Edison Company's securitization bond and tax charges to ensure that the amounts collected are sufficient to service the securitization bonds and to recover the associated tax liability.
- In orders on February 24, 2005, affecting Michigan's nine cooperatively-owned electric distribution companies, the Commission approved changes in unbundled rates, regarding return to service provisions, for all commercial and industrial member-consumers with a peak load of 200 kilowatts (kW) and above.
 - [U-14180](#) Alger-Delta Co-Operative Electric Association (unbundled rates)
 - [U-14181](#) Cherryland Electric Cooperative (unbundled rates)
 - [U-14182](#) Cloverland Electric Co-operative (unbundled rates)
 - [U-14183](#) Great Lakes Energy Cooperative (unbundled rates)
 - [U-14184](#) Homeworks Tri-County Electric Cooperative (unbundled rates)
 - [U-14185](#) Midwest Energy Cooperative (unbundled rates)
 - [U-14186](#) The Ontonagon County Rural Electrification Association (unbundled rates)
 - [U-14187](#) Presque Isle Electric & Gas Co-Op (unbundled rates)
 - [U-14188](#) Thumb Electric Cooperative of Michigan (unbundled rates)
- [U-14346](#) MPSC Staff and Commission-regulated Electric Utilities (net metering) 3/29/2005. This order approves a consensus agreement between the Staff and MPSC regulated utilities for a voluntary, statewide net metering program.
- [U-12892](#) The Detroit Edison Company (implementation costs) 4/28/2005. In this order, the Commission closed the docket in Case No. U-12892. The Commission indicated that the final order issued November 23, 2004 in Case No. U-13808 resolved the issues surrounding

recovery of these costs.

- [U-13862](#) Wolverine Power Supply Cooperative, Inc. (seven factor test) 4/28/2005. This order adopts Staff's recommendation and directs the Commission's Executive Secretary to transmit a copy of the Commission's revised administrative determination in this proceeding to the Federal Energy Regulatory Commission.
- [U-14471](#) Consumers Energy Company (unbundled rates) 4/28/2005. This order amends and approves the application for a new renewable resource tariff, which will become effective during the October 2005 billing cycle.
- [U-14005](#) Consumers Energy Company, The Detroit Edison Company, Indiana Michigan Power Company, U-14087 -- Commission's Own Motion, and U-14109 -- The Detroit Edison Company (electric reliability plans) 4/28/2005. In this order, the Commission finds the period under consideration has expired, so the dockets in these matters may now be closed.
- [U-14050](#) Consumers Energy Company (implementation costs) 6/7/2005. This order allows Consumers Energy Company to recover electric restructuring implementation costs incurred during 2002 and 2003 along with the costs associated with the attempted creation of the Alliance Regional Transmission Organization totaling \$5,573,405, plus interest at the rate of 7%, with reconciliation at the end of the recovery period.
- [U-14079](#) The Detroit Edison Company (implementation costs) 6/7/2005. This order allows Detroit Edison to recover electric choice program implementation costs for the period ending December 31, 2003 for all customers commencing on and after January 1, 2006, to coincide with the rate cap expiration, on a service rendered basis.
- [U-14569](#) The Detroit Edison Company (renewable resources program) 9/20/2005. In this order, the Commission solicits public comments before considering the application of Detroit Edison to implement a renewable energy program.
- [U-14275](#) The Detroit Edison Company (2005 PSCR plan) 9/20/2005. In this order, the Commission approves the Detroit Edison 2005 power-supply cost and recovery plan along with a five-year forecast. All issues related to stranded costs and the use of third-party sales revenues shall be deferred to Detroit Edison's 2005 power-supply cost recovery reconciliation proceeding.
- [U-13380](#) Consumers Energy Company (stranded costs) 9/20/2005. In this order, the Commission sets the schedule for interested parties for filing initial briefs and reply briefs for determination of net stranded costs and for approval of net stranded cost recovery charges.
- In orders issued September 20, 2005 that affect Michigan's cooperatively-owned electric distribution companies, the Commission approved changes in unbundled rates, regarding return to service provisions, for all commercial and industrial member-consumers with a peak load of 50 kilowatts (kW) or more.
 - [U-14570](#) Alger Delta Cooperative Electric Association (unbundled rates)
 - [U-14571](#) Cherryland Electric Cooperative (unbundled rates)

