

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

* * * * *

In the matter of the application of)
THE DETROIT EDISON COMPANY) Case No. U-14842
for authorization to reduce electric rates.)
_____)

At the April 13, 2006 meeting of the Michigan Public Service Commission in Lansing,
Michigan.

PRESENT: Hon. J. Peter Lark, Chairman
Hon. Laura Chappelle, Commissioner
Hon. Monica Martinez, Commissioner

OPINION AND ORDER

On March 30, 2006, The Detroit Edison Company (Detroit Edison) filed an application seeking authority to reduce its retail rates for the sale and distribution of electric energy by \$2.6 million through a credit surcharge of 0.0005 cents per kilowatt-hour for metered customers and a 0.07% credit surcharge for unmetered customers. Detroit Edison explained in the application that its request was intended to ensure the removal from rates of certain expenses associated with salaried employee compensation. Detroit Edison requested that the rate decrease be made effective as soon as practicable and that the change be implemented on a bills rendered basis. Finally, because the requested credit surcharge will result in a reduction in Detroit Edison's retail electric rates, Detroit Edison maintained that the application could be granted without notice and hearing pursuant to MCL 460.6a.

The Commission finds that Detroit Edison's application should be granted. However, the Commission notes that on March 23, 2006, the Commission ordered Detroit Edison to show cause in Case No. U-14838 why its current retail electric rates should not be reduced. It should not be concluded that by granting Detroit Edison's March 30, 2006 application in this proceeding to decrease its rates by \$2.6 million, the Commission has in any way lessened its resolve to fully examine the reasonableness of the utility's rates in Case No. U-14838.

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, 1999 AC, R 460.17101 *et seq.*

b. Detroit Edison's application to reduce its rates by \$2.6 million should be granted.

THEREFORE, IT IS ORDERED that:

A. The March 30, 2006 application filed by The Detroit Edison Company for authority to reduce its retail rates for the sale and distribution of electric energy by \$2.6 million through a credit surcharge of 0.0005 cents per kilowatt-hour for metered customers and a 0.07% credit surcharge for unmetered customers is granted for bills rendered on and after April 14, 2006.

B. Within 30 days, The Detroit Edison Company shall file revised rate schedules reflecting the tariff sheets approved in this order and set forth on Exhibit A.

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/ J. Peter Lark
Chairman

(S E A L)

/s/ Laura Chappelle
Commissioner

/s/ Monica Martinez
Commissioner

By its action of April 13, 2006.

/s/ Mary Jo Kunkle
Its Executive Secretary

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 April 13, 2006.

Its Executive Secretary

Exhibit A

Changes made to reflect revised sheet numbers and effective dates

TABLE OF CONTENTS – CHECKLIST

<u>Sheet No.</u>	<u>Sheet Effective Date</u>
Original Sheet No. A-1.00	June 18, 2004
Original Sheet No. A-2.00	June 18, 2004
First Revised Sheet No. A-3.00	February 1, 2005
Original Sheet No. A-4.00	June 18, 2004
Original Sheet No. A-5.00	June 18, 2004
First Revised Sheet No. A-6.00	October 25, 2005
Original Sheet No. A-7.00	June 18, 2004
Original Sheet No. A-8.00	June 18, 2004
Original Sheet No. A-9.00	June 18, 2004
Eighteenth Revised Sheet No. A-10.00	April 14, 2006
First Revised Sheet No. A-11.00	June 18, 2004
Twelfth Revised Sheet No. A-12.00	April 14, 2006
Fourth Revised Sheet No. A-13.00	March 14, 2006
Second Revised Sheet No. A-14.00	February 1, 2006
Fifth Revised Sheet No. A-15.00	February 27, 2006
Seventh Revised Sheet No. A-16.00	February 1, 2006
Second Revised Sheet No. A-17.00	February 1, 2006
Original Sheet No. A-18.00	June 18, 2004
Original Sheet No. A-19.00	June 18, 2004
Original Sheet No. A-20.00	June 18, 2004
Original Sheet No. A-21.00	June 18, 2004
Original Sheet No. A-22.00	June 18, 2004
Original Sheet No. A-23.00	June 18, 2004
Original Sheet No. A-24.00	June 18, 2004
Sixth Revised Sheet No. B1-1	January 27, 1994
Sixth Revised Sheet No. B1-2	March 31, 2000
Second Revised Sheet No. B1-3	January 1, 1992
First Revised Sheet No. B1-4	February 10, 2004
Fifth Revised Sheet No. B2-1	March 17, 2000
Third Revised Sheet No B2-2	October 29, 1992
Sixth Revised Sheet No. B2-3	October 29, 1992
Fourth Revised Sheet No. B2-4	October 29, 1992
Original Sheet No. B2-4.1	October 29, 1992
Fifth Revised Sheet No. B2-5	March 17, 2000
Third Revised Sheet No. B2-5.1	October 29, 1992
Fourth Revised Sheet No. B2-6	October 29, 1992
Fourth Revised Sheet No. B2-7	October 29, 1992
Second Revised Sheet No. B2-8	January 5, 1983
Fifth Revised Sheet No. B2-9	March 17, 2000

