

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the rates, terms, and)
conditions for retail customers of)
THE DETROIT EDISON COMPANY for)
to choose an alternative electric supplier.)
_____)

Case No. U-12489

INITIAL BRIEF OF ENERGY MICHIGAN, INC.

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INITIAL BRIEF OF ENERGY MICHIGAN, INC.

I. INTRODUCTION

In Order U-12489 issued June 19, 2000, the Michigan Public Service Commission (Commission) Ordered the Detroit Edison Company (Edison or Detroit Edison) to file tariffs governing the experimental and Retail Open Access programs with any revisions appropriate to comply with PA 141 and PA 142 of 2000 and to remedy the problems that customers have experienced thus far. On November 30, 2000 Detroit Edison filed a revised Retail Access Service Tariff (RAST) together with supporting testimony. Staff and interveners filed their direct testimony February 2, 2001 and Rebuttal was filed March 2, 2001. Cross examination of all the witnesses was waived.

II. SUMMARY OF ENERGY MICHIGAN POSITION ON 12 MAJOR ISSUES

A. Introduction.

This proceeding presents the last opportunity for the Commission to fashion a new RAST which will function efficiently and fairly to deliver Electric Choice service on the Detroit Edison system when that system is open to full competition January 1, 2002. A new tariff is critical because the existing framework as implemented by Detroit Edison simply does not work. The failings of the current Retail Access Tariff and Detroit Edison’s implementation of that flawed tariff have been

adequately documented by the MPSC Staff.¹ Unfortunately, as explained below, Detroit Edison has presented a new RAST proposal which is lengthy and fails to distinguish between current unacceptable provisions and new unacceptable reforms or revisions. A close examination of this flawed document makes one point abundantly clear: approval of the Edison RAST with its new revisions will further handicap or outright destroy the potential for competition on the Edison system.

The lengthy RAST format chosen by Edison together with their attempt to inject scores of new issues into an already complicated proceeding will tempt the Commission to throw up its hands in despair of ever fashioning an acceptable RAST. Energy Michigan urgently requests that the Commission resist the temptation to take an all or nothing approach and rather maintain two separate and distinct focuses throughout this proceeding. The first focus should be on the twelve major policy issues which must be addressed throughout this tariff to fashion a workable Electric Choice program. The second and equally important focus is to accept the fact that myriad other RAST details must be addressed now in order to avoid future problems. The Energy Michigan presentation in this case will focus on major and minor issues in a format that allows rapid consideration of each point.

Attachment 1, (Case Exhibit I-6) is a redlined version of the Energy Michigan changes to Edison's revised new RAST. The author requests that readers reference I-6 redlined RAST while reviewing this Brief. Case Exhibit I-5 is the "clean" Energy Michigan version of an acceptable RAST. I-5 represents a workable new RAST which should be adopted by the Commission in toto.

B. 12 Major Issues Should Be Addressed.

As a starting point, Energy Michigan urges that the Commission review Edison's proposed RAST from the perspective of twelve major policy considerations listed below:

¹ Report on Investigation of Detroit Edison Company Retail Open Access Program Customer Enrollment and Supplier Support Systems and Processes. MPSC Staff. December 2000.

1. The Commission should only accept proposed revisions to the RAST that are specifically considered and approved.
2. The Commission should reject Edison's proposed mandatory load profile programs for customers with less than 300 kW demand as anti-competitive and revise them in accordance with Energy Michigan's suggestions.
3. The Commission should require that Edison be subject to a mandatory 15 day customer enrollment processing deadline. If the deadline is not met, AES power deliveries should commence and customers should be credited with savings.
4. The Commission should reject Edison's four proposed rate increases or rate designs, embedded in its proposed RAST, as illegal and unreasonable: 1) proposed new increased meter charges, 2) the proposed new energy-only system use charge that increases rates, 3) the proposed new power factor charges, and 4) proposed new seasonal power loss factors.
5. The Commission should reject Edison's punitive Return to Service provisions in view of summer transmission capacity constraints and consequent impacts that have prevented AES' from reliably obtaining transmission capacity.
6. The Commission should reject Edison's propose credit requirements as punitive and adopt reduced credit requirements in conjunction with waiver provisions.
7. The Commission should eliminate unnecessary telemetry requirements for customers with less than 1000 kW demand, thereby speeding customer enrollment.
8. The Commission should reject Edison's current customer curtailment program as unworkable instead require Edison to manage insufficient supply situations with balancing provisions and expedited procedures to arrange for alternate supplies.

9. The Commission should reject Edison's post-facto load profile system as anti-competitive and unreasonable, and adopt Energy Michigan's proposed load profile system.

10. The Commission should require Edison to return bid deposits to customers for whom EC service has not commenced because capacity cannot be utilized.

11. The Commission should modify Edison's proposed RAST to remove reference to the duties of non-jurisdictional entities, i.e. marketers.

12. The Commission should reject Edison's request for a 120 day implementation delay of RAST modifications as unnecessary, except for revisions requiring a significant hardware installation.

C. Numerous Minor But Important Details Must Be Addressed.

IV. below contains a long but necessary discussion of the numerous RAST provisions proposed by Edison. None of the Edison proposals discussed should be adopted without a ruling by the Commission. Energy Michigan has provided cogent reasons for rejecting or revising each change discussed.

If the Commission deals with the twelve major issues in III. and then takes the time and effort to rule on the myriad of details which are also presented in IV. below, a new RAST can be fashioned which will be a sound, workable basis for future competition on the Detroit Edison system.

III. DETAILED DISCUSSION OF TWELVE MAJOR ISSUES

Issue #1: Format of the November 30, 2000 RAST Filing.

A. The Problem.

Edison's November 30, 2000 34 page RAST filing was unmarked and contained no redlining to illustrate changes from the currently effective RAST. See *Case Exhibit A-2*. This proposed tariff was accompanied by more than 100 pages of testimony which purported to justify the RAST but failed to distinguish between existing and proposed new RAST provisions. It is hard to imagine a more confusing and potentially misleading format given the extreme complexity of the 34 page RAST filing.

Energy Michigan counsel requested a redlined version of this tariff and was told that none was available to illustrate proposed changes from the current RAST.

Edison's RAST filing places the Commission and participants in this proceeding in an awkward position. The normal framework of dealing with a request to revise an existing document by considering each change is made difficult or impossible. The new RAST format used by Edison means that every single page and line of the tariff could be characterized as a revision, thus making a discussion of each point difficult or extremely burdensome. On the other hand, given the significant importance of many so called minor changes in the RAST, the parties cannot afford to assume that all changes have been identified by Edison or that minor changes should be ignored.

B. Proposed Solution.

The best solution to this quandary would be to adopt the new RAST submitted by Energy Michigan as Case Exhibit I-5. The second best solution would be a clear statement by the Commission that any substantive changes to the current, effective RAST are not approved unless the approval is made specific in the language of the Order in this matter. At the end of this process, if Edison believes that the Order does not touch upon all substantive issues or has questions regarding which issues are substantive and which are a matter of form, the Commission should require that parties to this proceeding be allowed to comment on the Edison position regarding each issue or point raised.

The Commission is certainly aware of the mischief that can be caused by even a few misplaced or revised words in a complex electric tariff. The Commission should guard against unintended consequences attached to the confusing format of this filing by adopting procedures which will ensure that any substantive change to the current RAST is a matter of deliberate, explicit Commission approval.

Issue #2: The New Detroit Edison Load Profiling Concept Should Be Rejected:

RAST Section 27.2

A. The Problem

Load profiling is a method of estimating the monthly demand of a class of energy metered customers by installing demand meters on a statistically significant number of these customers and using this data as a proxy demand per kWh of energy use for all members of the class. The actual demand from the sample can then be used to estimate the kW or MW of power that should be or should have been delivered to Edison by the EC supplier and the kW of a demand based system use charge that should be charged to each energy metered EC customer.

Energy Michigan witness Polich described why Detroit Edison's proposed load profiling methodology for customers with 300 kW or less demand will not work. The Detroit Edison load profiles are generated for each customer class using a set of sampling meters but profiles containing actual load data are not supplied to the AES or marketer until long after actual energy consumption. Prior to actual use, the AES has to estimate the amount of power that will be used by its customer. Since actual demand data derived from Edison sampling is supplied long after actual use, it is almost guaranteed that there will be an imbalance between AES deliveries and actual AES customer consumption. If there is an imbalance, the AES is subject to harsh OATT imbalance penalties. *Polich, 2 Tr 270-73.*

Energy Michigan witness Vail described the deficiencies of the Edison load profiling system

as it applies to AES entities which desire to manage their customer load to reduce on peak consumption and cost. *Vail, 2 Tr 251-56*. Unless statistically generated profiles are provided before actual energy use and are sampled for customers who have their load managed, an Alternate Supplier such as New Power offering energy management services cannot gain credit for on peak reductions or other impacts of remote management. *Id.* Providers such as New Power need to be able to both reduce on peak energy deliveries to Edison where load management has reduced the on peak use of their customers and have Detroit Edison recognize that on peak load reduction when it comes time to balance AES or marketer deliveries with recorded consumption by AES load managed customers. If on peak reduction achieved for load profiled customers is not recognized by Edison sampling techniques, Edison would assume that New Power customers used the same amount of on peak energy power as other residential customers without load management and that New Power's reduction of on peak power deliveries to Edison created a system imbalance subject to penalty.

The attached Edison discovery responses EMDE 8.47-8.50 (see attached Exhibit I-8) show the damage that could be caused by Edison's load profiling system. *Attachment 2, Case Exhibit I-8*. On February 7, 2001, Edison filed for approval of a residential load interruption program Tariff R-14. *Application U-12820*. This tariff allows Edison to give energy metered customers a \$4.00 credit for each day which their air conditioning is interrupted. The interruption device does not use metering. However, Edison admits that it will not make this service available to competitors (EMDE 8.49) and that it will not recognize AES load management efforts unless the customer is demand metered (EMDE 8.47).

This Edison position on Tariff R-14 could create a monopoly on small energy metered customer (300 kW or less) load management service. First, Edison would switch all small customers to energy metered service. Then Edison can manage retail bundled load on Rate R-14 without demand meters but would refuse to recognize load management efforts of competitors unless they install Edison's own demand meters at prohibitive costs.

B. Proposed Solution.

Witness Polich set forth a comprehensive program for providing service to energy metered customers under a load leading concept. Edison would be required to install sampling meters for each customer class and use them to generate load profiles which would be supplied to each AES on an hourly basis before electric service was used. The profiles would incorporate the specific customer mix served by the AES and would include all transmission and distribution line losses. Also, since Detroit Edison currently provides interruptible residential service, load profiles for interruptible or managed AES loads would be provided on request as well. *Polich, 2 Tr 273*. Under the Energy Michigan proposal the AES supply would be in balance with AES customer use if power deliveries matched the hourly load leading profile provided by Detroit Edison. Edison could adjust the prospective load profile but would have to do so by 1:00 P.M. the day prior to the effective day of the change.

At the end of each month, Edison would compare the actual power deliveries to the energy metered customer's actual consumption. Differences between the two would be billed or credited to the appropriate party at the flat rate of \$50.00 per Mwh. Should the AES scheduled deliveries deviate from the provided load profile, the hourly energy imbalance charges and credits would be at the much higher (at least \$100/Mwh) rates contained in Schedule 4 of the OATT. *Polich, 2 Tr 272-73*. Thus, the AES would have a very strong motive to balance deliveries with actual use. The revisions proposed by Mr. Polich include Edison's provision of load managed profiles as supported by witness Vail. Note that Edison not only has load management service for residential air conditioning but has attempted to supplement this service with an unmetered option in Rider R-14. Unless a load management option is incorporated into load profiling, AES competitors will be unable to offer managed load service in competition with Edison since they would be unable to gain a credit for their on peak load reduction efforts or to avoid penalties.

Costs of the proposed load profile service would be covered by existing Edison system use and customer service charges. *See Attachment 1 (Case Exhibit I-6), Sec. 8.22, Sec. 32, Sec. 19, and Sec. 27.2.*

C. The Edison Rebuttal is Not Persuasive.

Edison rebuttal witness Basso claims that it would be impossible to provide load leading profiles for managed load and objects to Mr. Polich's proposed \$50/Mwh settlement rate used when the AES follows the Edison profiles. *Basso Rebuttal, 2 Tr 195.*

Mr. Basso's criticism is unfounded. There are several ways to provide the required recognition of small customer load management efforts. Edison could utilize unmanaged profiles for small customers but verify the AES' interruption capability before the fact and monitor actual interruptions achieved by radio signals or other devices. In the alternative, Edison could make available its own non-metered load interruption system which will be used in conjunction with the R-14 tariff as a means of interrupting AES provided equipment, etc.

As noted on the record, the charge for imbalances that occur after compliance with load profiles is justified by average energy prices which have typically been below \$50 /Mwh on a year around basis even though the levels occasionally exceed \$50. Edison has produced no evidence to show that average energy costs typically exceed \$50/Mwh. Use of \$50 rather than the higher \$100 OATT penalty rate is justified by the fact that the lower \$50 rate applies only where the AES has delivered all the Mwh requested by Edison using Edison's profiles.

D. The Staff Load Profile Proposal Is Better Than Edison's But Needs Improvement.

Staff's proposed load profile tariff (Exhibit S-19) is an improvement over the Edison concept but (1) does not address profiling of managed load (2) contains an excessive service charge of .46 ¢ /kWh and (3) does not provide details of calculating or pricing demand imbalances. It should be rejected or modified to incorporate Mr. Polich's proposals.

Issue #3: Mandatory Electric Choice Processing Deadlines

A. Mandatory Processing Deadlines Are Necessary.

Energy Michigan witness Schlansker described the numerous problems, unpredictability and system failures that have characterized the Detroit Edison Electric Choice enrollment process. *Schlansker, 2 Tr 240-47*. Mr. Schlansker also testified that the problems identified causing enrollment delay have either not been solved or new problems are arising which lead to his conclusion that Detroit Edison has still not fixed the problems. *Schlansker, 2 Tr 245*.

Enrollment problems identified:

- 1 RAST Section 5.3 could be read to require written authorization for service.
- 2 The Detroit Edison RAST requirement 2.9.1 that telephone or electronic telemetry be installed in all demand metered installations above 20 kW. *Schlansker, 2 Tr 243-44*.

B Proposed Solution.

Mr. Schlansker proposed that Detroit Edison be required to:

1. Complete enrollment on the next regular meter read date if the enrollment is made 15 calendar days prior to the next meter read date. *Schlankser, 2 Tr 246*. Note that at least five other states have imposed processing deadlines in the 15 day range. *Schlansker, 2 Tr 247*. COMPLETION OF ENROLLMENT SHOULD MEAN THAT EC SERVICE WILL COMMENCE ON A DATE CERTAIN WHICH IS 15 DAYS AFTER APPLICATION. AES SUPPLIES WOULD BE ALLOWED TO COMMENCE ELECTRIC DELIVERIES INTO THE EDISON SYSTEM AS OF THE DATE CERTAIN

2. Delete RAST requirement Sec. 2.9.1 for communication links on demand meters of less than 1000 kW. *Schlansker, 2 Tr 245, Polich, 2 Tr 288, Ex. I-5 Sec. 7.4, Ex. I-6 Sec. 2.9.1.*

Witness Polich demonstrated that it is not necessary for all internal demand meters to have remote read capability. Edison's decision to retain RAST customers on the same billing cycle as they would be under bundled tariffs would allow Edison to continue to use conventional meter reading systems. These systems provide the monthly demand data for bill preparation and establishing energy imbalances. Thus, conventional reading of smaller demand metered customers would provide the data Edison requires to properly charge those customers. Edison is unable to use telemetry data to interrupt customers where imbalances occur since interruption equipment has not been installed on customers less than 1000 kW. Deleting telemetry for loads less than 1000 kW would place responsibility on the AES to develop proper sampling techniques to track demand without meter telemetry or bear the consequences for its failure to do so. *Polich, 2 Tr 288-89.*

3. Elimination of language requiring written authorization is supported by use of a similar concept in the Consumers Energy tariff as well. *See detailed discussion in Issue #7 below.*

C. Edison Rebuttal is Not Persuasive.

1. Electronic processing.

Mr. Newbold agreed to revise RAST 5.3 to allow contracts to be made other than on a written basis but opposed revisions to RAST Sec. 13 which would cover customer - AES electronic requirements. Mr. Newbold wants to limit Sec. 13 to Edison-AES issues. *2 Tr 131.*

2. 15 day time frame and elimination of data links below 1000 kW.

Edison's main rebuttal witness Gessner claimed that the shorter time lines for installing meters proposed by witness Bailey and by inference the 15 day deadline proposed by Energy Michigan is unrealistic, particularly in view of the time needed to install telephone telemetry service. Witness Newbold claimed that Edison is attempting to meet a 15 day time frame but should only be held responsible for time deadlines which it can control and specifically excluded telephone installations. *Gessner Rebuttal, 2 Tr 47, Newbold Rebuttal, 2 Tr 122-27.*

The Edison rebuttal witnesses have made Energy Michigan's point: deletion of the mandatory telecommunication link between meter and Detroit Edison for customers of less than 1000 kW would eliminate most of the installation problem delays experienced by customers or AES providers and leave Edison with an enrollment processing responsibility that could be fulfilled in 15 days.

Regarding telemetry, it is clear that mandatory telecommunication links between small meters and Detroit Edison are the main cause for delay of Electric Choice service enrollment and are neither financially or technically necessary to protect Detroit Edison. This requirement should be abolished with a revision of RAST 2.9.1 through 2.9.3 as proposed in IV. below.

Energy Michigan continues to believe that some form of requirement or encouragement for electronic contracting between customers and the AES should be explicit to confirm that this form of interaction is acceptable. The Energy Michigan revisions to RAST Sec. 13 accomplish this goal.

Issue #4: Four New Detroit Edison rate increases should be rejected.

Detroit Edison has proposed rate increases for metering: RAST 8.7, System Use Charges: RAST 8.7, Changed Power Factor: RAST 8.8 and Real Power Losses: RAST Section 19, which should be rejected as illegal or unjustified.