- [U-14572](#) Cloverland Electric Cooperative (unbundled rates)
- [U-14573](#) Great Lakes Energy Cooperative (unbundled rates)
- [U-14574](#) Tri-County Electric Cooperative (unbundled rates)
- [U-14576](#) The Ontonagon County Rural Electrification Assoc. (unbundled rates)
- [U-14577](#) The Presque Isle Electric & Gas Cooperative (unbundled rates)
- [U-14578](#) Thumb Electric Cooperative of Michigan (unbundled rates)
- [U-14370](#) Midwest Energy Cooperative (unbundled rates) 10/18/2005
- [U-14626](#) Consumers Energy Company (renewable resources program) 10/18/2005. In this order, the Commission approves Consumers Energy's power purchase agreements associated with its renewable resource program.
- [U-14346](#) Commission Staff and Commission-regulated electric utilities (net metering) 10/18/2005. In this order, the Commission approves the Detroit Edison Company's net metering tariff which extends eligibility to fuel cells and Stirling engines that have potential to become hydrogen enabling technologies, regardless of the fuel they utilize to generate electricity.
- [U-12505](#) Consumers Energy Company (securitization) 11/11/2005. In this order, the Commission grants Consumers Energy authority to decrease the bond principal and interest securitization surcharge and to increase the tax surcharge.
- [U-14345](#) Commission's Own Motion (renewable energy report) 12/20/2005. In this order, the Commission solicits comments related to the 2004-2005 *Michigan Renewable Energy Program* report by January 31, 2006.
- [U-14399](#) The Detroit Edison Company (unbundling) 12/22/2005. In this order, the Commission unbundles customer bills into the generation and distribution components of their rates, and approves a rate cut for Detroit Edison's commercial and industrial bundled customers beginning with the February 2006 billing cycle. It also approves a new economic development rate designed to attract new industrial development to Michigan.
- [U-14148](#) Consumers Energy Company (Section 10d(4) costs) 12/22/2005. In this order, the Commission authorized recovery of approximately \$333,395,000 over a five year period for certain Clean Air costs. The recovery of these costs is mandated by federal and state law (PA 141 of 2000).
- [U-14347](#) Consumers Energy Company (electric rate case) 12/22/2005. In this order the Commission authorizes a rate increase of \$86 million, redesigns unbundled rates, amends ROA return to service provisions and other miscellaneous ROA terms and conditions of service, eliminates the ROA profile management service charge, and finds that full recovery of stranded costs as required under PA 141 has been achieved.

Commission Action to Protect Customers

- [U-14072](#) The Detroit Edison Company (code of conduct) 3/29/2005. This order required that the Detroit Edison Company pay to the State of Michigan fines totaling \$20,000 for violations of the code of conduct adopted by the Commission.