(Continued on [Sheet No. A-11.00](#))

ISSUED _____
M.E. CHAMPLEY
SENIOR VICE PRESIDENT
REGULATORY AFFAIRS

EFFECTIVE: SEE ABOVE

DETROIT, MICHIGAN

Changes made to reflect revised sheet numbers and effective dates

(Continued From Sheet No. A-11.00)

TABLE OF CONTENTS – CHECKLIST (Continued)

<u>Sheet No.</u>	<u>Sheet Effective Date</u>
Original Sheet No. B3-26	July 23, 1981
Original Sheet No. B3-27	July 23, 1981
Original Sheet No. B3-28	July 23, 1981
First Revised Sheet No. B3-29	February 14, 2001
Third Revised Sheet No. B4-1	January 4, 1990
Fourth Revised Sheet No. B4-1.1	March 17, 2000
Fourth Revised Sheet No. B4-2	March 17, 2000
Fourth Revised Sheet No. B4-3	March 17, 2000
Second Revised Sheet No. B4-3.1	March 17, 2000
Seventh Revised Sheet No. B4-4	March 17, 2000
Seventh Revised Sheet No. B4-5	August 5, 2005
Fifth Revised Sheet No. B4-6	March 17, 2000
Fifth Revised Sheet No. B4-7	March 17, 2000
Twelfth Revised Sheet No. B4-8	February 1, 2006
Sixty-Fifth Sheet No. B4-9	February 1, 2006
Sheet No. B4-10	
Twenty-Sixth Revised Sheet No. B4-11	March 31, 2006
Twenty-Fifth Revised Sheet No. B4-11a	April 14, 2006
Twelfth Revised Sheet No. B4-11b	April 14, 2006
Twenty-Third Revised Sheet No. B4-12	February 1, 2006
Fourth Revised Sheet No. B4-13	March 26, 2004
Second Revised Sheet No. B5-1	July 16, 1985
Third Revised Sheet No. B5-2	July 16, 1985
Second Revised Sheet No. B5-3	April 18, 1984
Second Revised Sheet No. B6-1	May 18, 1995
First Revised Sheet No. B6-2	January 5, 1983
First Revised Sheet No. B6-3	January 5, 1983
Second Revised Sheet No. B6-4	May 18, 1995
Second Revised Sheet No. B6-5	May 18, 1995
Second Revised Sheet No. B6-6	May 18, 1995
Second Revised Sheet No. B6-7	May 18, 1995
Second Revised Sheet No. B6-8	May 18, 1995
Third Revised Sheet No. B6-9	May 18, 1995
Second Revised Sheet No. B6-10	July 16, 1985
First Revised Sheet No. B6-11	January 5, 1983

(Continued on Sheet No. A-13.00)

ISSUED _____
M. E. CHAMPLEY
SENIOR VICE PRESIDENT
REGULATORY AFFAIRS

EFFECTIVE: SEE ABOVE

DETROIT, MICHIGAN

(Continued From [Sheet No. B4-11](#))