Energy Michigan witness Polich characterized the new Detroit Edison metering, energy charge for low voltage customers, power factor and power loss proposals as rate increases or potential rate increases which are prohibited by Michigan law. *Polich, 2 Tr 279, 280, 292-93 and 295.* These issues are discussed separately below:

A. New Meter Charge: Proposed RAST 8.7

1. The problem.

Currently, Detroit Edison customers with 20 kW or more of demand may obtain demand metering at no additional charge. *Polich, 2 Tr 280.* Edison's proposed RAST Sec. 2.8.2 mandates that all customers below 300 kW must be energy metered and cannot use demand meters for billing purposes. Sec. 8.7 imposes metering charges of \$36 per month (single phase) or \$48 per month (three phase) on low voltage customers above 300 kW. Detroit Edison is thus proposing to charge a fee for demand meter service that is now provided at no additional charge to low voltage customers above 300 kW and deprive customers from 20 kW - 300 kW of a "free" demand meter and use of demand based rates. Exhibit I-7, p. 2 of 2 (Attachment 3) shows that Edison's proposal to charge for low voltage demand meters can cause rate increases of 33% for a customer with 23 kW demand and a 2.7% increase for customers above 300 kW demand.

2. The solution.

Edison's new low voltage meter charges for customers above 300 kW and refusal to continue providing "free" meters for 20 kW to 300 kW customers should be rejected as a prohibited rate increase. See *Exhibit I-6 Sec. 8.7*. Also, note that Mr. Polich's proposal to eliminate mandatory telemetry will streamline EC enrollment time for most demand metered customers, reduce costs and preserve existing meter read cycles while giving Detroit Edison the demand data it claims to need to properly charge energy imbalances. Edison's proposal to take away demand meters for customers below 300 kW and charge extra for low voltage meters when customer demand exceeds 300 kW amounts to withdrawing formerly provided meter service without providing rate reductions. Mr. Polich's proposal advocates maintenance of the status quo.

B. New Mandatory Energy Based System Use Charge for Customers Less Than 300 kW Should Be Rejected - RAST 8.7

1. The problem.

Currently, low voltage customers with demand of 20 kW and above may require installation of demand metering and have a two part demand / energy charge. Customers below 20 kW have been provided system use service at \$3.42 / kW per month without demand meters but estimates of demand are made on the basis of Edison demand conversion tables. Edison proposes to substitute a new energy based system use charge of 3.01 ¢ /kWh for all customers below 300 kW demand and MPSC Staff supports a new 2.88 ¢ /kWh system use charge.

Mr. Polich modeled the Detroit Edison proposal for energy only charges in Exhibit I-7 (Attachment 3), page 1 of 2. Attachment 3 shows that for a customer with a load factor of 21% Edison's 3.01 ¢/kWh energy charge increases rates by 18.9% for a customer with a 32% load factor, the rate increase is 82%. *Attachment 3 (Case Exhibit I-7), p. 1-2. It is no accident that the Detroit Edison revised small customer charge structure punishes the*

higher load factor customers who are most likely to switch to EC service.

In fact, with Edison's 3.01 ¢/kWh system use charge, all customers with load factors greater than 15.6 % get rate increases.² With the Staff 2.88 ¢ / kWh charge, all customers with load factors greater than 16.3% get increases.³

2. Proposed solution.

The new Edison system use charge based on energy should be rejected and the current \$3.42 /kW charge should be retained. *Polich, 2 Tr 279, I-6, Sec. 8.7.*

C. New Power Factor Charge: RAST Sec. 8.8.

1. The problem

The new, proposed power factor charge of \$3.50/ kVAR in RAST 8.8 could impose significant cost increases on low voltage distribution customers. *Polich, 2 Tr 292.*

2. The solution.

Mr. Polich proposed that Edison be forced to demonstrate that a penalized power factor is outside a 10% deviation band for the voltage level at which the customer is served and for all Edison customers with similar electric use. Otherwise this provision would increase rates for secondary service RAST customers electing to use demand meters. *Polich, 2 Tr 293, also see Attachment 1, Sec. 8.8.*

² These simple mathematical calculations can be performed by using the data provided.

³ These simple mathematical calculations can be performed by using the data provided.

D. New Power Loss Charges: RAST Sec. 19

1. The problem.

Detroit Edison proposes to implement an extremely complicated series of seasonal real power loss factors which are differentiated by four voltages. *RAST, Sec. 19*. Mr. Polich explained that this new system is overly complex and may mask rate increases as compared to levels utilized for sales customers. The complexity and configuration of the new seasonal charging mechanism makes it virtually impossible to detect whether or not it is a rate increase. *Polich, 2 Tr 295*.

2. The solution.

A simple way to deal with this problem is to impose the same power loss provisions for bundled sales and for EC customers which are included in Edison's cost of service calculation for full service rates. *Id.* This non-discriminatory common sense solution avoids a potential serious overcharge or monitoring problem which cannot be resolved absent a standard which is applicable to other Edison customers. *See Attachment 1 (Case Exhibit I-6), Sec. 19*.

E. The Edison Rebuttal of Mr. Polich's Testimony On Four New Edison Charges Is Not Persuasive.

1. Low voltage meter charges: RAST Sec. 8.7

Edison witness Bloch claims that the current \$5.95 monthly service fee for low voltage customers was intended for only energy metered customers. *Bloch Rebuttal, 2 Tr 222*. However, an examination of the currently existing RAST shows that the \$5.95 per month service charge is applicable to low voltage customers subject to demand metering

(RAST, Sec. 6.8, 6.9). Currently, pursuant to RAST Sec. 7 demand meters are required for EC service. While customers are allowed to waive demand meters (RAST, Sec. 7.2) Sec. 7 says that Detroit Edison will provide meters used by these customers. Detroit Edison still has not controverted Mr. Polich's statement that under current RAST provisions, Detroit Edison furnishes demand meters at no extra charge to customers with 20 kW or more of demand. *Polich, 2 Tr 280.* Mr. Bloch's proposal to charge for demand meters is a rate increase compared to current practices.

2. Proposed new energy charge for customers with less than 300 kW demand: RAST Sec. 8.7.

Edison's rebuttal witness Bloch admits that the new energy charge mechanism for customers with demand of less than 300 kW will raise the rate of high load factor customers. *Bloch Rebuttal, 2 Tr 229-30.* For these high load factor customers, Mr. Bloch's proposal is a rate increase which is prohibited by PA 141, Sec. 10d(1). It appears to be no accident that Mr. Bloch's proposal will significantly increase the rates for those high load factor customers most likely to switch to EC service. *See Attachment 3 (Case Exhibit I-7), p. 1 of 2.*

Mr. Gessner claims that the Edison program to eliminate demand meters for customers below 300 kW is designed to simplify and eliminate complexity. *Gessner Rebuttal, 2 Tr 43-44.* Mr. Gessner fails to note that Edison's load profile program at the same time would increase rates for all small customers with a load factor greater than 15.6% and discourage many customers from switching to EC service. *See Attachment 3.* If Edison is interested in simplifying EC service to low voltage customers it should embrace Mr. Polich's and Mr. Schlansker's proposal to eliminate the telemetry requirement for meters at 1000 kW and below.

3. Power factor charge: RAST Sec. 8.8 and power loss charges RAST Sec. 19.

Edison witness Bloch claims that the Polich proposal for low voltage power factor charges is overly complex and burdensome. *Bloch Rebuttal, 2 Tr 233*. Note, however, the extremely complex new seasonal real power loss adjustments proposed by Edison in RAST, Sec. 19. This proposal is so complex as to invite hidden rate increases. According to Edison, when complexity favors Edison, it is fine, but when complexity favors the customer it is bad.

F. Summary of Energy Michigan Position on Edison's Proposed Rate Increases.

Following is a summary of these very complex subjects:

1. Proposed new meter charges in RAST 8.7: All meter charges proposed by Edison should be rejected for customers above 20 kW since these customers are currently receiving demand metering at no charge and imposition of the Edison charges would be a rate increase prohibited by PA 141, Sec. 10d(1).
2. Proposed new energy charges in RAST 8.7: The substitution of an energy charge in place of the current two part demand/ energy charge for low voltage customers with less than 300 kW demand in RAST 8.7 should be rejected. It imposes a rate increase on all customers with a load factor greater than 16%. Staff's proposed 2.88 ¢ /kWh charge increases rates for all customers with load factors greater than 16.3%. These are the customers who are likely to switch to EC service.
3. Edison's proposed power factor charge in RAST 8.8 should be rejected as a potential rate increase. The current power factor provisions should be retained.
4. Revised seasonal power loss charges in RAST Sec. 19 should be rejected as being both overly complex and likely to conceal a rate increase. The current power loss charges should be retained.

Issue #5: Return to Service: RAST Sec. 5.4

A. The Problem.

During the summer of 2000 Alternate Suppliers were unable to secure the firm transmission capacity necessary to serve EC customers in a time frame when EC service would have been economically attractive. Detroit Edison and Consumers Energy monopolized the available firm transmission capacity into Michigan until economics changed in the fall of 2000 and EC service was no longer financially feasible. The transmission acquisition practices of Detroit Edison and Consumers Energy distorted the competitive market and prevented the emergence of competition. *Polich, 2 Tr 282*. An economic carrot and stick approach is necessary to ensure that this scenario will not be repeated. As things currently stand, a utility has an incentive to exclude competitors because it knows it can keep customers on bundled service if a customer believes that its EC provider will not be able to serve throughout the summer.

The current Edison return to service provisions are burdensome and unreasonable in light of the unavailability of firm transmission service.

B. Proposed Solution.

Energy Michigan witness Polich proposed a new set of return to service provisions RAST 5.4, et seq. in place of the new Edison proposals. Mr. Polich proposes that an EC customer should be able to return to bundled service on 15 day notice for as little as three months until firm transmission capacity available into Michigan has increased by the 2000 MW mandated under PA 141, Sec.10v. *Id, 2 Tr 282-83*.

As an alternative to accepting customers returning to their system, utilities would have an incentive to either share their transmission capacity with power suppliers serving retail customers or resell transmission capacity to power suppliers. Sale of available transmission capacity owned

by utilities to AES entities would cause no financial harm to those utilities and would benefit competition. Thus, implementation of Mr. Polich's suggestion would give Detroit Edison a financially feasible means of meeting Mr. Polich's 2000 MW test and avoiding the very return to service standards which Edison opposes on rebuttal.

Without some form of economic disincentive such as relaxed return to service standards, Energy Michigan believes it is unlikely that utilities will refrain from monopolizing scarce transmission assets. Mr. Polich's suggestion contains both a mechanism and rational economic incentive to ensure reasonable availability of firm transmission capacity for all AES power suppliers.

C. Edison Rebuttal Witness Zakem Has Not Effectively Contradicted the Polich Testimony.

Edison witness Zakem attempted to respond to Mr. Polich by demonstrating that non-utility entities have secured capacity across the AEP system for the summer of 2001. *Zakem, 2 Tr 74-76*. Interestingly, Mr. Zakem fails to refute Mr. Polich's basic contention that Detroit Edison and Consumers Energy were able to monopolize scarce transmission capacity during the summer of 2000. Mr. Zakem's data is relevant to the summer of 2001 when market conditions have made competition relatively infeasible, thus removing the motive for Edison and Consumers to monopolize scarce resources. Also, Mr. Zakem's list of entities holding summer 2001 AEP capacity does not include any Michigan AES or marketing affiliate of a Michigan AES. Thus, AES entities are still shut out of the firm transmission market across AEP.

Adoption of Mr. Polich's proposal arguably does not harm utilities (Edison can either avoid monopolizing capacity or if it does so, it can resell scarce capacity at cost to marketers) and avoid Mr. Polich's penalties altogether. In the long run, if 2000 MW of additional firm capacity is indeed put into service and made available to non-utility entities, the problem will be solved once and for all under Mr. Polich's approach. In either case, Edison will not be harmed by Mr. Polich's proposals if it does not engage in transmission hoarding.

Issue #6: The Excessive Edison Credit Requirements Should Be Reduced: RAST Sec. 12

A. The Problem: Current Edison Credit Requirements Are Excessive.

Energy Michigan witness Polich described Detroit Edison's current credit requirements which are \$30,000/MW for summer backup energy and \$2,000 for non-summer months. *Polich, 2 Tr 307*. He characterized these requirements as excessive. *Id.* The burden of Edison's credit requirements is a significant added cost of doing business which further erodes already thin Electric Choice economics. *Id.*

B. Proposed Solution.

Mr. Polich has two solutions. First, there should be no credit requirements at all for an AES since the Commission's decision in U-12478 requires customers, not AES entities, to pay bid transition charges through 2001 and all transition charges thereafter. *Polich, 2 Tr 307*. Edison rebuttal witness Gessner has agreed to this point. *Gessner Rebuttal, 2 Tr 46*.

Second, for marketers which supply energy to an AES, Mr. Polich understands that such entities can be required to meet transmission related credit requirements but marketers cannot and should not be required to purchase and post credit for emergency energy service because the Commission in Case U-12272 prohibited Edison from requiring the purchase of emergency energy service.

Mr. Polich proposes to use two months of OATT charges for the required transmission capacity as an appropriate credit requirement. This amounts to \$5,000/MW of capacity based on a cost of \$100/MW plus 50 hours of imbalances. After 12 months of consistent good credit history, credit requirements should be waived. *Polich, 2 Tr 307*.

Note that Staff witness Bailey also proposed a waiver of credit requirements after 24 months

of good pay history his proposed RAST Sec.12.3. *Bailey Exhibit S-17, p. 2 of 2*. Mr. Polich's proposal is consistent with the treatment of sales customers who often purchase millions of dollars of energy every year and obtain a waiver of credit after 12 months of good history. *Polich, 2 Tr 307*. Also note that RAST Sec.12.2 applying to AES credit requires two months of financial exposure as an appropriate credit sum. All of these facts support the reasonableness of Mr. Polich's \$5,000/MW credit standard.

C. Edison's Rebuttal Is Not Persuasive.

Edison rebuttal witness Newbold defends differential credit requirements for marketers and Edison's own customers by stating that Edison retail customers have substantial facilities in the Edison territory and are anchored to that territory. Such customers also do not have a significant reliance or exposure to energy market risks. *Newbold Rebuttal, 2 Tr 120-21*.

Mr. Newbold fails to explain why an Edison bundled sales customer purchasing millions of dollars of energy is allowed to waive all credit requirements after 12 months of good payment history whereas an EC marketer can never obtain a waiver of credit requirements no matter how good its payment history. Current economic conditions make the future financial health of an Edison retail customer no more certain than the health of any other business entity. Edison also fails to explain that imposition of large credit requirements on AES entities creates a significant cost or disincentive to do business in competition with Edison.

Note that Edison rejects Staff's proposal to impose these strict credit requirements on Edison's own affiliates. Currently, those affiliates use parent Edison's own credit to avoid the burdens of Edison's credit requirements. Edison's unfair application of credit requirements conveniently results in a significant burden for its competitors and little or no additional burden for its own affiliate.

Issue #7: Elimination of Telemetry for Customers Less Than
1000 kW Demand: RAST Sec. 2.9.1

A. The Problem.

In his discussion of issues delaying enrollment on the Edison system, Mr. Schlansker stated that the most significant field related area of delay for demand metered customer is the installation of the phone line required by Detroit Edison and connection of the phone line to the meter. *RAST Sec. 2.9.1*. These installation problems extend to use of cell phones as well as land line phones. The scarcity of qualified contractors has been a significant delaying factor in the installation of phones. Note in the case of Nordic, it's own contractor sometimes will install a phone in a few days or it may take over a month. Local phone companies also claim that a shortage of installers delays phone installations. Underground trenching is often required to bring a phone line to a meter and is a particular problem for small school systems in secondary service locations. Also, Detroit Edison has changed requirements regarding phone installation which has caused confusion and delay. *Schlansker, 2 Tr 243-44.*

B. The Solution.

Energy Michigan witness Polich has stated that all internal demand meters do not need to have remote read capability. Edison's proposal to retain RAST customers on the same billing cycle as they would be under bundled tariffs would allow Edison to continue use of conventional meter reading systems. In reality, Edison only needs meter data monthly for bill preparation and establishing energy imbalances. This would allow for single month end meter reading by Edison's meter readers in their standard routes. The only past justification Edison has had for requiring remote meter reading was to ensure the alternate supplier was in balance during critical periods. The theory was that Edison could assess the supplier's load, compare it to supply and request an increase in supply. If a supplier does not comply, Edison would isolate the supplier loads. That theory does not work unless a customer has a 5 or 10 MW load because isolation devices are not applied at

smaller loads. Edison's theory certainly does not work if the supplier loads are less than 1000 kW. By the time Edison obtains data for thousands of secondary loads at 25 kW for example through its existing MV 90 capability, the data is likely hours old and of no use. If the supplier is unable to increase load, Edison cannot isolate these small loads. *Polich, 2 Tr 288-89.*

Mr. Polich concluded that experience with other states and Consumers Energy has shown that meter reads are only necessary once a month and can be done manually. *Id.* The AES would still be held responsible for maintaining a balance between deliveries and load but would be allowed the choice of whether to install data links to get real time data. For these reasons, Edison's requirements in RAST Sec. 2.9.1. for mandatory telemetry should be deleted except for loads of 1000 kW or larger.

C. The Edison Rebuttal is Not Persuasive.

Edison witness Newbold claims that Energy Michigan has presented no proof that the cost of manual retrieval of data is cheaper than phone links, that Edison is resolving its phone problems and that technology such as cell phones can help resolve these problems. *Newbold Rebuttal, 2 Tr 129.*

Mr. Schlansker has presented testimony stating that currently Detroit Edison is not resolving its telephone problems and that these problems do exist as to cell phone technology as well. *Schlansker, 2 Tr 243-45.* Manual retrieval costs are already included in the Edison rate structure and Edison has presented no proof that maintaining their manual reads would impose unreasonable additional costs.

