

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter, on the Commission's own motion,)	
to implement the provisions of Section 10a(10))	Case No. U-12639
of 2000 PA 141.)	
_____)	

CONCURRING OPINION OF CHAIRMAN LAURA CHAPPELLE

(Submitted December 20, 2001)

The issue of stranded cost, and the related issue of securitization, have long been the subjects of often-heated public policy debates regarding electric restructuring in Michigan. Today's order sets forth a stranded cost calculation methodology and determines the initial transition charge to recover stranded costs. I fully concur in these determinations.

The purpose of this concurring opinion is to set forth clearly my position regarding an issue that predates my appointment to the Commission. In the order on rehearing dated January 4, 2001, in Case No. U-12478, the Commission agreed with Detroit Edison that, as of January 1, 2002, the corresponding credit related to securitization should be eliminated. This decision was premised on Detroit Edison's argument, in its petition for rehearing in that case, that the costs associated with the securitized assets would be removed from the calculation of stranded cost and the transition charge reduced accordingly. This premise has not been met. The stranded cost calculation does not remove costs associated with securitized assets and the transition charge has not been reduced to reflect the removal.

Under these circumstances, it would clearly be inequitable to charge retail open access customers a securitization charge without providing either a corresponding credit or a reduced

transition charge that reflects the effect of securitization, even though Detroit Edison has argued that a selective, out-of-context reading of the order in Case No. U-12478 could be made to stand for that proposition. It would be manifestly unfair to charge customers once through the securitization charge and a second time for the same cost through the stranded cost calculation. Today's order removes this unfairness by authorizing an adjustment pursuant to Section 10d(5) of 2000 PA 141.

I wish to emphasize that this Section 10d(5) adjustment is a temporary approach for 2002 only. I expect that the parties to the next stranded cost proceeding will present cases that fully recognize the effects of securitization and will recommend transition charges that fully reflect this.

The use of a temporary Section 10d(5) adjustment resolves the dilemma and maintains the status quo by ensuring that retail open access customers do not receive a rate increase in violation of PA 141. At the same time, this approach allows the utilities to experience the benefits of securitization and in all other respects maintains PA 141's basic premises: that all retail customers in Michigan have a choice of electric suppliers, that competition is fostered in the state, that electric generation ownership is diversified, and that opportunities for economic development in Michigan are improved, while promoting financially healthy and competitive utilities.

MICHIGAN PUBLIC SERVICE COMMISSION

Chairman, Laura Chappelle