- [U-14025](#) Strategic Energy, L.L.C. v The Detroit Edison Company, U-14054 -- Quest Energy, L.L.C. v The Detroit Edison Company, and U-14070 - - Constellation NewEnergy v The Detroit Edison Company (rule violations) 4/28/2005. In this order, the Commission finds that Detroit Edison has violated the RAST and the Commission's December 20, 2001 order in Case No. U-12489 and should be ordered to: (1) cease and desist from future violations of the RAST and rejection of enrollments because of past due balances or insufficient AES or marketer credit posting, (2) file reports with the Staff regarding its compliance with the 45-day enrollment standard, and (3) pay costs, attorney fees, damages, and a fine of \$975,000.
- [U-13548](#) AEP OHIO Commercial & Industrial Retail Company, L.L.C. (alternative electric supplier) 4/28/2005. In this order, the Commission grants AEP the voluntary relinquishment of its alternative electric supplier license.
- [U-12564](#) DTE Energy Marketing, Inc. (alternative electric supplier) 6/7/2005. In this order, the Commission orders the license of DTE Energy Marketing as an AES to be rescinded.
- In orders on June 30, 2005, petitions for rehearing by the Association of Businesses Advocating Tariff Equity, Michigan Environmental Council, the Public Interest Research Group, Energy Michigan, and Detroit Edison, were denied in part but clarification was granted in part. Both the ABATE and Energy Michigan rehearing orders included clarifications of the *return to service* provisions of Detroit Edison's electric choice program.
 - [U-13808](#) The Detroit Edison Company (ABATE rehearing)
 - [U-13808](#) The Detroit Edison Company (Detroit Edison rehearing)
 - [U-13808](#) The Detroit Edison Company (Energy Michigan rehearing)
 - [U-13808](#) The Detroit Edison Company (MEC/PIRGIM rehearing)
- [U-14283](#) The Detroit Edison Company and DTE Energy Technologies, Inc. (code of conduct) 6/30/2005. In this order, the Commission approved with modifications the joint application of The Detroit Edison Company and DTE Energy Technologies, Inc., for renewal of code of conduct waivers approved in the Commission's October 3, 2002 order.
- [U-13078](#) Dynegy Energy Services, LLC (alternative electric supplier) 8/16/2005. In this order, the Commission approves Dynegy's request to cancel its license.
- [U-14072](#) Commission's Own Motion (code of conduct) 8/16/2005. In this order, the Commission finds Detroit Edison has fully complied with the March 29 order and the docket in this case is now closed.
- [U-14594](#) UP Power Marketing LLC (alternative electric supplier) 8/16/2005. In this order, the Commission approves an AES license that restricts service only to White Pine Copper Refinery.
- [U-12722](#) Nicor Energy, LLC (alternative electric supplier) 8/16/2005. In this order, the Commission approves Nicor's request to cancel its license.
- [U-14208](#) Nordic Marketing, L.L.C. against The Detroit Edison Company (rule violation) 10/18/2005. In this order, the Commission requires The Detroit Edison Company to pay a

fine of \$95,000 for its violation of its retail access service tariff and pay to Nordic Marketing \$21,600 for its reasonable costs and attorney fees.

- [U-14667](#) Commission's own Motion (energy efficiency program) 10/18/2005. In this order, the Commission directed Commission Staff to prepare an overview of electric and natural gas energy efficiency programs in Michigan by January 31, 2006.
- [U-14668](#) Commission own Motion (emergency rules) 10/18/2005. In this order, the Commission proposed emergency rules regarding emergency billing practices for retail customers of electric and natural gas utilities subject to Commission jurisdiction. On October 28, 2005, Governor Jennifer M. Granholm signed emergency rules to help with residential heating costs.
- [U-14559](#) Suez Energy Resources NA, Inc. (alternative electric supplier) 10/18/2005. In this order, the Commission approves Suez Energy's request for a license as an alternative electric supplier.
- [U-12569](#) Engage Energy US, L.P. (alternative electric supplier) 12/20/2005. In this order, the Commission rescinds Engage Energy's license as an alternative electric supplier.
- [U-14548](#) Peoples Energy Services Corporation (alternative electric supplier) 12/20/2005. In this order, the Commission approves Peoples Energy's request for a license as an alternative electric supplier.
- [U-14724](#) Direct Energy Services, LLC (alternative electric supplier) 12/20/2005. In this order, the Commission approves Direct Energy's request for a license as an alternative electric supplier.
- [U-14347](#) Consumers Energy Company (electric rate case/Low Income Energy Efficiency Fund) 12/22/2005. In this order, the Commission authorizes a rate increase of \$86 million, including \$27 million for the creation of a low-income and energy efficiency fund, and directs the company to file a report by April 17, 2006 on the progress to implement a program containing the essential elements of the PAYS® concept to encourage the purchase and installation of money-saving, energy efficient products and services.