

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 reconciliation of its power supply cost)	
recovery plan for the 12-month period ended)	Case No. U-13808-R
December 31, 2004.)	
_____)	

In the matter of the application of)	
THE DETROIT EDISON COMPANY to implement)	
the Commission's final order in Case No. U-13808)	Case No. U-14474
concerning, <i>inter alia</i> , 2004 net stranded costs)	
and the provisions of Section 10a(16) and (17).)	
_____)	

At the March 21, 2007 meeting of the Michigan Public Service Commission in Lansing, Michigan.

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

ORDER

On September 26, 2006, the Commission issued an order in this matter reconciling The Detroit Edison Company’s (Detroit Edison) 2004 power supply cost recovery (PSCR) costs and expenses, and finding that Detroit Edison had incurred \$18.6 million in additional stranded costs in that year. That amount was offset by proceeds from third party sales revenues, which exceeded \$127 million in 2004. On October 26, 2006, Attorney General Michael A. Cox (Attorney General) filed a petition for rehearing. The Attorney General argues that the Commission came to the wrong conclusion respecting the stranded costs determination and the decision to offset the

stranded costs with third party sales revenues. On November 16, 2006, Detroit Edison and the Commission Staff (Staff) filed answers in opposition to the Attorney General's petition.

In his petition, the Attorney General makes two arguments for rehearing. First, the Attorney General argues that the Commission adopted the wrong method (the Staff's proposed method) for determining stranded costs in this matter. The Attorney General points out that the method differs from that adopted in prior stranded costs cases, and argues that the approved method exceeds the Commission's statutory powers under 2000 PA 141. The Attorney General made this argument in his initial brief, pp. 18-23, and in his exceptions, pp. 5-9. This argument was addressed by the Commission in the September 26 order, at pp. 20-22.

Second, the Attorney General argues that the Commission erred in allowing stranded costs to be offset by third party sales revenues. In his initial brief, p. 18, the Attorney General stated, "The Attorney General agrees that to the extent there were stranded costs in 2004, some of the third party sales revenues should be applied to mitigate them." In his exceptions, p. 5, the Attorney General stated, "The only exception to applying all \$127 million in net third party sales to offset PSCR costs is the issue of mitigating stranded costs." The Commission addressed arguments regarding the use of the third party sales revenues in the September 26 order, at p. 23.

Rule 403 of the Commission's Rules of Practice and Procedure, 1999 AC, R 460.17403, provides that a petition for rehearing may be based on claims of error, newly discovered evidence, facts or circumstances arising after the hearing, or unintended consequences resulting from compliance with the order. A petition for rehearing is not merely another opportunity for a party to argue a position or to express disagreement with the Commission's decision. Unless a party can show the decision to be incorrect or improper because of errors, newly discovered evidence, or unintended consequences of the decision, the Commission will not grant a rehearing.

The Attorney General's petition does not meet the standard for rehearing set out in Rule 403, and is denied.

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.*; 1982 PA 304, as amended, MCL 460.6h *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. The petition for rehearing should be denied.

THEREFORE, IT IS ORDERED that the petition for rehearing filed by Attorney General Michael A. Cox is denied.

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 E A L)

/s/ J. Peter Lark
Chairman

/s/ Laura Chappelle
Commissioner

By its action of March 21, 2007.

/s/ Mary Jo Kunkle
Its Executive Secretary

/s/ Monica Martinez
Commissioner

The Attorney General's petition does not meet the standard for rehearing set out in Rule 403, and is denied.

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.*; 1982 PA 304, as amended, MCL 460.6h *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. The petition for rehearing should be denied.

THEREFORE, IT IS ORDERED that the petition for rehearing filed by Attorney General Michael A. Cox is denied.

The Commission reserves jurisdiction and may issue further orders as necessary.

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MICHIGAN PUBLIC SERVICE COMMISSION

Chairman

By its action of March 21, 2007.

Commissioner

Its Executive Secretary

Commissioner