Also note that Edison's own rebuttal witness Newbold has stated that "a continuing source of [EC enrollment] delay is associated with the time needed to install telephone lines." *Newbold Rebuttal, 2 Tr 124, emphasis supplied.*

Edison's own testimony confirms the need to eliminate mandatory telemetry for meters below 1000 kW.

Issue #8: Insufficient Supply and Curtailment: RAST Sec. 10.1.

A. The Problem.

Edison's proposals to curtail EC loads for insufficient power supply are discriminatory and unnecessary.

The RAST at Sec.10.1 allows Detroit Edison to curtail EC customers where their power supply is insufficient or cannot be delivered. Presumably, Detroit Edison would first request curtailment and then if curtailment was not performed would be allowed to permit installation of equipment necessary to permit automatic interruption of such a customer. *RAST, Sec. 10.1.*

Edison already has the right to impose imbalance penalties under the OATT. *Polich, 2 Tr 297.* Given an available and reasonable economic penalty measure, imposition of curtailment is not consistent with the FERC OATT or current Edison emergency procedures and is therefore punitive as regards Electric Choice customers. *Id.* Moreover, RAST 10.1 gives Edison complete discretion on when and how a customer could be curtailed due to insufficient supply of power.

With the ability to discriminate against EC customers granted by RAST 10.1, Detroit Edison has a latitude to curtail not granted in any other states with Customer Choice programs. Abuse of this power will scare customers away from Electric Choice if curtailment policy is perceived to be arbitrary. *Id.*

B. Proposed Solution.

Energy Michigan witness Polich proposed a series of tariff provisions which, if adopted,

produce a non-discriminatory and predictable framework which is consistent with Detroit Edison's OATT for dealing with insufficient supply issues. The referenced measures are set forth in Sections 10.1 and 31 and 32 of Attachment 1, (Case Exhibit I-6). Mr. Polich's proposals link implementation of curtailment to times when Edison invokes its emergency electrical procedures so that application of curtailment applies to retail and EC customers and therefore does not become discriminatory. *Polich, 2 Tr 297-98.*

Also, Mr. Polich's insufficient supply provisions give AES suppliers adequate time to correct the problem or verify that an insufficient supply problem actually exists before loads can be curtailed. AESs which fail to provide sufficient power during a system emergency should be at risk of losing their license. The curtailment provisions contained in Detroit Edison's proposed RAST do not address any of these issues. *Id.* Moreover, Edison in practical terms has little or no ability to curtail customers below 3000 kW. Thus Edison's proposed curtailment option is a threat rather than a reality. *Id.*

In essence, Mr. Polich proposes to treat insufficient supply as an economic issue unless there is a declared system emergency. Unless a system emergency exists, energy imbalances are not critical and should be addressed with the economic penalties already provided in the Edison OATT Schedule 4. Only when power supplies are constrained should Edison become concerned about actual hourly deliveries of power to serve RAST customer loads assigned to an AES. Mr. Polich's proposal gives Edison appropriate tools to deal with insufficient supplies when an emergency does not exist and when an emergency does exist.

Under emergency situations, utilities notify each other of problems and try to work out methods of resolving the problem. Also, a certain amount of time is allotted for utilities to come back into balance. Mr. Polich's proposal provides similar options to an AES. *Id.* Under the Polich proposal, a system emergency situation Detroit Edison would first have to determine that the AES power supplies are out of balance with their total load by more than the OATT deviation band. When this has been determined, Edison can request the AES to correct the problem. Once the AES

has been notified of the problem, it would be given two hours to correct the situation. If the AES fails to correct the situation, Edison can invoke economic penalties under the OATT and petition the MPSC to revoke the AES's license. Note that two hours are necessary to correct the situation because many transmission systems require 45 minutes to accomplish a change in power flows and additional time for reservations and tags, etc. *Polich, 2 Tr 300*.

C. The Edison Rebuttal of Mr. Polich's Curtailment Proposal Is Not Persuasive but Offers a Potential Opportunity for Resolution.

Edison rebuttal witness Newbold opposes Mr. Polich's proposals on the grounds that they shift liability from the AES to a utility. *Newbold Rebuttal, 2 Tr 145*. Mr. Newbold's critique fails to take into account the fact that Mr. Polich has merely recommended applying to an AES the same provisions utilized by utilities in their relationships with each other. These proposed measures are backed up by the ability to levy economic penalties and recommend license termination.

Much more promising is the response of Edison rebuttal witness Benskey who suggests correctly, that a plan is necessary to ensure reliable power supplies and deal with potential interruptions. *Benskey Rebuttal, 2 Tr 174-77*. It may be that this complex subject is best resolved through further negotiation. One thing is certain, the Edison curtailment proposal contained in Sec.10.1 of the RAST is unacceptable, discriminatory and punitive.

Issue #9: Imbalance Reconciliation and Pricing: RAST Section 27.2

A. The Problem.

If load profiling is used to establish demand for energy metered customers there must be a framework to determine the difference between the amount of energy delivered and the amount actually used. Also, there must be a framework to charge an AES supplier for under deliveries or credit the supplier for over deliveries.

The new RAST filed by Edison assumes that loads subject to the new load profiling program for energy metered loads are billed on the basis of demand levels generated by Detroit Edison sampling meters which are made available approximately two months after actual use. As described above in III, Issue #2, the Edison load profile system virtually ensures that there will be substantial imbalances which would subject an AES to very punitive charges under OATT balancing rates (the higher of \$100/Mwh during on peak and \$50/Mwh off peak or 110% of incremental cost for all use outside the deviation band). *Polich, 2 Tr 272.*

B. Proposed Solution

Mr. Polich has proposed that Edison convert to a load leading profile mechanism similar to that used by Consumers Energy where the utility tells the AES in advance how much power should be scheduled. Since the Edison RAST has no tariff mechanism to establish balancing charges with load leading service, the Energy Michigan presentation has included the terms of balancing energy and pricing any imbalances in Sec.19 and 32 of Attachment 1, Case Exhibit I-6). Under the Polich proposals, an AES that follows the load profiles supplied by Detroit Edison will be charged at the end of the month for any difference between energy use predicted by the profiles and energy actually used at a flat rate of \$50/Mwh. *Polich, 2 Tr 301-02.* If the AES power deliveries do not follow the load profile supplied by Edison, charges or credits would be according to the OATT Schedule 4 provisions which are substantially more punitive (the higher of \$100/Mwh on peak or \$50/Mwh off peak or 110% of incremental cost). *Polich, 2 Tr 272.*

Mr. Polich also recommended mechanisms to deal with situations when energy metered and interval demand metered customer load is combined. Finally, Mr. Polich requires Detroit Edison to provide actual balance calculations within 60 days. *Polich, 2 Tr 302-03.*

Detroit Edison has failed to supply any balancing and pricing reconciliation method for load leading service. The Polich proposal is a rational and fair framework to accomplish reconciliation of any imbalances when load leading profiles are used.

C. The Edison Rebuttal is Not Persuasive.

Edison rebuttal witness Benskey proposes to use hourly not monthly pricing for imbalances even if the load profiles are followed. *Benskey Rebuttal, 2 Tr 174.* This is an unfair penalty when an AES follows the actual profiles for load supplied by Detroit Edison.

Mr. Benskey also uses his Rebuttal to defend Detroit Edison's attempt to require purchase of emergency energy service. *Benskey Rebuttal, 2 Tr 175.* This position appears to violate the Commission Order in U-12272 which stated that Edison could not mandate purchase of its Emergency Energy Service. Obviously, Mr. Benskey prefers to use Emergency Energy Service as an alternative to imbalance service to address loss of supplies. Emergency energy service is substantially more expensive and produces more revenues for Detroit Edison than imbalance service.

In essence, the Edison rebuttal asks the Commission to treat an Alternate Supplier entity in a much more harsh and punitive way than Edison treats its fellow utilities in the case of supply insufficiencies or imbalances. Where load profiles have been followed by a supplier, a relatively low charge schedule is not only justified but should be mandated. Only where the AES has disregarded an Edison supplied load profile is a higher OATT type penalty rate appropriate.

Issue #10: Return of Bid Deposits: No RAST Section

A. The Problem.

Substantial bid deposits for AES service are retained by Edison even though the EC service is not utilized.

Due to a variety of factors well documented by the Commission in its Report on the Status of Electric Competition in Michigan, very few customers are taking Electric Choice service on the Detroit Edison system at this time. Also, Edison's failure to properly process EC applications and

the resulting inability to commence service on a timely basis has prevented many customers from commencing EC service. *Polich, 2 Tr 308, Schlansker, 2 Tr 246*. Nonetheless, the deposits ranging from \$1,000-\$2,000/MW of EC capacity which have been paid by customers or AES entities are still retained by Detroit Edison even though EC service is not utilized.

B. Proposed Solution.

Since EC service was not commenced due in part to Detroit Edison's delay of the program or failure to properly implement the EC program, Edison should not be allowed to retain the deposits or use them to reduce its own stranded costs. *Polich, 2 Tr 308*. Staff witness Bailey has proposed that bid deposits be returned to customers by March 31, 2002. *Bailey Exhibit S-18, Sec. 32.13, p. 37 of 37*.

Energy Michigan witness Polich recommended that the deposits be returned upon the effective date of the Order in this matter. *Id.*

Given the significant passage of time since deposits were received (as early as September, 1999) interest should be paid to prevent a windfall to Detroit Edison.

C. The Detroit Edison Rebuttal.

Edison witness Gessner has agreed to the Bailey proposal to return the bid deposits by March 31, 2002. *Gessner Rebuttal, 2 Tr 45*.

Issue #11: Inclusion of Marketer Issues in the RAST Should Not Be Permitted

A. The Problem.

Marketer issues do not belong in the RAST.

Energy Michigan witness Polich disagrees with inclusion of marketer roles and responsibilities in the RAST because the function of marketers is strictly as a wholesale supplier of electricity to the AES and transmission companies of Edison. These functions are already governed by FERC regulations. Mr. Polich is concerned that addressing the marketer role in the RAST will create conflicts between MPSC provisions and FERC provisions, duplication of state and federal roles and additional complexity for the marketer when coupled with FERC rules and regulations. This area is already fully regulated and covered by FERC rules, codes of conduct, conditions of service and licensing for power marketers. All transactions conducted by the power marketer in Michigan on Edison's electric grid will be conducted at the transmission service level governed by the FERC. The cost of transmission service will be governed by the rates in the FERC approved OATT. The MPSC Order in Case U-11337 established the jurisdictional split between federal and state jurisdictions at the transmission service level.

Mr. Polich goes on to emphasize the numerous places throughout the RAST which deal with marketer functions and provide penalties for marketers (Sec. 11.2, 17.1, 28, 29 and 31). Creditworthiness requirements are established in RAST Sec. 23.4. Sec. 25.6 requires a marketer to be responsible for tagging requirements which cannot be enforced by Edison under FERC or NERC rules. Sec. 25.12 and 25.13 which address combining RAST reservations with other tariff reservations violates the marketer's option to use network service under the OATT. *Polich, 2 Tr 275-76*. There are other provisions too numerous to mention which define marketer activities or responsibilities in duplication or contradiction of existing FERC requirements which clearly have precedence. *Id.*

B. The Solution.

The solution is to delete references and provisions in the RAST covering marketers.

Mr. Polich's basic recommendation is that all references to the marketer entity be removed from the RAST except a definition of marketer. This revision will avoid conflicts with the FERC

and ensure that in the future if Edison has described marketer requirements or activities in terms that conform with FERC, if FERC changes its requirements the RAST then will not also have to be changed. *Polich, 2 Tr 278.*

For all of these reasons, reference to and provisions governing marketers should be removed from the RAST. *See Attachment 1, (Case Exhibit I-6) for necessary revisions.*

C. Edison's Rebuttal is Not Persuasive.

Edison witness Gessner claims that Edison needs one document which will describe its whole program including marketer functions. *Gessner Rebuttal, 2 Tr 40.* Rebuttal witness Newbold questions Mr. Polich's reasoning and states that a retailer is required to sell power, not just schedule power. He also claims that marketers cannot sell directly to customers. *Newbold Rebuttal, 2 Tr 134-35.*

In the face of Mr. Polich's compelling arguments that inclusion of marketers in the RAST conflicts with FERC requirements or would cause future conflicts, the need for one document to describe all functions is a very inadequate justification for inclusion of the marketer role. The best course of action would be for Detroit Edison to rewrite their RAST to remove references to marketers but provide another document which clearly explains the entire EC program in a format which is advisory and does not carry the force of a tariff.

Issue #12: The New Edison Proposal to Defer RAST Implementation
to 120 Days After Approval Should Be Rejected

A. The Problem.

Edison has introduced a new proposal to make RAST changes effective 120 days after a Commission Order.

Edison witness Gessner made a new proposal in his rebuttal to defer implementation of changes to the RAST to a date at least 120 days after the date of any MPSC Order. *Gessner Rebuttal, 2 Tr 39.*

Mr. Gessner's proposal includes no details supporting a virtually untenable premise: all changes to the RAST would take 120 days to implement. Mr. Gessner groups complex new proposals including implementation of different load profiling mechanisms with significant but vastly less complex proposals such as rejecting new Edison rate increases or new meter charges. A rejection of new Edison proposals can be accomplished instantly since rejection merely means that existing RAST systems, rates and concepts continue to be applied.

Equally troubling is the time delay that would be forced by adoption of Mr. Gessner's proposal. Assuming fairly expeditious processing of this case, a Proposal for Decision is expected late June 2001 with Exceptions and Replies by late July. If the Commission moves swiftly, a final Decision might be expected mid to late September, 2001. If Mr. Gessner's proposed 120 day delay is adopted, new tariff provisions for open access would not be implemented until very late in January 2002. Parties who hoped to commence power deliveries in the fall of 2001 or January 2002 would not be allowed to take advantage of new RAST provisions until February of 2002. Adoption of Mr. Gessner's proposal would be another significant EC program delay in a long series of delays.

B. Proposed Solution.

The Commission should Order immediate adoption of any new tariff measures with the possible exception of those measures requiring installation of new equipment (e.g. load leading profiling). For these complicated new programs, a delay of 30 to 60 days may be warranted.

IV. DETAILED DISCUSSION OF OTHER INDIVIDUAL RAST ISSUES

This section of the Energy Michigan Brief will proceed through Exhibit I-6 (Attachment 2) Mr. Polich's redlined version of Detroit Edison's proposed RAST. Attachment 1 (Case Exhibit I-6) has been modified to incorporate Energy Michigan testimony offered by witnesses Vail, Schlansker and Polich. Each section discussed will cover alternative positions presented by Edison and MPSC Staff.

A. RAST Subsection 1.0: Introduction.

Mr. Polich, revised this section to delete the final paragraph which is unnecessary and inaccurate in certain cases. Many of the AES's currently serving retail loads on the Edison system are acting as their own marketer. *Polich, 2 Tr 285.*

Edison agreed with Mr. Polich's changes. *Newbold Rebuttal, 2 Tr 133.*

B. RAST Subsection 1.1: The Customer Role.

1. Energy Michigan Position.

Mr. Polich proposed to simplify discussion of the role of a customer with new language and delete customer requirements addressed elsewhere in the tariff. *Polich, 2 Tr 285.* The Edison description duplicates material found elsewhere in the revised RAST.

2. Reply to Edison.

Edison disagrees with Mr. Polich's position. *Newbold Rebuttal, 2 Tr 134.* Mr. Newbold's assertion that these requirements do in fact appear elsewhere in the tariff is not supported by any citation and therefore should be rejected.

C. RAST Subsection 1.2: The Alternative Supplier Role.

1. Energy Michigan position:

Mr. Polich revised this section to eliminate the Edison requirement that the AES take title to power. There is no legal requirement in PA 141 that an AES take title to the power. Subsection 1.2 as written by Edison would prevent a customer from contracting directly with an electric supplier and requesting the AES to perform scheduling functions. Mr. Polich's revisions would return this option to the customer which is taken away by Edison's proposal. *Polich, 2 Tr 285-86.*

2. Reply to Edison:

Edison opposes Mr. Polich's suggestion and states that it believes the intent of PA 141 was to make the AES the only entity who may make a retail sale to an end use customer. Edison also states its view that the marketer should be responsible for scheduling. *Newbold Rebuttal, 2 Tr 134.* Mr. Newbold's arguments are not persuasive because he includes no citations to show that PA 141 requires the retailer to be the only entity selling power to retail customers. In fact, the AES is one entity that may make the sale but PA 141 has no prohibitions against other entities performing this function. The reality is that Detroit Edison has no legal support for its view of competition which would in effect prohibit an AES from scheduling power and prohibit a marketer from contracting directly with a customer and requesting the AES to perform the scheduling function. Edison should not be allowed to construct prohibitions against lawful commercial activity merely on the basis of its viewpoint of the world.

D. RAST Subsection 1.3: The Marketer Role

1. Energy Michigan Position:

See discussion in III, Issue #11 above.

2. Reply to Edison:

See III. Issue #11 above.

E. Subsection 1.4: Definitions

1. Energy Michigan Position:

Mr. Polich recommends the following changes in Edison definitions:

a. “Alternate Electric Supplier”. This language was revised by Mr. Polich to be consistent with Subsection 1.2. Edison appears to agree with this simpler definition with the inclusion of the phrase, “that an AES does not physically deliver electricity directly to retail customers in the State.” *Newbold Rebuttal*, 2 Tr 135.

It appears as if there is agreement on this issue.

b. “Customer”.

1) Mr. Polich defined “customer” as “an end user of power and retail customer on the Detroit Edison distribution system.” Mr. Polich greatly simplified this definition to be consistent with RAST Subsection 1.1. *Polich*, 2 Tr 286.

2) Reply to Edison:

Edison disagrees with the Energy Michigan change stating that it fails to distinguish between retail access customers and bundled customers. Mr. Newbold also criticizes Mr. Polich's failure to address the point that all retail customers are considered to be on the distribution system and hence sales are MPSC jurisdictional. *Newbold Rebuttal, 2 Tr 135*. Edison's criticisms of Mr. Polich's definition of "customer" fail to read that definition in regard to its plain meaning. A retail customer of Detroit Edison must in fact be connected to the Edison distribution system. The Polich language is much more simple and effective than the Edison definition.

c. "Customer Service Capacity".

