

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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In the matter of the application of)	
DTE ELECTRIC COMPANY)	
for approval of Rate Schedule D13)	Case No. U-21163
XL High Load Factor Rate.)	
_____)	

At the December 22, 2021 meeting of the Michigan Public Service Commission in Lansing,
Michigan.

PRESENT: Hon. Daniel C. Scripps, Chair
Hon. Tremaine L. Phillips, Commissioner
Hon. Katherine L. Peretick, Commissioner

ORDER

On November 10, 2021, DTE Electric Company (DTE Electric) filed an application, along with an affidavit and proposed tariff sheets, seeking *ex parte* approval of its proposed Rate Schedule D13 XL High Load Factor Rate (XL-HLF Rate) for the supply of retail electric service to qualifying customers pursuant to MCL 460.6 *et seq.* DTE Electric states that the company desires to respond to its automotive and other advanced manufacturing customers' need to become, or stay, competitive within their respective industries. DTE Electric further states that the company desires to help support, maintain, and expand these electric customers' presence in southeastern Michigan to ensure that the Detroit Metropolitan and surrounding area remain the center of the automobile industry, advanced manufacturing, and other high tech industrial activity.

Application, p. 2.

On November 29, 2021, the Association of Businesses Advocating Tariff Equity filed a petition to intervene in the proceeding and filed comments in the docket on December 17, 2021. On November 30, 2021, Great Lakes Renewable Energy Association, Inc. filed a letter opposing *ex parte* treatment of DTE Electric's application. On December 1, 2021, Energy Michigan filed a petition to intervene along with a petition for a contested case. On December 16, the Michigan Municipal Association for Utility Issues filed comments urging for a contested case. On December 17, 2021, Dow Inc. submitted a letter in support of the XL-HLF Rate. On the same date, the Citizens Utility Board of Michigan and Michigan Environmental Council filed joint comments. The Commission has also received comments from individual members of the public.

DTE Electric provides that many of its large industrial-customers, especially in the automotive industry, are in the process of a transformational shift toward electrification of their product lines and that this transformation brings the need for new advanced manufacturing facilities that are frequently large, unique, and energy-intensive electric loads. DTE Electric states that it is in this environment and under these circumstances that the company seeks to provide customers with competitively priced electricity consistent with cost-of-service-based rates to address the changing circumstances of its automotive and other advanced manufacturing customers. Application, p. 2. Therefore, DTE Electric proposes its XL-HLF Rate to provide the company the opportunity to optimize its load base and attract incremental contributions to DTE Electric's system fixed costs. DTE Electric further provides that the XL-HLF Rate will only be available at the discretion of the company and will be offered only if the incremental revenue to DTE Electric is expected to exceed the incremental variable cost to serve the new incremental load of very large and highly efficient industrial customers. Application, p. 3.

According to DTE Electric, the proposed XL-HLF Rate will not be considered its own power supply cost of service class or part of any other power supply cost of service. DTE Electric states that in general electric rate cases subsequent to customers first taking service on the XL-HLF Rate, any incremental power supply costs associated with service to customers on this rate will be allocated based on approved cost-of-service methodologies to existing power supply cost-of-service classes. Application, p. 3.

DTE Electric states that it is reasonable to base customer power supply rates for this marginal load on the cost of marginal baseload generation and transmission. Therefore, DTE Electric proposes that, for the XL-HLF Rate, capacity costs will be the levelized fixed cost of capacity of a marginal, baseload, and low-cost generation asset. DTE Electric believes that the Blue Water Energy Center (BWEC) provides the best proxy indication of the appropriate marginal capacity costs and, as such, the projected capacity costs based on BWEC costs are reflected in the proposed tariff. Application, p. 4. DTE Electric further proposes that non-capacity costs be projected based on BWEC marginal costs, and that the company will reconcile variable production costs such that customers are ~~only~~ responsible for actual costs. For transmission, DTE Electric proposes that projected incremental transmission costs associated with load being served under the XL-HLF Rate be charged and then reconciled. As for distribution, DTE Electric proposes that rates be based on existing and approved rates for primary, sub-transmission, and transmission voltage customers that will be updated with each general rate case. Application, pp. 4-5.