**B-4.9 SURCHARGES AND CREDITS
APPLICABLE TO DELIVERY SERVICE:**

- (1) **NUCLEAR DECOMMISSIONING SURCHARGE (NDS):** A January 1987 MPSC Order authorized the establishment of an external trust fund to finance the decommissioning of Fermi 2 Power Plant when its operating license expires. The Order approves a decommissioning surcharge on customer bills under which the funds are collected. Pursuant to Commission Order U-10102 dated January 21, 1994, a revised surcharge became effective with service rendered on and after January 22, 1994.
- (2) **SECURITIZATION BOND CHARGE (SBC) AND SECURITIZATION BOND TAX CHARGE (SBTC):** On January 4, 2001 in its Order U-12478, the MPSC authorized the issuance of securitization bonds enabling Detroit Edison's recovery of qualified costs in accordance with the Electric Choice and Electric Reliability Act of 2000. The issuance of the bonds reduced Detroit Edison's overall cost structure and the net cost savings were reflected in 5% reductions in all of Detroit Edison's retail rates. The Securitization Bond Charge was authorized by the MPSC and reflects the payment of principal and interest associated with the bonds as well as recovery of certain servicing and administrative costs. The Securitization Bond Tax Charge reflects the recovery of an income tax liability incurred by the Company arising from its collection of the Securitization Bond principal payments. The Securitization Bond and Securitization Bond Tax Charges are subject to an annual true-up. The current charges appear on Sheet No. B4-11b.
- (3) **RENEWABLE ENERGY PROGRAM SURCHARGE (REPS):** On November 23, 2004, in its Order in Case No. U-13808, the MPSC authorized funding of a Renewable Energy Program for Detroit Edison through the implementation of a 5-cent per-meter, per billing-cycle surcharge on all meters within the Detroit Edison system for all customers whose rates are no longer capped, pursuant to 2000 PA 141 and then so forth as the caps expire for the remaining customers. This surcharge is effective November 24, 2004 for Commercial & Industrial (C&I) customers \geq 15 kW, January 1, 2005 for C&I customers $<$ 15 kW and January 1, 2006 for Residential customers.
- (4) **CHOICE IMPLEMENTATION SURCHARGE (CIS):** On November 23, 2004, in its Final Order in Case No. U-13808, the MPSC authorized a Choice Implementation Surcharge of 0.05 cents per kWh applicable to all metered sales of electricity, effective January 1, 2006. This surcharge recovers the costs associated with implementing the retail electric customer choice program. These costs were also approved by the MPSC in the following cases for the years indicated; Case No. U-12892 (2000), Case No. U-13341 (2001), Case No. U-13738 (2002), and Case No. U-14079 (2003).
- (5) **RATE REDUCTION CREDIT (RRC):** *On April 13, 2006, in its order in Case No. U-14842, the MPSC authorized a Rate Reduction Credit (RRC) of 0.005 cents per kWh, applicable to all metered sales of electricity and 0.07% applicable to the base rate of all unmetered sales of electricity, effective for bills rendered on and after April 14, 2006.*

(Continued on [Sheet No. B4-11b](#))

ISSUED _____
M.E. CHAMPLEY
SENIOR VICE PRESIDENT
REGULATORY AFFAIRS

DETROIT, MICHIGAN

EFFECTIVE FOR BILLS RENDERED ON
AND AFTER APRIL 14, 2006 UNDER
AUTHORITY OF ORDER OF THE
MICHIGAN PUBLIC SERVICE COMMISSION
DATED APRIL 13, 2006
IN CASE NO. U-14842

Changes made to reflect addition of Rate Reduction Credit

(Continued From Sheet No. B4-11a)

B-4.9 SURCHARGES AND CREDITS APPLICABLE TO DELIVERY SERVICE: (Continued)

(8) SUMMARY OF SURCHARGES AND CREDITS: Summary of surcharges and credits including PSCR, pursuant to sub-rules (1), (2), (3), (4), (5) and (6) of this rule. (Cents per kilowatthour or percent of base bill)