1) Mr. Polich deletes the phrase, "any associated transformers" from the definition of customer service capacity and includes limitations associated with the Edison distribution system in defining that customer service capacity since the system could be more limiting than the meter attached to the customer. *Polich, 2 Tr 286*.

2) Reply to Edison:

Edison claims their definition is accurate and is intended only to measure load carrying capacity of the meter rather than any additional limitations imposed by the distribution system. *Newbold Rebuttal, 2 Tr 136*. The Edison definition is much less comprehensive than the Polich definition which includes meter limits and system limits. Therefore the Polich position should be adopted.

d. "Demand Conversion Table"

1) Energy Michigan Position:

Mr. Polich explained that he modified the Edison definition of “demand” to remove reference to measurement on an instantaneous basis rather than the more accurate concept that all demands are metered over a designated interval of time and should not be allowed to be measured on an instantaneous basis. Also, Mr. Polich recommends that the demand conversion table definition include the requirement that the table be made part of the tariff and not changed as Detroit Edison desires. *Polich, 2 Tr 286.*

2) Reply to Edison:

Mr. Newbold disagreed with Mr. Polich’s changes but presented no reasons whatsoever for rejecting those changes other than a broad statement that Detroit Edison’s original definitions are accurate. *Newbold Rebuttal, 2 Tr 136.* In light of Edison’s failure to adequately rebut Mr. Polich’s position, the Polich position should be adopted.

e. “Distribution Point of Receipt”

1) Energy Michigan Position:

Mr. Polich removed this definition since it is the same as “Transmission Point of Delivery” defined elsewhere in the RAST. *Polich, 2 Tr 286.* Mr. Polich also proposed to eliminate the terms “JOATT” and “SINK” as being unnecessary for the purposes of the tariff. *Polich, 2 Tr 286-87.*

2) Reply to Detroit Edison:

Mr. Newbold responded by simply stating that the definitions are necessary without giving any reason. *Newbold Rebuttal, 2 Tr 136*. The Polich revisions make sense and should be adopted given Edison's failure to support its own position with cogent reasons.

f. "Interval Demand Meters"

1) Energy Michigan Position:

Mr. Polich proposed changing this definition to allow a customer to install meters capable of measuring demand but not reactive demand. *Polich, 2 Tr 286*.

2) Reply to Edison:

Detroit Edison apparently agreed with Mr. Polich's change with addition of phrasing assuring that Edison can use the information to bill the customer. *Newbold Rebuttal, 2 Tr 137*.

It appears that there is agreement on this issue.

g. "Marketer"

1) Energy Michigan Position:

Mr. Polich restricted this definition to include entities that take title to power and have FERC authorization to market energy services. *Polich*.

2 Tr 286. This simple definition references the FERC requirements which govern all marketers and excludes new Edison language which would restrict marketer activity in a way not contemplated by the FERC. *See III. Issue #11 above for more detailed support.*

2) Reply to Edison:

Edison strongly objects to Mr. Polich's changes regarding the role of the marketer. *Gessner Rebuttal, 2 Tr 40-42.* Edison also claims that it wants to retain the discussion of the marketer role to provide a comprehensive presentation of all open access issues in one document. *Newbold Rebuttal, 2 Tr 137.* As described in III. Issue #11 above, Edison's definition of marketer is merely an attempt to restrict the role of marketer in a way that is not mandated by PA 141. Edison's changes also deprive the customer of flexibility for no good reason. *See Polich, 2 Tr 286.* Edison's position should be rejected.

F. RAST Subsection 2: Terms of Service

1. Subsection 2.1: Scope of RAST

a. Energy Michigan Position

This language was changed to allow an AES to arrange power delivery as discussed in Subsection 1.2. Also references to the marketer were deleted as discussed in Energy Michigan Brief, III, Issue #11 above for the same reasons. *Polich, 2 Tr 287.*

b. Reply to Edison:

Edison disagrees with Mr. Polich's suggestions on the same basis as its disagreement with Mr. Polich's concept of the marketer and AES entity. Edison flatly states that it does not believe an AES can be a broker rather than retailer but does not advance reasoning to support this contention. *Newbold Rebuttal, 2 Tr 137*. Without supporting reasoning and because the Edison position restricts marketer and AES business options, the Edison position should be rejected.

G. Subsection 2.2: Delivery of Power

1. Energy Michigan Position:

Mr. Polich removes references to the marketer in order to clarify that power received by Edison is for delivery to the customer if it is governed by the terms of this tariff. *Polich, p. 2 Tr 287*.

2. Edison Position:

Edison agrees with this change and therefore it should be adopted. *Newbold Rebuttal, 2 Tr 138*.

H. Subsection 2.3: Customer Eligibility

1. Energy Michigan Position

Mr. Polich added language that keeps Detroit Edison from requiring payment of past due amounts in dispute or subject to litigation from being a requirement of customer eligibility for ROA service. *Polich, 2 Tr 287*. This change is consistent with MPSC billing practice policy for bundled sales customers.

2. Reply to Edison:

Edison disagrees with these changes and insists that it is necessary for the utility to “clean up the account” to start a Customer Choice enrollment. *Newbold Rebuttal, 2 Tr 138*. In effect, Detroit Edison is saying that a customer who has a legitimate dispute regarding its bill under retail bundled service may not enroll in open access service unless it pays the legitimately contested bill and thus gives up what may be a valid position. This requirement should be rejected as inconsistent with the MPSC billing practice rules and fundamental equity. Customers should not be required to abandon legitimate claims merely to obtain competitive EC service.

I. Subsection 2.4: Specifying an AES

1. Energy Michigan Position:

Mr. Polich changed RAST 2.4 to allow more than one wholesale supplier to serve a RAST customer since this could be the case with very large customers. *Polich, 2 Tr 287*.

2. Edison Reply:

Edison responded by saying that its requirements are meant to prohibit more than one supplier per meter but, by inference, do not prohibit more than one supplier per customer. *Newbold Rebuttal, 2 Tr 138*. If so, this is acceptable.

J. Subsection 2.5(b): Change of AES.

1. Energy Michigan Position:

Mr. Polich revised this subsection to delete language which is addressed elsewhere

in the tariff. *Polich, 2 Tr 287.*

2. Edison Reply:

Edison agrees with Mr. Polich, in part, but insists that an AES is the only party who can contact Detroit Edison to change an AES. Edison's concept is that customers may change an AES by contracting with a new AES who in turn submits an electronic enrollment to Detroit Edison and customers are charged \$5.00 for each change. *Newbold Rebuttal, 2 Tr 139. This is acceptable to Energy Michigan.*

K. Subsection 2.6.2: Combination of Multiple Metered Loads.

1. Energy Michigan Position:

Mr. Polich believes that as written this section could require multiple meters in a strip mall or similar location to be grouped into a single account and thus recommended deletion of the provision. *Polich, 2 Tr 287.*

2. Reply to Edison:

Edison did not agree with Mr. Polich's language change but did concur that the original language of 2.6.1 was vague and proposed alternative language stating, "If possible, all metered loads belonging to a single customer at a location shall be grouped into a single account." *Newbold Rebuttal, 2 Tr 140. This is acceptable to Energy Michigan.*

L. Subsection 2.6.3: Costs of Rewiring to Combine Meters.

1. Energy Michigan Position:

Mr. Polich recommended revision of this section because, as written it appeared to make customers responsible for any rewiring costs mandated by Edison. *Polich, 2 Tr 287.*

2. Edison Reply:

Edison agrees with this change and therefore it should be adopted. *Newbold Rebuttal, 2 Tr 140.*

M. Subsection 2.7: Multiple Meters at Residential Locations

1. Energy Michigan Position:

Mr. Polich modified this subsection dealing with multiple meters at residential locations to ensure that multiple meters at multi-family residential locations could not be mandatorily combined into a single metered load. Mr. Polich's language allows each separate customer in a resident, multi-location to maintain separate metering and avoid unnecessary rewiring costs. *Polich, 2 Tr 287.*

2. Reply to Edison:

Edison disagreed with Mr. Polich's change and evidently wants to add the ability to assess meter charges for more than one meter at any location. *Newbold Rebuttal, 2 Tr 140.* The new Edison position would also mandate separate meter charges for interruptible load and firm load that is currently served on the Edison system with interruptible air conditioning.

Two meter charges per residence can make load management programs economically unattractive if applied to Edison competitors where Edison has requested a new R-14 service for bundled sales customer interruption that does not require a second meter. Under these

circumstances, Edison would have a competitive advantage if it can interrupt residential load without a meter but competitors must pay for a second meter to track interrupted load. *See filed Tariff R-14*. Edison's proposed additional meter charges for monitoring interruptible load should be rejected as an attempt to disadvantage competitors and discourage a valuable form of load management. *See Newbold Rebuttal, 2 Tr 140-41*. As an alternative, Edison should allow AES entities to use the R-14 interruption system or require Edison to verify AES interruption with sampling, etc. *Newbold Rebuttal, 2 Tr 141*.

N. Subsections 2.8.2 through 2.10: Metering.

1. Energy Michigan Position:

Mr. Polich's recommendations in Sec. III, Issue #4 contain a series of revisions to Detroit Edison's new metering language in the RAST.

2. Reply to Edison:

As described in II, Issue #4, Detroit Edison has proposed new charges for meters which are currently provided at no charge. This is a violation of PA 141. The proposed revisions in the Edison RAST are therefore inappropriate as is the Staff mark up if it in effect agrees with these rate charges and changes.

Energy Michigan does agree to the Staff's proposed amendments to Sec. 2.9.4 penalizing Edison for failure to read meters and 2.9.2 absolving the customer of any penalty for non-performance of a telecommunication service provider.

O. Subsection 2.10.4: Liability for Meter Errors.

1. Energy Michigan Position:

Mr. Polich objected to language which would absolve Edison of liability for any imbalance penalties or extra power supply costs to the customer in the event of meter errors caused by Edison. Edison should be required to live by the same imbalance provisions contained in the OATT. Thus, if the customer purchases too much power due to an Edison meter error, Edison should reimburse the customer at 110% of the customer's cost. If the customer is consuming Edison supplied power, Edison should be reimbursed at 90% of their incremental costs. *Polich, 2 Tr 288.*

2. Reply to Edison:

Edison witness Newbold stated that Mr. Polich's proposal places an unreasonable burden on the meter provider (Detroit Edison). *Newbold Rebuttal, 2 Tr 144.*

Mr. Polich's point is that if an Edison owned meter is inaccurate and the inaccurate data causes a customer to incur Edison imbalance penalties, Edison ought to offset or waive the penalties. This reasonable burden should be accepted by Edison.

P. Subsection 2.8.1: Meter Costs

1. Energy Michigan Position:

Mr. Polich recommends that RAST language be clarified to ensure that meter changes or meter installations required by Edison are at Edison's cost, not the customer's. *Polich, 2 Tr 288.*

2. Reply to Edison:

Edison opposes this change and also Mr. Polich's deletion of additional meter charges if the customer chooses not to rewire meters. Edison claims that clarification of its

responsibility to pay for meters is not required and that it has given customers a choice of rewiring or paying for additional meters if customers don't rewire. *Newbold Rebuttal, 2 Tr 140-41*. The RAST should clearly express the responsibility of Detroit Edison to pay for metering installations which it requires. Clear language will prevent future charges for items that should be the responsibility of Detroit Edison.

Q. Subsection 2.9.1: Mandatory Data Links to Meters and Access to Customer Data.

1. Energy Michigan Position:

Mr. Polich advocated an extensive rewrite of Section 2.9 to 1) make electronic telecommunication links or other data methods a customer option for loads less than 1000 kW rather than mandatory (see III, Issue #7 above) and 2) to allow the AES to have direct access to meter data through the same means as Detroit Edison without further documentation or permission from the customer.

Telemetry

Mr. Polich's justification for deletion of the telemetry requirement for loads less than 1000 kW is discussed in II.G. and III, Issue #7 above.

Mr. Polich also proposes to revise Section 2.9 to allow a broader choice of technology through use of the phrase "analog remote telecommunication links" instead of "analog telephone service". Edison would also be required to read the meter on the effective date of the customer switch (2.9.4) as is done when bundled service customers switch service. In the alternative, 2.9.4 should be deleted because RAST Section 2.5 governs the date of switch. Edison doesn't need the five extra days for an EC meter read granted by Sec. 2.9.4 because these five extra days are not necessary for bundled sales customer switches. For all customers, a final read is accomplished on the date of account switch in any event.

Thus, accurate meter data is available from the actual meter readings on the last date of service. *Polich, 2 Tr 289-90.*

Access to Customer Data

Mr. Polich's revisions in 2.9.1 allow an AES to use Edison's data regarding customer demand. This customer data should be assembled and put in a usable format as part of the cost of Electric Choice service. By allowing the AES to access this data, an additional cost to the customer or the AES is avoided at no additional charge to Edison. *Polich, 2 Tr 288.*

2. Reply to Edison:

Edison objects to these recommendations citing vague security concerns which are not detailed. Edison's position requires the AES to poll meters and compile data, thus duplicating the expense incurred by Edison and paid by the customer the first time. *Newbold Rebuttal, 2 Tr 142.* However, adoption of Mr. Polich's language would allow the AES to use data already compiled by Edison with the permission of the customer. *Id.* Mr. Polich's suggestions eliminate duplication of cost and waste of time which otherwise will be a competitive barrier if duplicated by the customer or its provider.

R. Subsection 2.9.4: Date of AES Switch.

1. Energy Michigan Position:

Mr. Polich's suggests deleting reference to the Detroit Edison website as the source of information regarding date of meter read to use for switching from one AES to another AES. This change will require Edison to read the customer meter on the effective date of the customer switch. *Polich, 2 Tr 290.*

2. Edison Reply:

This proposal was agreed to by Detroit Edison. *Newbold Rebuttal, 2 Tr 143.*

S. Subsection 2.10.4: Availability of Service.

1. Energy Michigan Position:

Mr. Polich recommended deleting Edison's proposed language which describes the bidding process prior to January 1, 2002 and states that after January 1, 2002 transition charges of 1.25 ¢ /kWh are applicable unless adjusted. Also, language in RAST 4.2 stating that transition charges would be payable by retailers is inaccurate in light of the Commission's decision in Case U-12478. The only provisions needed in these sections are to confirm how customers gain eligibility prior to December 31, 2001 and after that date. *Polich 2 Tr 290.*

The MPSC Staff also proposed a revision to 4.2 which would substitute use of an assumed .5 ¢ / kWh transition charge unless a decision has been made by the Commission prior to January 1, 2002. *Bailey, Exhibit S-14.* Since the Commission will determine transition charges for 2002 in Case U-12639, no assumed level of transition charge (Staff or Edison) should be authorized.

Use of either the Edison language or the Staff language in 2.10.4 assumes that some transition charge (.5 ¢ or 1.25 ¢) will take effect which has never been reviewed or approved by the Commission on a final basis. The assumed transition charges of 1.25 ¢ for Edison or .5 ¢ for Staff could be extremely inaccurate and damaging depending on market economics in early 2002. Even .5 ¢ could be an overcharge given the fact that customers will also be paying a mandatory .5 ¢ securitization charge which should be offset for open access customers (as it is for retail customers). The Staff and Edison position should be rejected.

If these “assumed” transition charges are not rejected, potential EC customers may be told by Edison that a .5 ¢ or 1.25 ¢ transition charges will take effect January 1, 2002.

2. Edison Reply:

Edison has agreed with Mr. Polich that the word ‘retailer’ in section 4.2 should be “customer” which eliminates retailer liability for bid monies. Edison rejected Mr. Polich’s other changes. *Newbold Rebuttal*, 2 Tr 143. Mr. Newbold gives no reason to reject Mr. Polich’s proposal.

T. Subsection 5: Return to Service.

1. Energy Michigan Position:

This position is discussed in III, Issue #5 above.

2. Reply to Edison and Staff:

See III, Issue #5 in the Energy Michigan Brief above regarding Return to Service. The MPSC Staff (Exhibit S-14) has proposed clarifying language for 5.1 that contributions in aid of construction for distribution facilities will be per tariff, and for 5.2 and 5.1.3 that minimum charges will be adjusted on a calendar year basis to reflect actual demands (id) and 5.3 to eliminate reference to unnecessary compliance language. These changes are acceptable to Energy Michigan.

U. Subsection 5.2: Initiation of Retail Access Service.

1. Energy Michigan Position:

Energy Michigan witness Vail proposed that Sec. 5.2 be revised to provide that EC service could be initiated or contracted by means other than writing. *Vail, 2 Tr 256.*

2. Edison Reply:

Witness Newbold agreed to this position. *Newbold Rebuttal, 2 Tr 132.* Therefore, Mr. Vail's proposal should be adopted.

V. Section 6: Billing and Payment.

1. Energy Michigan Position:

Energy Michigan witness Richard Polich recommended striking most of the language in Section 6.1 which describes Detroit Edison's "complete" billing option whereby Edison would directly bill and collect AES charges as well as Edison charges. Mr. Polich stated that the "complete billing" option is a competitive service which may be offered in the open market but as such, should not be described in an official tariff. By including Edison's complete billing option in the tariff the Commission is providing Edison a competitive edge. This is discriminatory. *Polich, 2 Tr 291.*

W. Subsection 6.2 and 6.5: Disconnection and Payment of Amounts Due Prior to Enrollment

1. Energy Michigan Position:

In accordance with the previous discussion regarding Section 2.3 above (eligibility for EC service), Mr. Polich provides language in Sections 6.2 and 6.5 to ensure that customers in arrears will not be charged late payments (Sec. 6.2) or be subject to disconnection (6.5) if arrearages are matters in dispute. These changes ensure that customers cannot be charged interest or disconnected when they have a legitimate dispute regarding an

amount owing. *Polich, 2 Tr 291.*

2. Reply to Edison:

Edison claims that Mr. Polich's recommendations are not necessary since Section 10.6 incorporates Detroit Edison's rules and regulations into the RAST by reference. *Newbold Rebuttal, 2 Tr 144.* However, note that Section 2.3 of the RAST makes Electric Choice applicants ineligible for service if they have an amount owing to Edison even if that amount is in dispute. Edison has not backed off its position on that issue. *Newbold Rebuttal, 2 Tr 138.* Energy Michigan believes that this matter needs to be clarified or it will be subject to the same misinterpretation contained in RAST Section 2.3.