DTE Electric further provides that service under the XL-HLF Rate is limited to those new or existing customers adding incremental load in the company's service territory of not less than 50 megawatts (MW), and that this minimum capacity may be achieved across multiple customer sites as long as the aggregate of the capacity meets or exceeds 50 MW, provided that the qualifying

load at any individual site must be incremental. Application, p. 5. DTE Electric provides that the requested incremental capacity must be in service within four years of initially taking service under the XL-HLF Rate. In addition, the minimum load factor required for service on this tariff is 75%, as measured on an annual basis. Application, p. 5. These and other specific terms of the XL-HLF Rate are identified in the proposed tariff sheets. DTE Electric proposes that customers taking service under this tariff will be required to take sole supply service from DTE Electric under the tariff for a duration of no less than 15 years. Application, p. 6.

The Commission has reviewed the application and the exhibits and finds that DTE Electric's proposed XL-HLF Rate should be approved and that approval of the XL-HLF Rate will assist in attracting new large, unique, and energy-intensive facilities seeking competitive energy prices to the state of Michigan and will be beneficial to all other customers. The Commission further finds that the proposed XL-HLF Rate complies with Michigan law, is reasonable, and is in the public interest, and because approval of DTE Electric's request in this case will not result in an increase in the cost of service for any customer, the Commission finds *ex parte* review and approval to be appropriate. See, MCL 460.6a(3). Because the Commission finds *ex parte* treatment of DTE Electric's application appropriate, the petitions to intervene and the petition for a contested case are moot.

THEREFORE, IT IS ORDERED that:

A. DTE Electric Company's application for authority to implement the Rate Schedule D13 XL High Load Factor Rate is approved.

B. Within 30 days of this order, DTE Electric Company shall file with the Commission tariff sheets substantially similar to those set forth in Attachment B to DTE Electric Company's application.

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. To comply with the Michigan Rules of Court's requirement to notify the Commission of an appeal, appellants shall send required notices to both the Commission's Executive Secretary and to the Commission's Legal Counsel.

Electronic notifications should be sent to the Executive Secretary at mpscedockets@michigan.gov and to the Michigan Department of the Attorney General - Public Service Division at pungpl@michigan.gov. In lieu of electronic submissions, paper copies of such notifications may be sent to the Executive Secretary and the Attorney General - Public Service Division at 7109 W. Saginaw Hwy., Lansing, MI 48917.

MICHIGAN PUBLIC SERVICE COMMISSION

Daniel C. Scripps, Chair

Tremaine L. Phillips, Commissioner

Katherine L. Peretick, Commissioner

By its action of December 22, 2021.

Lisa Felice, Executive Secretary


PROOF OF SERVICE

STATE OF MICHIGAN)

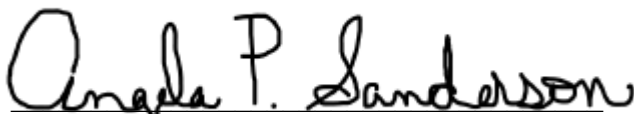
Case No. U-21163

County of Ingham)

Brianna Brown being duly sworn, deposes and says that on December 22, 2021 A.D. she electronically notified the attached list of this **Commission Order via e-mail transmission**, to the persons as shown on the attached service list (Listserv Distribution List).


Brianna Brown

Subscribed and sworn to before me
this 22nd day of December 2021.


Angela P. Sanderson
Notary Public, Shiawassee County, Michigan
As acting in Eaton County
My Commission Expires: May 21, 2024

Service List for Case: U-21163

Name	Email Address
Charlene Vondett DTE Electric Company Jon P. Christinidis Laura A. Chappelle Michael J. Pattwell Stephen A. Campbell Timothy J. Lundgren	cavondett@varnumlaw.com mpscfilings@dteenergy.com jon.christinidis@dteenergy.com lchappelle@potomacclaw.com mpattwell@clarkhill.com scampbell@clarkhill.com tlundgren@potomacclaw.com