

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)	
amendment and extension of its interruptible)	Case No. U-11999
service alternative metal melting rider and)	
its electric process heat rider.)	
_____)	

At the October 28, 1999 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

ORDER APPROVING SETTLEMENT AGREEMENT

On June 2, 1999, The Detroit Edison Company (Detroit Edison) filed an application for authority to amend and to extend the availability of certain existing interruptible industrial rates, commonly known as the alternative metal melting rider (Rider R1.1) and the electric process heat rider (Rider R1.2), through December 31, 2001.¹

¹The Commission approved the offering of Riders R1.1 and R1.2 through December 31, 1996 by its January 21, 1994 order in Case No. U-10102. The availability of these riders was extended by the December 12, 1996 order in Case No. U-11252, the December 12, 1997 order in Case No. U-11585, the December 21, 1998 order in Case No. U-11870, and the June 10, 1999 order in this proceeding.

Pursuant to Riders R1.1 and R1.2, Detroit Edison currently provides interruptible electric service to over 400 manufacturing customers that use process heat in various manufacturing, electrolytic, anodizing, plating, coating, and other melting and forming production activities. Due to the potential that some customers would experience rate increases effective July 1, 1999 if Riders R1.1 and R1.2 were no longer available, Detroit Edison asserted that maintaining the availability of the riders was appropriate. In addition, Detroit Edison stated that extension of Riders R1.1 and R1.2 in the manner proposed by the company would provide customers with additional time to evaluate their supply options under retail access.

On June 10, 1999, the Commission issued an order in this proceeding extending Riders R1.1 and R1.2 through the end of 1999 and setting the further extension of the riders for hearing.

Pursuant to due notice, a prehearing conference was conducted on July 15, 1999 before Administrative Law Judge Daniel E. Nickerson, Jr. Detroit Edison and the Commission Staff participated in the proceedings. Subsequently, the parties submitted a settlement agreement that resolves all issues in the case.

The settlement agreement, attached as Exhibit A, indicates that service under Riders R1.1 and R1.2 is optional for Detroit Edison's customers. Detroit Edison seeks to amend Riders R1.1 and R1.2 by changing the phase-out charges to 1.4¢ per kilowatt-hour (kWh) effective January 1, 2000 and 1.5¢ per kWh on January 1, 2001, which should send more appropriate price signals to customers and provide a gradual phase-in to either tariff or retail access service.

Because it is anticipated that all customers will be able to select their electric supplier by January 1, 2002 and because Detroit Edison has committed to apply for further extension of Riders R1.1 and R1.2

in the event that retail access is not available to all customers taking service under those riders by January 1, 2002, the Commission finds that the proposed amendments to Riders R1.1 and R1.2 are reasonable. The Commission fully expects that retail access will be available to all such customers by January 1, 2002.

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.; 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. The settlement agreement is reasonable and in the public interest, and should be approved.
- c. The operation of Detroit Edison's Riders R1.1 and R1.2 should be extended until December 31, 2001.
- d. The phase-out charge should be modified to provide a gradual phase-in to tariff rates or retail access.

THEREFORE, IT IS ORDERED that:

A. The Detroit Edison Company is authorized to extend the operation of its alternative metal melting and electric process heat riders R1.1 and R1.2 until December 31, 2001 under the conditions set forth in the settlement agreement, attached as Exhibit A.

B. The Detroit Edison Company is authorized to amend the phase-out charge in accordance with the terms of the settlement agreement.

C. The revised tariff sheets, attached as Exhibit B, are approved. The Detroit Edison Company shall file, within 30 days, four sets of tariff sheets reflecting the changes approved by this order.

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 October 28, 1999.

/s/ Dorothy Wideman
Its Executive Secretary

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Suggested Minute:

“Adopt and issue order dated October 28, 1999 approving the settlement agreement and authorizing The Detroit Edison Company to extend the availability of its alternative metal melting rider and its electric process heat rider, as set forth in the order.”