X. New Subsection 6.3: Payment of Customer Bills by AES.

1. Energy Michigan Position:

Mr. Polich and Mr. Vail sponsored this section to assure that customers maintain the right to have their Edison bill sent to a third party. This provision currently exists in Edison's full service tariff. *Polich, 2 Tr 291, Vail, 2 Tr 256-57.*

2. Edison Position:

Mr. Newbold claims that this revision is not needed since this option is available now. However, Mr. Newbold voiced several concerns or clarifications regarding a proposal to make this arrangement explicit. He also insisted that the AES cannot be a Detroit Edison billing agent but rather the AES must be the customer's billing agent. *Newbold Rebuttal, 2 Tr 121-22.* Given the concern of Edison regarding this matter and their apparent willingness to make arrangements so that AES entities will be able to act as a customer's agent to pay bills, it is desirable to clarify this matter to the satisfaction of all parties. Mr. Polich's

proposed language in 6.3 appears to be consistent with Detroit Edison's stated desire that it not appoint the AES as its own agent but allow the AES to be a customer's agent.

Y. Subsection 7.2: Distribution Contract Capacity

1. Energy Michigan Position:

Witness Polich proposed that Section 7.2 be amended to provide that should Edison's distribution system be unable to supply sufficient power to meet the customer's maximum demand, then the distribution capacity will be set at the maximum amount Edison can deliver. This could happen at locations where customers have dedicated substations. *Polich, 2 Tr 292.*

Z. Subsection 8: Rates and Charges

1. Subsection 8.2.2: Calculating Maximum Demand.

a. Energy Michigan Position.

Witness Polich proposed revising Section 8.2.2 to include a method of calculating maximum demand for energy meters so the existing system use charge which is expressed in dollars per kW can be properly applied. Also, Section 8.4 was amended to reference the impact of MPSC Order U-12478 on transition charges. *Polich, 2 Tr 292, see discussion above regarding system use charge in III, Issue #4 B. Without this provision, there is no tariff provision describing how to apply the existing type of system use charge (\$/kW) for small customers without demand meters.*

2. Subsection 8.7: Staff Proposal to Change System Use Charge from 3.01¢ to 2.88¢

See discussion in III, Issue #4 B. above.

Testimony by Staff witness Bailey, 2 Tr 411-412, supports a revision of Edison's System Use Charge which eliminates weather adjustments and thus reduces the Detroit Edison from 3.01 ¢ to 2.88 ¢ /kWh. Energy Michigan opposes this proposal for the same reasons that it opposes the Detroit Edison attempt to change low voltage charges from a per kW demand charge to an energy charge: it will substantially raise rates for many small customers, probably in violation of PA 141.

As pointed out by Energy Michigan in III, Issue #4 B. above, use of Edison's 3.01 ¢ energy charge for low voltage customers will raise rates for all customers with a load factor greater than 15.6%. The Staff proposal raises rates for all customers with a load factor greater than 16.3%. Thus, the high load factor customers who are most likely to switch to EC service will be discouraged by the Staff's 2.88 ¢ system use charge from taking EC service.

Customers above 20 kW are currently entitled to demand metering at no charge and should be allowed to continue to pay the current system use charge rates at \$3.42 /kW. Customers below 20 kW can obtain proxy kW readings from use of load leading profiles as supported by MPSC Staff and Energy Michigan. With this estimated demand data, use of the existing \$3.42 /kW demand charge will maintain current economics for all EC customers and avoid rate increases. The Staff's proposed 2.88 ¢ /kWh system use charge should be rejected and the Commission should maintain the existing \$3.42 /kW charge as recommended by Energy Michigan.

3. Subsection 8.8: Power Factor

See discussion in III, Issue #4, C. above.

AA. Subsection 9: Liability and Exclusions

1. Energy Michigan Position:

Proposed RAST Sections 9.1 and 9.3 appear to exclude Edison's liability for consequential damages and limit total liability to the amount of Edison billings during the month the claim arose. Mr. Polich explained that this provision would in effect appear to exclude Edison liability for imbalance penalties caused by Edison's faulty meters or administrative practices and also seems to exclude liability of the sort envisioned by PA 141, Sec. 10c(1)(c) which would make a customer or marketer whole for harm caused by an electric utility.

Current Edison rules for sales customers allow up to three years for adjustments for meter errors. *See Rules B-4, and 11.* At a minimum, the Edison liability to EC customers should be the same as to sales customers. Mr. Polich recommended striking the referenced liability sections. *Polich, 2 Tr 293.*

2. Reply to Edison:

Edison's reaction to Mr. Polich's proposal is to merely complain that it is an unreasonable burden to place on a metering/meter reading provider. *Newbold Rebuttal, 2 Tr 147-48.* This is not a sufficient reason to reject Mr. Polich's proposal which merely makes Edison liable for the imbalances or penalties it would charge and which were caused by its own metering devices.

BB. Subsection 10.1: Insufficient Supply.

See III, Issue #8 above.

CC. Subsection 11.2: AES Failure to Pay Edison.

1. Energy Michigan Position:

Mr. Polich explained that Edison's RAST Sec.11.4 Termination of Retail Access Service merely provides that termination of service can be initiated by an AES customer or Edison. Mr. Polich proposes additional, more specific standards, such as those contained in Edison's Tariff B2.5(5)(a) should be utilized which mandates use of first class mail for notices and a notice of at least 10 days prior to the discontinuance. *Polich, 2 Tr 294.*

Mr. Polich also recommended deletion of references to marketers from this section since the section deals with the default of an AES not a marketer. *Polich, 2 Tr 293.*

2. Reply to Edison

a. Edison did not rebut the Polich proposal for more specific standards regarding termination.

b. Edison disagrees with Mr. Polich's deletion of references to marketers in this section. Edison evidently wishes to retain the right to terminate service to an EC customer for failures of its AES or marketer to cure problems. *Newbold Rebuttal, 2 Tr 146.* In other words, Edison is attempting to deprive the EC customer of any opportunity for AES service even though the customer may have no control over the AES or its marketer supplier. This is a totally unreasonable and unjustified proposal which attempts to impose legal liability or punishment on a party which has no control over the actions of the party violating duty to pay amounts to Detroit Edison. RAST Sec. 11.2 should be rejected or modified as recommended by Mr. Polich to

at least exclude actions by the marketer as a justification for terminating AES service to a customer.

DD. Section 13: Electronic Data Interchange

1. Energy Michigan Position:

Witnesses Polich and Vail recommended that Section 13 be revised to allow an AES to conduct all business with customers on an electronic basis including notices, contracts and credit checks if approved by the customer. *Polich, 2 Tr 294, Vail 2 Tr 256.*

2. Reply to Edison:

Edison claims to agree with the intent of Messrs. Polich and Vail but not their wording. Edison claims to be working toward standardization of electronic transactions but opposes use of the EDI acronym on the grounds that it implies that traditional EDI using VAN's is the standard. Edison claims that this implication could close the door on newer, more cost effective means of electronic interchange. *Newbold Rebuttal, 2 Tr 147.*

If Edison agrees with the intent of Energy Michigan on this issue, it should be Ordered to clarify that references to electronic transactions using EDI are generic and should not be interpreted to prevent new methodologies.

EE. Subsection 14: Conditions Precedent to Customer Enrollment.

1. Energy Michigan Position:

Mr. Polich testified that Edison has attempted to use this section to prevent an AES from initiating enrollment until certain steps are accomplished. In the past this has lead to

significant delays in moving through Edison's administrative process. *Polich, 2 Tr 294.*

2. Edison Position:

Edison agrees that since AESs no longer have credit requirements, Section 14.2 can be deleted because it relates to mandating AES credit as a precondition to enrollment. *Newbold, 2 Tr 148.* Edison defends Section 14.4 and 14.5 mandating executing an electric supplier notice and mandating that the AES execute a contract with a qualified marketer. *Id.* Mr. Newbold's justification for these requirements is that without them, Edison has no way of knowing if the AES is authorized to use customer capacity rights.

Mr. Newbold ignores the fact that an AES enrollment form contains most of the required information and was submitted to Edison by the AES when it attempted to enroll customers in the first place. Sec. 14 should be deleted.

FF. Subsection 15: Conditions Precedent.

1. Energy Michigan Position:

Mr. Polich recommends deletion of Edison's requirement that all customer metering equipment be in place and functioning properly and that local laws, among other things, be complied with prior to initiating service. *Polich, 2 Tr 295.* As Mr. Polich has explained above in the mandatory processing deadlines, III, Issue #3, Edison should be required to serve customers after a certain number of days regardless of the status of meters. Note that eliminating the telemetry requirement for installation below 1000 kW will go a long way toward achieving this goal. *See Newbold Rebuttal, 2 Tr 124.* Also, the local law requirement is clearly a reference to franchises which Detroit Edison is not empowered to enforce. That is the job of the local government. Edison's language should be deleted. Section 15.3, as drafted, merely allows Edison to act as a policemen to enforce local franchising regulations

to the disadvantage of competitors.

2. Reply to Edison:

Edison opposes Mr. Polich's revisions to both 15.2 and 15.3 based upon the fact that most meter delays are related to phone line installations. Also, Edison claims that reference to local laws is simply to ensure that the AES is operating within the bounds of law. *Newbold Rebuttal, 2 Tr 148-49.*

Mr. Newbold fails to address the fact that Edison has no business acting as a local policeman in lieu of the efforts of local governments. As noted above, the Polich proposal regarding elimination of telemetry for smaller customers will in fact resolve the telephone line problem noted by Mr. Newbold in his own rebuttal and could facilitate meter installation. *Newbold Rebuttal, 2 Tr 124.*

GG. Subsection 16: Complete Billing.

See comments on RAST Sec. 6 above.

HH. Subsection 17 and 31: Dispute Resolution.

1. Energy Michigan Position:

Section 17 and 31 allow Edison to utilize arbitration after an attempt to resolve disputes with an AES or a marketer. Energy Michigan favors the Consumers Energy proposal which allows up to 60 days for the Company and the AES or the marketers to resolve disputes then takes the matter to the Commission. *See Consumers proposed ROA Tariff Section F11.* In the alternative, AESs or marketers may initiate complaints at the

MPSC. These mechanisms provide for a more rapid and economic resolution of issues than utilization of the Arbitration Association. *Polich, 2 Tr 295.*

2. Reply to Edison:

Edison defends arbitration but does so on the basis that parties must first attempt to use the Public Service Commission although such use would be restricted by Section 17.6. to formal complaints, and excludes informal resolution that often takes place and limits MPSC role to those matters within the exclusive jurisdiction of the agency. *See Rule 17.6 as proposed by Edison, Newbold Rebuttal, 2 Tr 149.* In effect, Edison allows the Commission to have a much restricted role compared with that used by Consumers Energy. The Consumers framework is less cumbersome and expensive than Edison's proposal which drastically limits the ability of the MPSC to resolve these matters.

II. Section 19: Real Power Losses.

See discussion in III Issue # 4 D above. Note that in Mr. Polich's revised Section 31 and 32, responsibility for power losses and reciprocity can be assigned to the AES since the marketer role has been deleted from the Energy Michigan draft RAST.

JJ. Miscellaneous Issues Regarding Staff Position.

1. Energy Michigan supports Staff's proposed Section 23.3 and 25.8 provisions that eliminate the requirement to purchase emergency energy service.
2. Energy Michigan supports Staff credit issues regarding Section 23 in II.F.

V. CONCLUSION AND PRAYER FOR RELIEF

WHEREFORE, Energy Michigan respectfully requests that the Commission:

1. Reject the Edison proposed RAST: It is drafted so that is impossible to tell new matter from existing matter. It would be very dangerous to adopt the entire tariff and exclude only specific items which are discussed; and
2. Reject the Staff revised RAST because it has the same defective format as Edison's draft. Staff has many good changes but their S-18 tariff is based on the initial Edison submission which doesn't separate new from old items. Individual Staff recommendations listed in Exhibit S-17 and S-19 should be ruled upon; and
3. Adopt Attachment 1, the Energy Michigan redlined RAST (Case Exhibit I-6) which clearly sets forth changes from the Edison RAST. Case Exhibit I-5 is the clean version; or
4. Adopt the major 12 issues set forth by Energy Michigan on a detailed basis and the remaining RAST Issues proposed by Energy Michigan on a page by page basis.

Respectfully submitted,

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ATTACHMENT 1

ENERGY MICHIGAN INITIAL BRIEF U-12489

RETAIL ACCESS SERVICE TARIFF

1. Introduction

EM-____(RAP-2)

This tariff is designed to express the terms and conditions associated with Retail Access Service in the Detroit Edison Electric Choice Program, as well as provide information regarding the roles of the various market participants. This tariff includes the following sections:

Introduction and Definitions	Sec. 1
Customers	Sec. 2 - 10
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In the Detroit Edison Electric Choice Program, Detroit Edison will maintain a relationship and interact with at least three separate participants. The Customer, the Alternative Electric Supplier and the Marketer, **although** one entity may be responsible for both the AES and Marketer roles. Detroit Edison has separately defined the retail and wholesale functions behind electric supply in a competitive environment. ~~This decision is designed to reflect two emerging facets of the market:~~

- ~~• the tendency for Alternative Electric Suppliers to source through wholesale suppliers (Marketers)~~
- ~~• the expectation that Transmission and Distribution services will most likely be provided by different entities in the future~~

1.1 The Customer Role

The Customer is an end user of power on the Detroit Edison distribution system.

~~The Customer is the end-user of Power at one or more locations in the State of Michigan who has facilities connected to the Detroit Edison distribution system.~~

~~Under Retail Access Service, the Customer will conduct transactions with at least two entities – Detroit Edison and an Alternative Electric Supplier. The Customer is responsible for choosing an Alternative Electric Supplier.~~

~~Detroit Edison’s principal requirement is that the Customer must already be connected to the Detroit Edison Distribution System as a Full Service Customer or meet the requirements for new Customers connecting to the Detroit Edison Distribution System. All Primary Customers and Secondary Customers with Customer Service Capacities greater than 300 kW must execute Customer Distribution Agreements with Detroit Edison.~~

1.2 The Alternative Electric Supplier Role

An Alternative Electric Supplier is an entity that has obtained all the necessary legal approvals to sell retail electricity in Michigan, *and is licensed by the Michigan Public Service Commission.* ~~Alternative Electric Suppliers take title to power and sell power in Michigan's retail electric market. The Alternative Electric Supplier buys products and services needed to provide power to Customers, combines these products and services in different marketing packages, and sells the packages to Customers. Alternative Electric Suppliers must meet all applicable statutory and regulatory requirements of Michigan and Federal law.~~

1.3 The Marketer Role

The Marketer is an entity that *acts as a wholesale supplier, taking* takes title to power and has FERC authorization to market energy services. ~~FERC authorization allows the Marketer to use transmission systems to move power from the generator(s) to the distribution system.~~ As such, the Marketer shall be ~~is either~~ a FERC-authorized P power Marketer. ~~or a utility.~~ As defined by FERC, under the context of this Tariff, the Marketer is responsible for all Detroit Edison transmission-related responsibilities ~~of the Marketer~~ include (ing): ~~scheduling energy~~, obtaining ancillary services, and paying energy imbalance charges. *Scheduling, tagging and other reservation activities needed to move power through the Transmission grid maybe performed by the Marketer, Supplier or the Alternative Electric Supplier* ~~Essentially, a Marketer takes on the role of a wholesaler, gathering power supply and arranging deliveries to the Distribution System where the Alternative Electric Supplier breaks the bulk transactions down into individual retail sales. In many cases, the Alternative Electric Supplier and Marketer functions may will be handled by one entity. The Alternative Electric Supplier and Marketer designations are needed, however, because the two functions are separate and may be performed by different parties. Thus, both the Alternative Electric Supplier role and the Marketer role must be performed to complete delivery to a Customer. A Marketer participating in Retail Access Service must be a FERC-authorized power marketer or a utility authorized to transmit energy over the Transmission System.~~

1.4. Definitions

“Aggregator” means an entity that combines the energy consumption of multiple Customers for the purpose of meeting minimum *bid load* criteria in Section 32.0. ~~necessary for Retail Access Service.~~

~~“Alternative Electric Supplier” means the entity making the retail sale of electric energy to a Customer on the Detroit Edison Distribution System and in doing so:~~

- ~~(i) sells or procures power for a Customer and causes that power to be supplied to Detroit Edison for delivery to a Customer,~~

- ~~(ii) satisfies all applicable, statutory, and regulatory requirements of Michigan and Federal law;~~
- ~~(iii) does not physically deliver electricity directly to retail Customers in the state.~~

“Alternative Electric Supplier” means An Alternative Electric Supplier is an entity that has obtained all the necessary approvals to sell retail electricity in Michigan, and is licensed by the Michigan Public Service Commission.

“Commission” means the Michigan Public Service Commission.

~~*“Customer” means, for purposes of Retail Access Service, an entity with electrical load facilities connected to the Detroit Edison Distribution System that purchases or receives Power from an Alternative Electric Supplier and which Power is delivered to its Location(s) pursuant to this Tariff. All Customers, regardless of the voltage level of the service, are considered to be connected to the Detroit Edison Distribution System.*~~

“Customer” means an end user of power and retail customer on the Detroit Edison distribution system.

“Customer Service Capacity” means the load carrying capability of the Detroit Edison metering installation at the Customer’s site, based on the thermal limits of the meter *and the associated Detroit Edison Distribution System.*~~and any associated transformers.~~

“Demand” means the amount of power required to meet the Customer’s load, generally expressed in kilowatts or megawatts, ~~at a given instant or~~ averaged over a designated interval of time.