	<u>NDS (1) (3)</u>	<u>SBC (5)</u>	<u>SBTC (5)</u>	<u>CIS</u>	<u>RRC (1)</u>	<u>Total Delivery Charges (6)</u>	<u>REPS (per meter per billing cycle)</u>
Residential							
D1 Residential	0.1234¢	0.393¢	0.121¢	0.05¢	(0.005¢)	0.6824¢	5¢
D1a Farm	0.1234¢	0.393¢	0.121¢	0.05¢	(0.005¢)	0.6824¢	5¢
D1.1 Int. Space Conditioning	0.1234¢	0.393¢	0.121¢	0.05¢	(0.005¢)	0.6824¢	5¢
D1.2 Time-of-Day	0.1234¢	0.393¢	0.121¢	0.05¢	(0.005¢)	0.6824¢	5¢
D1.3 Senior Citizen	0.1234¢	0.393¢	0.121¢	0.05¢	(0.005¢)	0.6824¢	5¢
D1.4 Time-of-Day	0.1234¢	0.393¢	0.121¢	0.05¢	(0.005¢)	0.6824¢	5¢
D1.5 Supp. Space Heating	0.1234¢	0.393¢	0.121¢	0.05¢	(0.005¢)	0.6824¢	5¢
D1.7 Time-of-Day	0.1234¢	0.393¢	0.121¢	0.05¢	(0.005¢)	0.6824¢	5¢
D2 Space Heating	0.1234¢	0.393¢	0.121¢	0.05¢	(0.005¢)	0.6824¢	5¢
D2a Farm	0.1234¢	0.393¢	0.121¢	0.05¢	(0.005¢)	0.6824¢	5¢
D5 Water Heating	0.1234¢	0.393¢	0.121¢	0.05¢	(0.005¢)	0.6824¢	5¢
D9 Outdoor Lighting	0.331%	see note (4)	see note (4)	NA	(0.07%)		NA
Commercial							
D1.1 Int. Space Conditioning	0.1234¢	0.393¢	0.121¢	0.05¢	(0.005¢)	0.6824¢	5¢
D1.7 Space Conditioning	0.1234¢	0.393¢	0.121¢	0.05¢	(0.005¢)	0.6824¢	5¢
D3 General Service	0.1234¢	0.393¢	0.121¢	0.05¢	(0.005¢)	0.6824¢	5¢
D3.1 Unmetered	0.848%	see note (4)	see note (4)	NA	(0.07%)		NA
D3.3 Interruptible	0.1234¢	0.393¢	0.121¢	0.05¢	(0.005¢)	0.6824¢	5¢
D3.4 Time-of-Day	0.1234¢	0.393¢	0.121¢	0.05¢	(0.005¢)	0.6824¢	5¢
D4 Large General Service	0.1234¢	0.393¢	0.121¢	0.05¢	(0.005¢)	0.6824¢	5¢
D5 Water Heating	0.1234¢	0.393¢	0.121¢	0.05¢	(0.005¢)	0.6824¢	5¢
D9 Outdoor Lighting	0.331%	see note (4)	see note (4)	NA	(0.07%)		NA
D10 Schools	0.1234¢	0.393¢	0.121¢	0.05¢	(0.005¢)	0.6824¢	5¢
R3 Standby (Secondary)	see note (2)	0.393¢	0.121¢	0.05¢	(0.005¢)		5¢
R7 Greenhouse Lighting	0.1234¢	0.393¢	0.121¢	0.05¢	(0.005¢)	0.6824¢	5¢
R8 Space Conditioning	0.1234¢	0.393¢	0.121¢	0.05¢	(0.005¢)	0.6824¢	5¢
Industrial							
D6 Primary Supply	0.1234¢	0.393¢	0.121¢	0.05¢	(0.005¢)	0.6824¢	5¢
D6.1 Alternative Primary	0.1234¢	0.393¢	0.121¢	0.05¢	(0.005¢)	0.6824¢	5¢
D6.2 Space Conditioning	0.1234¢	0.393¢	0.121¢	0.05¢	(0.005¢)	0.6824¢	5¢
D7 Transitional Primary	0.1234¢	0.393¢	0.121¢	0.05¢	(0.005¢)	0.6824¢	5¢
D8 Interruptible Primary	0.1234¢	0.393¢	0.121¢	0.05¢	(0.005¢)	0.6824¢	5¢
R1.1 Metal Melting	0.1234¢	0.393¢	0.121¢	0.05¢	(0.005¢)	0.6824¢	5¢
R1.2 Electric Process Heating	0.1234¢	0.393¢	0.121¢	0.05¢	(0.005¢)	0.6824¢	5¢
R3 Standby (Primary)	see note (2)	0.393¢	0.121¢	0.05¢	(0.005¢)		5¢
R10 Interruptible Supply	0.1234¢	0.393¢	0.121¢	0.05¢	(0.005¢)	0.6824¢	5¢
Governmental							
E1 Streetlighting	0.265%	see note (4)	see note (4)	NA	(0.07%)		NA
E1.1 Energy Only	0.1234¢	0.393¢	0.121¢	0.05¢	(0.005¢)	0.6824¢	5¢
E2 Traffic Lights	1.427%	see note (4)	see note (4)	NA	(0.07%)		NA
E4 Primary Pumping	0.1234¢	0.393¢	0.121¢	0.05¢	(0.005¢)	0.6824¢	5¢
E5 Secondary Pumping	0.1234¢	0.393¢	0.121¢	0.05¢	(0.005¢)	0.6824¢	5¢
Electric Choice							
EC2 Retail Access	0.1234¢	0.393¢	0.121¢	0.05¢	(0.005¢)	0.6824¢	5¢
Special Contracts							
LCC	Per LCC	0.393¢	0.121¢	0.05¢	(0.005¢)	0.6824¢	5¢

Notes:

- (1) % applied to \$ amount of base bill.
- (2) Nuclear Decommissioning Surcharge (NDS) for standby energy based upon customer's supplemental rate.
- (3) NDS as approved in U-10102, Exhibit B, Final Order dated January 1, 1994 and subsequently adjusted by Residential 5% rate reduction; balance is nuclear site security.
- (4) The SBC and SBTC are included in this tariff's base rates and will be separately accounted for by Detroit Edison for remittance to the Detroit Edison Securitization Funding L.L.C.
- (5) Pursuant to MPSC Order in Case No. U-12478
- (6) Excludes REPS

ISSUED
M. E. CHAMPLEY
SENIOR VICE PRESIDENT
REGULATORY AFFAIRS

DETROIT, MICHIGAN

EFFECTIVE FOR BILLS RENDERED ON
AND AFTER APRIL 14, 2006 UNDER
AUTHORITY OF ORDER OF THE
MICHIGAN PUBLIC SERVICE COMMISSION
DATED APRIL 13, 2006
IN CASE NO. U-14842