

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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In the matter, on the Commission's own motion,)	
of filing requirements for the recovery of enhanced)	Case No. U-13693
security costs.)	
_____)	

At the February 5, 2003 meeting of the Michigan Public Service Commission in Lansing,
Michigan.

PRESENT: Hon. Laura Chappelle, Chairman
Hon. David A. Svanda, Commissioner
Hon. Robert B. Nelson, Commissioner

OPINION AND ORDER

Public Act 609 of 2002 amended Section 10d of the Customer Choice and Electricity Reliability Act , MCL 460.10d, to permit the recovery, under certain circumstances, of enhanced security costs for an electric generating facility. MCL 460.10d(14) requires the Commission to prescribe by order, within 60 days of the effective date of the amendatory act, the form for filing an application to recover security costs. Attached to this order as Exhibit A are the Commission's filing requirements for that purpose.

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, 1992 AACS, R 460.17101 et seq.

b. The filing requirements attached to this order as Exhibit A should be adopted, pursuant to MCL 460.10d(14).

THEREFORE, IT IS ORDERED that the filing requirements for the recovery of enhanced security costs attached to this order as Exhibit A are adopted.

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/ Laura Chappelle

Chairman

(S E A L)

/s/ David A. Svanda

Commissioner

/s/ Robert B. Nelson

Commissioner

By its action of February 5, 2003.

/s/ Dorothy Wideman

Its Executive Secretary

b. The filing requirements attached to this order as Exhibit A should be adopted, pursuant to MCL 460.10d(14).

THEREFORE, IT IS ORDERED that the filing requirements for the recovery of enhanced security costs attached to this order as Exhibit A are adopted.

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

Chairman

Commissioner

Commissioner

By its action of February 5, 2003.

Its Executive Secretary

Description of Schedules

Schedule V – Work papers

This schedule should include the level of back up and background information necessary to support the other schedules. Also, Part B of this schedule presents the information required to be protected from disclosure. Part B shall be separately filed with the Commission's Executive Secretary.

Schedule IV – Historical Information

This schedule has the applicant identify the accounts in which security costs are/would be recorded. Providing a historical perspective of these accounts permits the Commission to assess the reasonableness of expenditures.

Since the statute covers the period ending December 31, 2005, a provision for projected expenses is intended to minimize the administrative process. The Commission will order a reconciliation after the 5-year recovery period. Such a reconciliation will include funds received from others after December 31, 2005, if these funds cover costs incurred prior to December 31, 2005.

Schedule III – Identification of Yearly Enhanced Security Costs

This schedule breaks out historical and projected enhanced security expenses by MPSC account for the years 2001 through 2005. Applicant shall identify the requirement for such costs, e.g., federal, state, insurance premiums, etc.

Schedule II – Determination of Enhanced Security Costs

This schedule determines the total enhanced security costs to be recovered for costs incurred from September 11, 2001 to December 31, 2005.

Schedule I – Determination of Security Recovery Factor

Enhanced security costs that are reasonable and prudent, net of proceeds from other sources, and that are jurisdictionally assigned to retail sales customers will be recovered through a 5-year levelized Security Recovery Factor expressed in ¢/kWh. Cash flows should be discounted back to September 11, 2001, using the after tax overall rate of return on investment for the applicant as approved by the Commission in its last proceeding addressing the issue of rate of return.

Schedule II

Case No.:
Attachment to Commission Order

Determination of Enhanced Security Costs

Line	Description (Col.1)	9/11-12/31				
		2001 (Col.2)	2002 (Col.3)	2003 (Col.4)	2004 (Col.5)	2005 (Col.6)
1	Gross Security Costs (Schedule V, Line 5)	<u>X,XXX,XXX</u>	<u>X,XXX,XXX</u>	<u>X,XXX,XXX</u>	<u>X,XXX,XXX</u>	<u>X,XXX,XXX</u>
2	Less: Funds Received from Others (e.g., included in rates, grants, insurance)	<u>X,XXX,XXX</u>	<u>X,XXX,XXX</u>	<u>X,XXX,XXX</u>	<u>X,XXX,XXX</u>	<u>X,XXX,XXX</u>
3	Enhanced Security Costs	<u>X,XXX,XXX</u>	<u>X,XXX,XXX</u>	<u>X,XXX,XXX</u>	<u>X,XXX,XXX</u>	<u>X,XXX,XXX</u>

Schedule III

Identification of Yearly Enhanced Security Costs

- A. Historical yearly enhanced security costs by account with identification of requirement for such costs, e.g., federal, state, insurance premiums, experienced restoration of electric service due to act of terrorism (9/11/01 to date).
- B. Projected yearly enhanced costs by account reported in the same manner as Schedule III A.

Schedule IV

Historical Information

- A. Accounts/Subaccounts where security costs are recorded
 - A.
 - B.
 - C.
- B. Yearly amounts recorded in Schedule III A accounts
For years 1996 – 2000
- C. Yearly amounts recorded in Schedule III A accounts
For years 2001 – date specified in application

Schedule V

Work papers

- A. Public Information
- B. To be protected from disclosure