“Demand Conversion Table” means a table that converts average kWh consumption to demand in kW, for a specific type or group of Customers. These tables will be used to determine the amount of limited phase-in capacity allocated to Customers without prior demand history *as defined in Section 33.3.* ~~These tables are available through the Detroit Edison web site and also available upon request.~~

“Detroit Edison’s Distribution System” means facilities operated by Detroit Edison for the purpose of distributing electric power within Detroit Edison’s electric service territory, which are subject to the jurisdiction of the Commission.

“Detroit Edison’s Transmission System” means facilities operated by Detroit Edison for the purpose of transmitting electric power within the Detroit Edison electric service territory, which are subject to the jurisdiction of the Federal Energy Regulatory Commission.

“Distribution Contract Capacity” means the load carrying capacity in kilowatts of the Detroit Edison Distribution System necessary to meet a Customer’s maximum load requirements at a particular Location served under this tariff.

“Distribution Point of Delivery” means the point of interconnection between the Detroit Edison Distribution System and the Customer’s service location.

~~*“Distribution Point of Receipt”* means the point of interconnection between the Detroit Edison Transmission and Distribution Systems.~~

“Effective Date” is the date at which responsibility for servicing a Customer Load transfers from the current supplier to the new supplier. The transfer occurs at the beginning (00:00 hours) of the Effective Date.

“Energy” in the context of this document, the word Energy refers to “electrical energy” and is measured in kilowatt-hours.

“Energy Meter” means a meter capable of *only* measuring and recording energy on a kWh basis.

“Full Service” means the provision of regulated electric service including, energy, transmission and distribution services each provided by Detroit Edison.

“Interval Demand Meter” means a meter capable of measuring and recording kW demands and/or kVAR demands on a 30-minute integrated basis and measuring energy on a kWh basis.

“Joint Open Access Transmission Tariff (JOATT)” means the Detroit Edison and Consumers Energy Open Access Transmission Tariff on file with the Federal Energy Regulatory Commission, as amended from time to time. ~~The Tariff applies to transactions where energy flows through both the Detroit Edison and Consumers Energy Transmission Systems.~~

“Load” means any end-use device drawing energy from the electric system.

“Location” means each Customer facility whether owned or leased.

“Marketer” means an entity that takes title to power and has FERC authorization to market energy services. ~~FERC authorization allows the Marketer to use transmission systems to move power from the generator(s) to the distribution system. The Marketer is either a FERC-authorized Power Marketer. As defined by FERC, under the context of this Tariff, the Marketer is responsible for all Detroit Edison transmission-related responsibilities including: scheduling energy, obtaining ancillary services, and paying energy imbalance charges. The Alternative Electric Supplier and Marketer functions will be handled by one entity. The Alternative Electric Supplier and Marketer designations are needed, however, because the two functions are separate and may be performed by different parties.~~

~~(i) generates, brokers, markets or otherwise procures power to be supplied to Detroit Edison at the Transmission Point of Receipt, obtains transmission~~

~~services and with whom a Customer's Alternative Electric Supplier has arranged for the receipt of Power;~~
(ii) ~~satisfies all applicable statutory and regulatory requirements of Michigan and Federal law, and~~
~~and satisfies all applicable reciprocity requirements set forth in this tariff.~~

"Open Access Transmission Tariff (OATT)" means the Detroit Edison pro forma Open Access Transmission Tariff on file with the Federal Energy Regulatory Commission, as amended from time to time.

"Power" means a combination of the electric demand and energy requirements of the Customer.

"Reactive Demand" means the amount of reactive power required to meet the Customer's Load, generally expressed in kilovolt-amperes reactive (kVAR), at a given instant or averaged over a designated interval of time.

"Set-Aside" means either of two special groupings of single-phase Customers designed to ensure that small Customers can participate in Retail Access Service, *as defined in Section 23.0.*

~~*"Sink"* means a unique four-character code assigned to a Marketer's Transmission Service Agreement by Detroit Edison which identifies a load.~~

"Supplier" is any entity, which provides Power to an Alternative Energy Supplier.

"Transition Charge" is a surcharge for the recovery of costs associated with the implementation of Retail Access Service and Detroit Edison's stranded costs arising from implementation of Retail Access Service *as authorized by the Commission.*

"Transmission Point of Delivery" means the point of interconnection between the Detroit Edison Transmission and Distribution Systems.

"Transmission Point of Receipt" means the point on the Detroit Edison Transmission System where Power is received by Detroit Edison for delivery to the Transmission Point of Delivery.

CUSTOMER SECTION

2. Terms and Conditions of Service

2.1 This Retail Access Service Tariff sets forth the rates, charges, terms and conditions of service for the delivery of Power to a Customer, *arranged ~~procured~~ by an Alternative Electric Supplier ~~and supplied by a Marketer~~*. Such Power shall be initially received at a designated Transmission Point of Receipt and ultimately delivered to the Customer through the Detroit Edison Distribution System.

2.2 Power received by Detroit Edison ~~from a Marketer~~ *for delivery to the Customer*, shall be transmitted across the Detroit Edison Transmission System to the Detroit Edison Distribution System in accordance with the rates, terms and conditions of service of the Detroit Edison Open Access Transmission Tariff and the JOATT.

2.3 A Customer's eligibility to take Retail Access Service is subject to the full satisfaction of any terms or conditions imposed by pre-existing contracts or tariffs with Detroit Edison. Customers must have satisfied any past due amounts owed to Detroit Edison under any other arrangements or provisions for electric service before taking service under this Tariff, *unless such past due amounts are due to billing disputes, Detroit Edison's failure to obtain meter readings, provide an actual bill or otherwise fail to properly demonstrate amounts owed by the Customer to Detroit Edison*. Rider No. 2 agreements between the Customer and Detroit Edison will remain in effect during service under this Tariff ~~unlike all other riders. all other Detroit Edison Riders are not applicable under this Tariff~~.

2.4 A Customer will specify only one Alternative Electric Supplier ~~(and the Alternative Electric Supplier shall specify only one Marketer)~~ at any given time for the supply of Power to each Customer account or Customer Location.

2.5(a) *Detroit Edison must switch the Customer's service to the Alternative Electric Supplier at the beginning of the next billing cycle if the Customer has been electronically enrolled in Retail Access Service 15 days prior to the end of the current billing cycle. The only exception to this rule is in the event the Customer cancels the enrollment within 10 days of the enrollment date.*

2.5(b) Customers shall be permitted to change Alternative Electric Suppliers, ~~The changes will become~~ effective at the completion of their ~~normal~~ next billing cycle *provided a notice of Alternative Electric Supplier change is received 10 (ten) days prior to the end of the current billing period*. Customers will be assessed a \$5 processing charge per account for each change. ~~The change will be submitted to Detroit Edison electronically by the Customer's new Alternative Electric Supplier as a new enrollment.~~

2.6 Multiple Meters at Non-Residential Locations

2.6.1 Existing groupings of multiple meters into accounts at a location will be maintained in setting up new retail access accounts. ~~If possible, all the metered loads at a location shall be grouped into a single account.~~

2.6.2 Multiple metered loads at a single voltage level may be combined, at the Customer's option, by physically re-wiring or by adding all metered quantities in the billing process.

2.6.3 The Customer is responsible for any re-wiring costs or, alternatively, the costs of all meters used for combining the Location, *unless Detroit Edison requires such rewiring. If Detroit Edison requires the rewiring, the rewiring costs will be the responsibility of Detroit Edison.*

2.6.4 When multiple Interval Demand Meters are used within a single voltage level, Maximum Demand at that voltage level will be established by the highest coincident demand recorded for those meters.

2.7 Multiple Meters at Residential Locations

All metered loads must be combined into a single metered load or account unless the Customer chooses to re-wire all loads through the principal meter at the residence, Detroit Edison will combine usage from all meters at the residence during the billing process. ~~A monthly meter charge shall apply for the second and any additional meters.~~ Interruptible rates are not available under Retail Access Service. *This does not apply to multi-family residential locations.*

2.8 Metering

2.8.1 All Load served under this tariff shall be metered. All Customers receiving electric service at 4,800 volts or greater shall be required to install Interval Demand Meters. *All metering changes or installations shall be at Detroit Edison's Cost.*

2.8.2 Customers receiving electric service at 480 volts or less, through Detroit Edison-owned transformation will have metering requirements based on the Customer Service Capacity for the Location as follows:

Customer Service Capacity	Required Metering
Less than or equal to 20 300 kW	Energy Meter
Greater than 30 300 kW but less than 300 kW	<i>Customer Choice of Energy Meter or Interval Demand Meter</i>
<i>Greater than 300 kW</i>	<i>Interval Demand Meter</i>

All metering changes or installations shall be at Detroit Edison’s Cost.

2.8.3 Metering equipment for Customers taking *Retail Access Service* shall * be furnished, installed, read, maintained and owned by Detroit Edison.

2.9 Meter Reading

7.4.1 2.9.1 ~~For~~ Customers with Interval Demand Meters: Meter reading *may will* be accomplished electronically through a Customer-provided *telecommunication links or other electronic data methods able to provide Detroit Edison the metering data necessary to bill the customer and conform to required metering accuracy. In the event Detroit Edison maintains the customer on the same meter read cycles, it will be the Customer’s option of installing data links for remote meter reading or allowing Detroit Edison to read by conventional means. The Alternative Electric Supplier shall have direct access to meter data through the same means as Detroit Edison, once the Customer is enrolled, without any further documentation or permission from the Customer.*

~~analog telephone service, which must be installed and operating prior to the Customer receiving Retail Access Service.~~

~~**2.9.2** If a Customer is not able to allow sharing of the telephone line, the Customer shall obtain a separate telephone line for such purposes paying all charges in connection therewith. The Customer is responsible for assuring the performance of the telephone line. If the telephone line used for metering is out of service, Detroit Edison will retrieve the data manually for a fee of \$12/ month (one reading). In the event that the telephone line service is out for three consecutive months, the Customer’s Retail Access Service may be terminated and the Customer may be~~

~~transferred to service under Detroit Edison's full requirement tariffs subject to the provisions of Section 5.4.~~

2.9.3 ~~For~~ Energy Metered Customers: Meters will be read by conventional means and the Customer will not be required to provide a telephone service.

2.9.4 The switch of a Customer's account from one supplier to another will normally take place on the scheduled meter reading date for that Customer (the Effective Date) and be based on the reading made that same day. If an actual meter reading is not made on the Effective Date, ~~referred to on the Detroit Edison web site,~~ Detroit Edison will read the meter within five (5) business days of the date in which Detroit Edison determines that the scheduled actual meter reading has not occurred. The meter reading on the Effective Date will be determined on a pro rated basis based on the actual meter reading.

2.10 Meter Errors and Telephone Failures

Billing where metering errors and malfunctions have taken place shall be performed as follows:

2.10.1 For Energy Metered Customers where metered data is not available due to metering errors, malfunctions, or otherwise, the usage will be estimated using the procedure described in the billing rules approved by the Commission in Case No. U-11746.

2.10.2 For Interval Demand Metered Customers where metered data is not available due to metering errors, malfunctions, or otherwise, the usage will be estimated using the available historical data for the Customer.

2.10.3 Where incorrect billing results from calculation error discovered by either Detroit Edison, the Alternative Electric Supplier or the Customer, the error will be corrected and revised bills for the Customer and the Alternative Electric Supplier will be calculated and settled on the next billing period after the error is discovered.

2.10.4 *In the event of meter or calculation errors or malfunctions, Detroit Edison shall be liable for all excess Power supply costs, the costs of under deliveries of Power and Energy Imbalance Penalties incurred by the Customer and the Alternative Electric Supplier. Detroit Edison's sole obligation to the Customer and Alternative Electric Supplier shall be to reimburse the parties for Power supply costs incurred as a result of such errors. ~~In no event will Detroit Edison be liable to the Alternative Electric Supplier or its Customers for loss of revenue or other losses due to meter or calculation errors or malfunctions. Detroit Edison's sole obligation and the Alternative Electric Supplier's sole remedy will be for Detroit Edison to repair or replace the meter and prepare revised bills as described above.~~*

3. Character Of Service

3.1 Detroit Edison furnishes alternating current service at a nominal frequency of 60 hertz 24 hours a day, subject to interruption by tariff, by agreement, by advance notice, by accident or by other causes not under the reasonable control of Detroit Edison.

3.2 For Single-Phase Distribution Service, Detroit Edison provides service at differing voltages available in differing configurations within its service territory. These include, but are not limited to, single-phase secondary alternating current service at 120/240 volts. In some districts current is supplied from an Y- connected secondary network at 208Y/120 volts. Customers who are considering locating new load or who are considering adding load at an existing Location should contact Detroit Edison to determine what service is available at a particular Location to serve their Load.

3.3 For Three-Phase Distribution Service, Detroit Edison provides service at differing voltages available in differing configurations within its service territory. These include, but are not limited to, alternating current, three-phase service at nominal 4,800, 13,200, 24,000, 41,570 or 120,000 volts which may be transformed to lower voltages through Detroit Edison-owned transformation equipment. Where three-phase service is supplied at 480Y/277 volts through Detroit Edison-owned transformation equipment, the Customer must furnish any transformation for the supply of its 120/240 volt requirements. Customers who are considering locating new load or who are considering adding load at an existing Location should contact Detroit Edison to determine what service is available at a particular Location to serve their Load.

4. Availability of Service

4.1 Until December 31, 2001, eligibility for Retail Access Service will be determined using the open bidding procedure described in the bidding Section 32 of this tariff, as authorized by the Commission in their March 8, 1999 order in case number U-11290. ~~The amount bid becomes the amount of the Transition Charge to be paid by the Customer for all kWh consumed through December 31, 2001 by Customers taking Retail Access Service. Retail Access Service will continue for these Customers through the transition to full retail access on January 1, 2002. However, Transition Charges will change as described in Section 4.2.~~

4.2 On and after January 1, 2002, all Customers with Load connected to the Company's Distribution System shall be eligible for Retail Access Service. ~~and Retailers shall pay the Company's Transition Charge of 1.25¢/kWh for all kilowatt-hours consumed by Customers taking Retail Access Service. The Transition Charge is intended to recover the costs associated with the implementation of Retail Access Service and the Company's stranded costs arising from implementation of Retail Access Service. The Transition Charge of 1.25¢/kWh to be implemented on January 1, 2002, is an estimate of the charge to be imposed at that time and is subject to adjustment by the Commission.~~

5. Term, Commencement of Service and Return to Full Service

5.1 Retail Access Service shall have a minimum term of one year. *In the event available Annual Firm Transmission into Michigan has not been increased by 2,000 Mw over the calendar year 2000 level, then the minimum term of service shall be 30 days.* Upon completion of the initial term, Retail Access Service shall continue on a month to month basis until terminated by the Customer or *the Alternative Electric Supplier Detroit Edison* with 15 ~~30~~ days notice.

~~The terms of service associated with any previously contracted or newly initiated service are specified below:~~

~~5.1.1 Retail Access Service provided to new locations served by Detroit Edison shall be for an initial minimum term of five years over which time the minimum charges shall apply.~~

~~5.1.2 Retail Access Service provided to existing locations shall be for the unexpired portion of any existing contract but not less than a term of one year over which time the minimum charges shall apply.~~

~~5.1.3 After the expiration of the contract minimum term for Retail Access Service, the contract shall be extended thereafter, from month-to-month.~~

5.2 Retail Access Service shall be initiated by a Customer choosing an Alternative Electric Supplier and the subsequent submission of an electronic enrollment by the Alternative Electric Supplier on behalf of the Customer in a manner specified by Detroit Edison. Alternative Electric Supplier submission of the enrollment warrants that a valid written contract with the prospective Customer exists.

~~5.3 Retail Access Service may not commence until metering has been installed as specified in this Tariff or agreements related thereto and Detroit Edison has received from the parties involved:~~

~~Marketer:~~

~~—— (i) an executed Transmission Service Agreement,~~

~~(ii) agreements between the Marketer and Detroit Edison as specified in Section 20 of this Tariff,~~

~~Alternative Electric Supplier:~~

~~(i) the Alternative Electric Supplier's warranty, that the Alternative Electric Supplier has obtained all necessary approvals authorizing the~~

~~Alternative Electric Supplier to conduct business at each Location to be served, and~~

~~(ii) the Alternative Electric Supplier's warranty, that each enrollment submitted is in full compliance with all legal, regulatory and Detroit Edison requirements for enrollment, and is backed by written authorization from the Customer allowing the Alternative Electric Supplier to enroll the Customer in retail access.~~

5.4 Return to Full Service

5.4.1 *The following conditions apply in the event the available Firm Transmission Service into Michigan has been increased by 2,000 Mw over that available in the year 2000. It must demonstrate to the satisfaction of the Commission that Customers or their suppliers of electricity have access to transmission service of the same type and level of firmness, during all months of the year, as Detroit Edison purchases for the import of Power for the purpose of serving Full Service loads.*

Customers which ~~may~~ discontinue Retail Access Service, ~~may~~ ~~and~~ return to Detroit Edison Full Service under the following conditions:

5.4.1.1 Option 1 -- 12 Month Service Commitment *

If the Customer commits to Detroit Edison Full Service for a minimum of 12 months, then the Customer may take service under any tariff rate for which the Customer qualifies.

5.4.1.2 Option 2 -- Short-Term Service *

If the Customer chooses not to commit to Detroit Edison Full Service for a minimum of 12 months, then the Customer may take service under any tariff rate for which the Customer qualifies, with the tariff rate modified as follows:

The Power Service Cost Recovery component, both base and adjustment factor, in any and all energy prices of the tariff, shall be subtracted from the energy prices and a Current Cost of Power charge shall be added to the energy prices. The Current Cost of Power charge shall equal the average of all Detroit Edison Power purchases used to serve Detroit Edison retail loads which are not Full Service customer loads. ~~the Market Priced Power charge shall be added to the energy prices. The Market Priced Power charge shall reflect the current market value of energy, shall be based on visible indexes of electricity market prices plus reasonable~~

~~charges for transmission and losses, and shall be calculated according to methods approved by the Michigan Public Service Commission.~~

The Customer may take service under Option 2 for a maximum of three months. During the three-month period, the Customer may at any time return to Retail Access Service. At the end of the three-month period, the Customer must either return to Retail Access Service or agree to take Detroit Edison Full Service for a minimum of 12 months.

5.4.2 *In the event the available Firm Transmission Service into Michigan has not been increased by 2,000 Mw over that available in calendar year 2000, Customers shall be allowed to return to Full Service under the following conditions:*

5.4.2.1 *The Customer must provide Detroit Edison notice of return to Full Service 15 days prior to the end of the current billing cycle.*

5.4.2.2 *The Customer must remain on Full Service for a minimum period of three (3) months.*

5.4.2.3 *The Customer may take service under any tariff rate for which the Customer qualifies.*

~~**5.4.3** Unless otherwise provided for and subject to other conditions in this tariff, a Customer may return to Detroit Edison Full Service under the provisions of Section 5.4 and subsequently go back to Retail Access Service no more than once in any month.~~

6. Billing and Payment

6.1 Detroit Edison will bill the Customer for Retail Access Service *at the rates and charges as* outlined in Section 8. ~~Detroit Edison provides two Customer billing options: complete billing by Detroit Edison or separate billing by Detroit Edison and the Alternative Electric Supplier. If the Alternative Electric Supplier selects the complete billing option, the Customer will receive a single bill, which includes the Detroit Edison distribution charges as well as the Alternative Electric Supplier charges.~~

6.2 The Customer shall pay Detroit Edison the amount billed on or before a due date established by Billing Rules approved by the Commission in cases U-10661 and U-11397. A late payment charge of 2%, not compounded, of the unpaid balance, net of taxes, shall be added to any bill which is delinquent, *unless such amounts due are the result of billing*

disputes. Late payment charges are only applicable to the Detroit Edison portion of a Customer's billed amount.

6.3 *The Customer shall retain the right to direct Detroit Edison to send the monthly bill to any third party, including the Alternative Electric Supplier.*

~~6.4 Allocation of Partial Payments Under Complete Billing~~

~~In the event the Customer submits a partial payment, the receipts will be applied as follows:~~

- ~~• all past due and current Detroit Edison distribution and distribution related charges~~
- ~~• past due and current Alternative Electric Supplier energy charges~~
- ~~• other Detroit Edison charges~~
- ~~• other Alternative Electric Supplier charges~~

6.5 Disconnection for Non-Payment

Customers will be subject to disconnection for non-payment of Detroit Edison distribution charges *in accordance with the rules described in Detroit Edison's Rules and Regulations, Section 2.5.*

7. Distribution Contract Capacity

7.1 All Interval Demand Metered Customers shall contract for an amount of capacity sufficient to meet the maximum requirements of all Load connected to the Detroit Edison Distribution System at the Customer's Location. The Distribution Contract Capacity will initially be set at the greater of: 1) the previously established Contract Capacity; 2) the previously established Distribution Contract Capacity; 3) the highest 30-minute integrated demand created during the previous 12 billing months at each voltage level (whether the Customer received service under this tariff or a Detroit Edison retail tariff or contract), for each Location. Any single 30-minute integrated reading of the Interval Demand Meter in any month that exceeds the Distribution Contract Capacity then in effect shall become the new Distribution Contract Capacity. Customers not having previously established service requirements shall contract with Detroit Edison for a specified Distribution Contract Capacity in kW sufficient to meet the maximum requirements for each location.

7.2 The Distribution Contract Capacity for Customers with on-site generation shall be set at an amount sufficient to meet the maximum requirements for that location without the on-site generation operating. *In the event the Distribution Facilities cannot supply sufficient capacity to meet the minimum capacity without cogeneration, then the Distribution capacity will be based upon Detroit Edison's maximum capacity to service.*

7.3 Detroit Edison will provide the necessary facilities to deliver electric power from its Distribution System at the Distribution Contract Capacity. Any incremental cost incurred by Detroit Edison to provide the necessary facilities to meet the Customer's increased demand for distribution services over the Distribution Contract Capacity existing when service commences under this tariff shall be the responsibility of the Customer. Once established, the Distribution Contract Capacity shall not decrease during the contract term unless there is a specific permanent reduction in connected load.

8. Rates and Charges

Description of Charges

8.1 Service Charge

The Service Charge shall apply to each Location served under this tariff as shown in Sections 8.6 and 8.7.

8.2 System Use Charge

The System Use Charge ~~is determined as follows~~ shall be the product of the applicable rate and the Customer's maximum demand, at each voltage level, for each Location:

8.2.1 Customers with Interval Demand Meters

~~The System Use Charge shall be the product of the applicable rate and the Customer's maximum demand, at each voltage level, for each Location.~~ The maximum demand shall be the highest 30-minute integrated kW demand created during the previous 12 billing months at each voltage level (whether the Customer received service under this tariff or a Detroit Edison retail tariff or contract), including the current month but not less than 50% of Distribution Contract Capacity.

8.2.2 Customers with Energy Meters

The Customer's maximum demand shall be calculated using a ration of the Customer's total monthly consumption divided by the total consumption for the applicable rate class and multiplied by the maximum annual demand for the rate class. The rate class consumption and maximum annual demand shall be measured using the load profile sample meters for the rate class.

~~The System Use Charge shall be the product of the applicable rate as shown in section 8.7 and the Customer's energy consumption.~~

8.3 Substation Charge

A substation charge shall apply to Customers with service at a service voltage level of 24kV or above who are provided service through a substation owned by Detroit Edison and dedicated to the Customer’s use. The Substation Charge shall be the product of the applicable rate as shown in section 8.6 and the Distribution Contract Capacity.

8.4 Transition Charge

The Transition Charge recovers the costs associated with implementing the restructuring of the electric power supply industry. Through 12/31/2001 this charge will equal the bid amount associated with the capacity rights used to enroll the Customer, *or adjusted by the MPSC Order in Case U-12478, dated November 2, 2000.* On 1/1/2002 and thereafter, the charge shall be established by the Commission.

Application of Charges

8.5 Minimum Charge

The Customer is subject to a minimum monthly charge equal to the sum of the Service Charge, the System Use Charge and the Substation Charge, if applicable.

8.6 High Voltage Distribution Service

Customers receiving electric service at 4,800 volts or higher and stepping it down to working voltages with their own transformation equipment or through a substation owned by Detroit Edison and dedicated to the Customer’s use shall have the following charges for Retail Access Service:

Charge	Customer Owned Transformer	24 or 41.6 kV	120 kV and Above
Service Charge	\$450/month	\$450/month	\$450/month
System Use Charge	\$1.89 \$2.47/kW/month	\$0.02 \$0.57/kW/month	-\$0.30 \$0.24/kW/month
Substation Charge	N/A	\$0.36/kW/month	\$1.18/kW/month
Surcharges and Credits	Schedule B4.9	Schedule B4.9	Schedule B4.9
Any additional Transition, True-Up Charges, Surcharges and Credits as may be approved by the Commission			

All charges will be based on the metered quantity as determined by the meters at the Customer Location.

8.7 Low Voltage Distribution Service

Customers receiving electric service at 480 volts or less, using Detroit Edison-owned transformation shall be charged for Retail Access Service as follows:

<i>Service Charge (\$/month)</i>	<i>\$5.95</i>
<i>System Use Charge (\$/month)</i>	<i>\$2.92</i>
<i>Surcharge and Credits</i>	<i>Schedule B4.9</i>

Charge	480 Volts and Below	
Customer Service Capacity	Less than or equal to 300 kW	Greater than 300kW
Meter Type	Energy Meter	Interval Demand Meter
Service Charge	\$5.95/month	Single Phase - \$5.95 /month,
System Use Charge	3.02¢/kWh	\$3.42/kW/month
Surcharges and Credits	Schedule B4.9	Schedule B4.9
Any additional Transition, True-Up Charges, Surcharges and Credits as may be approved by the Commission		

All kWh charges will be based on the metered quantity as determined by the meters at the Customer Location.

8.8 Power Factor and Excess Reactive Demand For Customers With Interval Demand Metering

A power factor of less than 70% is not permitted and necessary corrective equipment must be installed by the Customer to correct to a minimum level of 70%. Power factor and excess Reactive Demand charges will be calculated at each Customer location at the time of the Location’s single highest 30-minute integrated kW reading of the Interval Demand Meter during the on-peak hours of the billing period, which are those hours from 7 a.m. until 11 p.m. consistent with the Detroit Edison Open Access Transmission Tariff. Excess Reactive Demand is any Reactive Demand resulting from operations below 80% power factor. A monthly charge of \$3.50/kVAR will be applied to excess Reactive Demand.

The power factor measured for that Customer must be 10% outside the range for Detroit Edison Customers with similar electric loads and at the same voltage level. Detroit Edison must verify that the power factor for the portion of the Distribution to which the Customer is connected has a power factor of at least 75%.

9. Liability and Exclusions

Liability of Detroit Edison and Exclusion of Consequential Damages

~~9.1~~ In no event will Detroit Edison or its suppliers be liable under any cause of action relating to the subject matter of this rate schedule, whether based on contract, warranty, tort (including negligence), strict liability, indemnity or otherwise for any incidental or consequential damages including but not limited to loss of use, interest charges, inability to operate full capacity, lost profits or claims of Customer's customers.

~~9.2~~ Detroit Edison's total liability to the Customer for all claims arising out of or related to service provided under this rate schedule, whether based on contract, warranty, tort (including negligence), strict liability, indemnity or otherwise shall not exceed the amount paid by the Customer to Detroit Edison for the Location involved during the month in which the claim arose.

~~9.3~~ Detroit Edison will not be liable to a Customer for damages caused by interruption of service, voltage or frequency variations, single-phase supply to three-phase lines, reversal of phase rotation, or carrier-current frequencies imposed by Detroit Edison for system operations or equipment control except such as result from the failure of Detroit Edison to exercise reasonable care and skill in furnishing the service. The Customer should install protective equipment if such occurrences might damage its apparatus.

10. Other Provisions

10.1 Retail Access Customers will be subject to the relevant curtailment procedure contained in Detroit Edison's Electrical Procedures, Rule B-3.7. Insufficient supply by the Alternative Electric Supplier shall not change a Customer's curtailment status. Insufficient supply problems are addressed in Section 31. Retail Access Customers whose supply is sufficient will not be curtailed.

~~10.1~~ To the extent a Retail Access Customer's supply or alternate supply is insufficient or can not be delivered, the Customer will be subject to curtailment before non-retail access firm and Interruptible Customers in order to maintain system integrity. Customers who fail to curtail in order to maintain system integrity will be either; (i) terminated from service under this tariff, or; (ii) be required to permit the installation and pay for any equipment installed by Detroit Edison necessary to permit interruption of the Customer's load being served under this tariff. The relevant curtailment procedures are based on the Detroit Edison Emergency Electrical Procedures in rule B-3.7.

~~Retail access Customers whose supply is sufficient will have the same curtailment status as Detroit Edison's firm Full Service Customers.~~

10.2 All Points of Receipt for Power produced within the Detroit Edison retail service territory for delivery to Customers within that territory shall be considered as being points located on the Detroit Edison Transmission System.

10.3 ~~Customers, Alternative Electric Suppliers, or Marketers desiring to operate~~ All electric generation equipment connected in parallel with the Detroit Edison system must comply with the Detroit Edison Protective Relaying, Operating and Telemetry Guidelines for Independently Owned Generation and before operating such equipment must obtain certification, in writing, from Detroit Edison that the conditions outlined in the guidelines have been met.

10.4 Customer equipment must be operated so that voltage flicker and harmonics on the Detroit Edison Distribution System shall not exceed permissible limits established by Detroit Edison and by IEEE Standard 519, respectively. Failure to comply with this requirement may result in discontinuance of service to the Customer and disconnection of Customer's Load from the Detroit Edison system.

10.5 Redundant services requested by the Customer may be provided under separate agreement.

10.6 Detroit Edison's Rules and Regulations as currently in effect are incorporated by reference into this tariff to the extent applicable and, Rule C-2.2(2) notwithstanding, only to the extent not inconsistent with the terms of this Tariff.

ALTERNATIVE ELECTRIC SUPPLIER SECTION

11. Alternative Electric Supplier

11.1 This Tariff section outlines the rights and responsibilities of Alternative Electric suppliers and Detroit Edison when enrolling and serving Customers under Retail Access Service. The Alternative Electric Supplier is the retail seller of electric supply to the Customer on Detroit Edison's Distribution System.

11.2 If an Alternative Electric Supplier ~~or Marketer~~ fails to pay amounts due Detroit Edison or otherwise fails to perform obligations undertaken in connection with service to a Customer, Detroit Edison will give the Customer notice of the Alternative Electric Supplier's ~~or Marketer's~~ default. If the Customer, ~~or its Alternative Electric Supplier, or its Marketer fails~~ to pay amounts due Detroit Edison or otherwise fails to comply with the provisions of the applicable Tariffs or agreements with Detroit Edison, *Retail Access Service* may be terminated. Unless the Customer ~~or Alternative Electric Supplier or Marketer~~ cures the default with Detroit Edison or the Customer changes its Alternative Electric Supplier, the Customer may be returned to Detroit Edison Full Service subject to the provisions of Section 5.4.

11.3. The Alternative Electric Supplier is responsible for all of the Alternative Electric Supplier charges associated with its Customers until Retail Access Service is terminated.

11.4. *Detroit Edison will not discontinue service unless written notice is sent to the customer or personally served at least 15 days prior to the date of discontinuance. Notice shall be sent to the account name and address and to the address where the service is provided, if different.*

~~11.4 Termination of Retail Access Service to a Customer can be initiated by the Alternative Electric Supplier, the Customer or Detroit Edison.~~

~~12. Creditworthiness~~

~~12.1 The Alternative Electric Supplier must demonstrate and maintain current creditworthiness in an amount sufficient to cover anticipated charges for all services provided by Detroit Edison. For unsecured credit, the Alternative Electric Supplier must provide three (3) years of audited financial statements, including notes, having an acceptable amount of positive tangible net worth, and meeting risk parameters derived from an analysis of its financial statements. The Alternative Electric Supplier may provide alternative security or credit enhancement, such as a letter of guarantee, letter of credit or prepayment. Detroit Edison will use reasonable credit review procedures which may include, but are not limited to, review of the Alternative Electric Supplier's financial statements, verification that the Alternative Electric Supplier is not operating under state or federal bankruptcy laws, and has no pending lawsuits or regulatory proceedings or~~

~~judgments outstanding which would have a material adverse affect on the Alternative Electric Supplier and its ability to perform its obligations.~~

~~12.2 The amount of creditworthiness required is equivalent to two months expected exposure.~~

13. Electronic Business Transactions

13.1 Unless specified otherwise by Detroit Edison, Alternative Electric Suppliers shall transact all business with Detroit Edison electronically *using industry standard Electronic Data Interchange*.

13.2 Unless otherwise specified by Detroit Edison, all payments made to Detroit Edison by the Alternative Electric Supplier will be made by electronic funds transfer to the Detroit Edison account.

14. Conditions Precedent to Customer Enrollment

The Alternative Electric Supplier will not be eligible to enroll Customers unless and until the following conditions precedent have been satisfied and continue to be satisfied:

14.1 The Alternative Electric Supplier has been granted a license by the Commission.

~~14.2 The Alternative Electric Supplier has demonstrated creditworthiness as described in Section 12 and has received a credit amount in dollars.~~

14.3 The Alternative Electric Supplier has demonstrated electronic communication and commerce capability, which meets Detroit Edison's standards and protocols ~~as defined on the Detroit Edison web site~~.

~~14.4 Until 1/1/2002 the Alternative Electric Supplier is authorized to use capacity, as evidenced by a valid, executed Capacity Owner-Alternative Electric Supplier Notice between the Alternative Electric Supplier and the Capacity Owner in an amount sufficient to serve the Customers that it seeks to enroll.~~

~~14.5 The Alternative Electric Supplier has an executed contract with a qualified Marketer, as evidenced in an executed Alternative Electric Supplier-Marketer Notice.~~

15. Conditions Precedent for Serving Customers

The Alternative Electric Supplier will not be permitted to serve or continue to serve Customers unless and until the following conditions precedent have been satisfied and maintained

15.1 The Alternative Electric Supplier has satisfied and continues to satisfy all conditions in Section 14.

~~**15.2** All required Customer metering equipment is in place and functioning properly.~~

15.3 The Alternative Electric Supplier has complied with and continues to comply with all provisions of this Tariff, ~~and any other applicable federal, state, or local law or regulation, and any applicable administrative or judicial order.~~

16. Rates and Charges

~~**16.1** The Alternative Electric Supplier shall pay Detroit Edison the following:~~

~~**16.1.1** An Alternative Electric Supplier enrolling Customer(s) with the Complete Billing option shall pay Detroit Edison a one-time charge of \$5,000 for the Alternative Electric Supplier's initial rate-ready schedule set-up for up to sixty rates, regardless of the number of Customers electing this option.~~

~~**16.1.2** An Alternative Electric Supplier enrolling Customer(s) with the Complete Billing option shall pay Detroit Edison a monthly transaction charge of \$0.20 per Customer location billed under the Complete Billing option.~~

~~**16.1.3** An Alternative Electric Supplier enrolling Customer(s) with the Complete Billing option shall pay Detroit Edison \$1,000 per occurrence for each change request made by the Alternative Electric Supplier to its rate-ready schedule, regardless of the number of changes in the request or the number of Customers effected.~~

~~**16.1.4** Any other charges to the Alternative Electric Supplier for services provided by Detroit Edison will be negotiated on an individual case basis.~~

~~**16.2** Detroit Edison will provide two (2) Customer Billing options-Complete Billing by Detroit Edison and Separate Billing by Detroit Edison and the Alternative Electric Supplier. It is the responsibility of the Alternative Electric Supplier to identify on the Customer Enrollment Form which of these options the Customer has requested.~~

~~**16.3 Allocation of Partial Payments Under Complete Billing**~~

~~In the event the Customer submits a partial payment, the receipts will be applied as follows:~~

- ~~• all past due and current Detroit Edison distribution and distribution related charges~~
- ~~• past due and current Alternative Electric Supplier energy charges~~
- ~~• other Detroit Edison charges~~
- ~~• other Alternative Electric Supplier charges~~

~~16.4 Detroit Edison will only forward payments received and will not pursue collections for any Alternative Electric Supplier.~~

17. Dispute Resolution

17.1 *Dispute resolution procedures for Detroit Edison and Alternative Electric Suppliers shall be as follows:*

17.2 *In the event of a dispute between Detroit Edison and an Alternative Electric Supplier, including but not limited to “Events of Default”, the Parties shall attempt in good faith, to resolve the dispute amicably and promptly. In the event the dispute cannot be resolved, the AES shall provide Detroit Edison with a statement of dispute and the AES’s proposed resolution to the designated Detroit Edison contact. Upon receipt of the AES’s statement of dispute, Detroit Edison shall do the following:*

- (i) Acknowledge receipt of the AES’s Statement of dispute within five (5) working days of receipt by Detroit Edison.*
- (ii) Investigate the dispute and attempt to resolve the dispute informally in a manner that is satisfactory to both parties within 30 days of initial receipt of the statement of dispute. The parties, in attempting to resolve the dispute, may employ telephone communication, personal meetings, on-site visits, or any other technique that is reasonably conducive to dispute settlement.*
- (iii) If the parties are able to settle the dispute informally, Detroit Edison shall provide the AES with a Dispute Resolution Report stating the dispute and the Detroit Edison’s and the AES’s agreed-upon resolution within 30 days from the date the AES and Detroit Edison informally settled the dispute.*
- (iv) If the parties are unable to informally settle the dispute, Detroit Edison shall provide the AES with a Dispute Resolution Report stating the dispute and the Detroit Edison’s proposed resolution to such dispute within 30 days from the date the AES and Detroit Edison failed to informally settle the dispute. Upon receipt of the Dispute Resolution Report from Detroit Edison, the AES may choose to accept the Company’s proposed*

resolution to the dispute or pursue the dispute formally with the Michigan Public Service Commission.

~~17.1—Detroit Edison will have no duty or obligation to resolve any complaints or disputes between or among Capacity Owners, Alternative Electric Suppliers and Marketers or any combination thereof, related to but not limited to switching Alternative Electric Suppliers, switching Marketers, termination of Retail Access Service, Customer enrollment or Customer billing options.~~

~~17.2—In the event of a dispute between Detroit Edison and an Alternative Electric Supplier, including but not limited to “Events of Default,” the Parties shall attempt, in good faith, to resolve the dispute amicably and promptly. If the dispute is not resolved in five (5) business days, the Parties shall attempt to resolve the dispute by promptly appointing a senior representative of each Party to attempt to mutually agree upon a resolution. The two senior members shall meet within ten (10) business days. If the two senior representatives cannot reach a resolution within a 30-day period, the dispute may, on demand of either Party, be submitted to arbitration as provided in this section. (to be revised??)~~

~~17.3—The dispute will be submitted for resolution in accordance with the American Arbitration Association (“AAA”) Commercial Arbitration Rules. The judgment rendered by the arbitrator may be enforced in any court having jurisdiction of the subject matter and the Parties.~~

~~17.4—The arbitrator shall be determined by AAA.~~

~~17.5—The findings and award of the arbitrator shall be final and conclusive and shall be binding upon the Parties, except as otherwise provided by law. Any award shall specify the manner and extent of the division of the costs between the Parties.~~

~~17.6—Nothing in this Section shall restrict the rights of either Party to file a formal complaint with an appropriate regulatory agency regarding any issue the adjudication of which lies within the exclusive jurisdiction of the regulatory agency.~~

18. Slamming Protection

18.1 Alternative Electric Suppliers shall warrant that the Customer has duly authorized the submitted enrollment and the Alternative Electric Supplier has complied with the provisions of 2000 P.A. 141 or any applicable commission rules developed pursuant to 2000 P.A. 141 to prevent slamming.

18.2 Detroit Edison provides Customers with pending enrollments with an Alternative Electric Supplier a ten-day notice period in which the Customer may cancel the enrollment before the switch is executed. If the Customer challenges the enrollment the switch transaction is cancelled, the effected Alternative Electric Supplier(s) are notified, and the

enrolling Alternative Electric Supplier shall be assessed the \$5 switching fee instead of the Customer. The enrolling Alternative Electric Supplier cannot reverse the Customer’s cancellation.

19. Real Power Losses

~~The Marketer used by~~ The Alternative Electric Supplier is responsible for *scheduling and the supply of sufficient power, including replacing* losses associated with the delivery of power to the Customer’s meter. The amount of Power delivered by Detroit Edison on the Detroit Edison Distribution System to the Customer’s meter shall be adjusted using the following real power loss factors for distribution service:

	<u>Secondary</u>	<u>4.8/13.2kV</u>	<u>24kV/41.6kV</u>	<u>120kV and above</u>
Real Power Losses	11.27%	6.86 %	2.05%	.56%

	<u>1st Quarter</u>	<u>2nd Quarter</u>	<u>3rd Quarter</u>	<u>4th Quarter</u>
Secondary	10.88%	11.95%	12.01%	10.23%
4.8/13.2 kV	6.61%	7.13%	7.37%	6.31%
24kV/41.6 kV	1.86%	2.09%	2.34%	1.90%
120-kV and above	0.55%	0.57%	0.57%	0.55%

~~Marketors~~ *Alternate Electric Suppliers* must schedule and supply an amount of Power equal to its Customers’ hourly usage x [(1 + D%) x (1 + T%)] to account for losses on the Detroit Edison Transmission and Distribution System, where T% is the applicable loss factor contained in the Detroit Edison Open Access Transmission Tariff and D% is the applicable loss factor from the above table.

19. Load Profiling and Forecasting

19.1 *Customer Load Energy Metered Profile: Detroit Edison shall provide a prospective monthly energy metered load profile for the Alternative Electric Supplier. The monthly load profile shall include all transmission and distribution losses. The monthly load profile is subject to the Imbalance Service provisions as well as all other relevant sections of this Tariff. Day-ahead load profile adjustment will be provided by Detroit Edison by 13:00 Eastern Standard Time.*

19.2 *Forecasting Methodology: The load forecast developed by the Alternative Electric Supplier shall conform to all other relevant sections of this Tariff and the Detroit Edison*

OATT. The Alternative Electric Supplier is responsible for adding the load profiles for Internal Metered Customers to the Energy Metered Customer's load profile for defining Power Delivery schedules.

19.3 *Rate Class Load Profiles: Detroit Edison shall provide hourly load profiles, including transmission and distribution losses for each of the various rate classes of Detroit Edison's retail customers. Detroit Edison at its discretion may update, add, or modify the load profiles for any or all customer rate classes during the term of the Tariff on a prospective basis.*

MARKETER SECTION

~~20. — Marketers~~

~~20. — Marketers~~

~~20.1 — This Tariff section outlines the rights and responsibilities of Marketers and Detroit Edison when serving Customers under Retail Access Service. The Marketer is an entity that takes title to power and has FERC authorization to market energy services. FERC authorization allows the Marketer to use transmission systems to move power from the generator(s) to the distribution system.~~

~~20.2 — Marketers desiring to supply Power to Customers through Alternative Electric Suppliers, under the terms of this Retail Access Service Tariff, must comply with all statutory and regulatory requirements, state and federal law and must enter into agreements satisfactory to Detroit Edison for:~~

- ~~(i) — the payment of Transmission Charges and other charges~~
- ~~(ii) — the provision and exchange of Customer information associated with service under this tariff,~~
- ~~(iii) — the supply, scheduling and receipt of Power to be received by Detroit Edison from the Marketer for delivery to the Customer,~~
- ~~(iv) — the supply and scheduling of, and payment for, any backup service to be provided by Detroit Edison, and~~
- ~~(v) — transmission service under the Detroit Edison Open Access Transmission Service Tariff or JOATT in an amount sufficient to supply Power, including losses, to all Customers the Marketer intends to serve.~~

~~21. — Real Power Losses~~

~~A Marketer is responsible for replacing losses associated with the delivery of power to the Customer's meter~~

22. Reciprocity

The Alternative Electric Supplier is responsible for ensuring that all Power suppliers delivering Energy to Customers of the Alternative Electric Supplier, meet the following Reciprocity Requirements.

22.1 If a municipally owned utility elects to provide electric generation service to retail Customers receiving delivery service from an electric utility, they must comply with the provision outlined in section 10y of 2000 P.A. 141.

22.2 Detroit Edison will not accept Power from *any Power Supplier of any Alternative Electric Supplier* ~~a Marketer~~ that does not contractually agree to provide Detroit Edison with reciprocal access to retail Customers. A reasonable level of reciprocity between Detroit Edison and the prospective *Alternative Electric Supplier's Power Supplier* ~~Marketer~~ and its affiliates must be established.

Through December 31, 2001:

In-state and out-of-state utilities and utility affiliates must consent to open the same relative amount of their retail Customer load to competition as Detroit Edison. Further, the consent of out-of-state utilities and utility affiliates to this reciprocity requirement must be expressed as a provision of an enforceable contract. A municipal utility or a municipal power agency is required to provide reciprocity only for the type of service it provides and in the same relative amount.

On and after January 1, 2002:

No Michigan-based electric utility shall be permitted to utilize Detroit Edison's Distribution System to make retail sales unless the utility wishing to make the sale provides comparable Retail Access Service to Customers located within its service territory.

No generation supplier that provides retail distribution services, or that has an affiliate that provides retail distribution services, shall be permitted to utilize the Detroit Edison Distribution System to make retail sales unless the Marketer or its affiliate provides comparable Retail Access Service. If the transaction involves an intermediary (such as a Marketer or broker), the reciprocity obligation may be satisfied by either the regional transmission/distribution affiliate of the intermediary or by the owner of the generation source or its regional transmission/distribution affiliate.

"Comparable" Retail Access Service is one which; (i) provides for Retail Access Service in an amount of Customer load equivalent to that provided by Detroit Edison, and; (ii) specifies rates, terms, and conditions that are equivalent to those offered by Detroit Edison, and that have been approved by all applicable regulatory authorities for use in Retail Access Service transactions.

23.— Marketer Participation in the Program

The Marketer shall supply the following documentation prior to providing Retail Access Service:

~~23.1— An Application for Transmission Service.~~

~~23.2— All applicable Transmission Service Agreement(s)~~

~~23.3— A Wholesale Power Supply Agreement for emergency energy supply service to provide power: 1) in the event the Marketer's power supply fails to be delivered until backup service (either Optional Retail Access Backup Service or wholesale backup service) is scheduled, or 2) in the event backup service is not contracted for or is not delivered.~~

~~23.4— Documents sufficiently demonstrating and proving current creditworthiness in an amount sufficient to cover anticipated transmission charges and charges for other services provided by Detroit Edison. For unsecured credit, the Marketer must provide three (3) years of audited financial statements, including notes, having an acceptable amount of positive tangible net worth, and meeting risk parameters derived from an analysis of its financial statements. The Marketer may provide alternative security or credit enhancement, such as a letter of guarantee, letter of credit or prepayment. Detroit Edison will use reasonable credit review procedures which may include, but are not limited to, review of the Marketer's financial statements, verification that the Marketer is not operating under state or federal bankruptcy laws, and has no pending lawsuits or regulatory proceedings or judgments outstanding which would have a material adverse affect on the Marketer and its ability to perform its obligations.~~

~~23.4.1 The amount of credit required for transmission services and ancillary services is the total of three times the monthly charges, for the peak month, as observed in the last 12 months.~~

~~23.4.2 The amount of credit required for backup service for energy used during June, July and August is based on weighted average price based on a mix of on and off peak scenarios using documented historic market prices.~~

~~23.4.3 The amount of credit required for backup service for energy used from September to May is based on a weighted average price for two on-peak scenarios using documented historic market prices.~~

~~23.4.4 Evidence of credit must be received by Detroit Edison 30 days prior to Customers taking Retail Access Service.~~

~~23.5— A signed Marketer Agreement.~~

~~23.6~~ An Alternative Electric Supplier-Marketer Notice evidencing the Marketer's agreement to provide Transmission Services, Ancillary services, and backup services to Customers for at least one Alternative Electric Supplier. If a Marketer is also serving as a qualified Alternative Electric Supplier, an Alternative Electric Supplier-Marketer Notice must still be forwarded to Detroit Edison showing the same entity as both the Alternative Electric Supplier and Marketer. If a Customer is serving as its own Marketer and Alternative Electric Supplier, an Alternative Electric Supplier-Marketer Notice must be forwarded to Detroit Edison showing the same entity (the Customer) as both the Marketer and Alternative Electric Supplier.

~~23.7~~ Certify that it meets all reciprocity requirements of Section 6 of the OATT and Section 23 of this tariff.

~~23.8~~ Where applicable, a Tax Exemption Certificate exempting the Marketer from sales tax for Transmission Services sold.

~~24.~~ In addition to the documentation listed above, the Marketer prior to being allowed to serve Customers must:

~~24.1~~ Demonstrate that it is in full compliance with all FERC and OATT requirements; and

~~24.2~~ Demonstrate electronic communications and commerce capability which meets Detroit Edison's standards and protocols as defined on the Detroit Edison web site.

~~24.3~~ Complete a Transmission Service Agreement Sink - Meter Relationship form which identifies the Transmission Service Agreement Sink identification code provided by Detroit Edison associated with each of its Alternative Electric Supplier's Customer meter number(s).

~~25.~~ **Marketer's Obligations as a Participant in Program**

The Marketer agrees to serve all Customers enrolled by an Alternative Electric Supplier for which there is an active Alternative Electric Supplier-Marketer Notice on file with Detroit Edison. A Marketer acting as an Alternative Electric Supplier must fulfill all requirements of both a Marketer and an Alternative Electric Supplier.

~~25.1~~ The Marketer will arrange for all Transmission Services and Ancillary Services associated with service to a Customer.

~~25.2~~ The Marketer will comply with all applicable provisions of the OATT, the JOATT, this Tariff, any applicable federal, state or local law, ordinance, or regulation, and any applicable administrative or judicial order.

~~25.3—The Marketer will use the Transmission Service Agreement Sink identification code provided by Detroit Edison when reserving transmission and scheduling energy.~~

~~25.4—The Marketer will provide daily energy schedules for all services including losses associated with transmission and distribution, as required by the OATT, the Wholesale Power Supply Agreement for emergency energy services, or the Optional Retail Access Backup Tariff. The Marketer will pay applicable taxes.~~

~~25.5—The Marketer will pay Detroit Edison for all applicable transmission services, ancillary services, emergency energy services and backup services provided by Detroit Edison to the Marketer for the Marketer's Customer(s) from the service commencement date to the service termination date.~~

~~25.6—The Marketer will comply with all applicable requirements of NERC, ECAR or a successor organization associated with its deliveries to the Detroit Edison transmission system and will assume responsibility for any and all tagging requirements as well as providing all Sink information needed for completing the transmission service setup process.~~

~~25.7—The Marketer will notify Detroit Edison immediately of any material adverse change in Marketer's financial condition.~~

~~25.8—The Marketer shall pay for all Power delivered pursuant to the Wholesale Power Supply Agreement for emergency energy service in the event the Marketer fails to schedule other backup service. Unless contracted for separately with Detroit Edison, the pricing for this service shall be the same as that specified in the Optional Retail Access Backup Service Tariff. A minimum charge for one hour will apply to this service, and subsequent usage will be rounded up to the next full hour.~~

~~25.9—A Marketer may obtain wholesale backup service from Detroit Edison, whereby Detroit Edison commits to supply scheduled power at wholesale to the Marketer sufficient to cover deficiencies in Marketer's supply of power to the Detroit Edison Distribution System. The Marketer is required to schedule this service. The Marketer will be billed for and shall pay for wholesale backup service.~~

~~25.10 Pursuant to Detroit Edison's Optional Retail Access Backup Service Tariff on file with the Michigan Public Service Commission an Alternative Electric Supplier for a Customer may contract for Optional Retail Access Backup Service. The Marketer, however, shall schedule this service. The Marketer will be billed for and shall pay for Power delivered.~~

~~25.11 A Marketer serving Customers under multiple Transmission Service Agreements must provide separate reservations and schedules for each.~~

~~25.12 A Marketer serving multiple Customers may not combine the reservations or schedules for Customers served under this Tariff with reservations and schedules for Customers served under other tariffs.~~

~~25.13 A Marketer serving both Interval Demand and Energy Metered accounts under a single Transmission Service Agreement may combine the loads from these accounts into a single integrated schedule.~~

~~25.14 A Marketer understands and agrees to be bound by all charges associated with demands determined using Detroit Edison profiling for Energy Metered accounts.~~

~~26. — Detroit Edison Obligations to the Marketer~~

~~26.1 Detroit Edison shall provide Transmission Services pursuant to the OATT, the Marketer's Transmission Service Agreement(s), applicable FERC orders or rulings, the Marketers Agreement, and any and all applicable operating procedures used by Michigan Electric Power Coordination Center (MEPCC) and Detroit Edison in its daily management of its Transmission System.~~

~~26.2 Detroit Edison shall provide or arrange to provide all mandatory ancillary services, pursuant to the OATT.~~

~~26.3 Detroit Edison shall provide or arrange to provide all optional ancillary services, unless the Marketer demonstrates that it has acquired the optional ancillary services from another source, pursuant to the OATT.~~

~~26.4 Detroit Edison shall provide emergency energy service pursuant to the Wholesale Power Supply Agreement.~~

~~26.5 If contracted for, Detroit Edison shall provide Optional Retail Access Backup Service pursuant to the Optional Retail Access Backup Service Tariff on file with the Commission.~~

~~26.6 Detroit Edison shall use all reasonable efforts to install any required metering within a reasonable time once a Customer has been enrolled into Retail Access Service.~~

~~27. — Marketer Billing and Payment~~

~~27.1 Detroit Edison shall bill the Marketer for services rendered in accordance with the terms and conditions outlined in this Tariff, the OATT, the Wholesale Power Supply Agreement, and the Optional Retail Access Backup Service Tariff.~~

~~27.2—Detroit Edison may send the Marketer a bill for transmission services and Ancillary Services, and a separate bill for any applicable emergency energy services and backup services provided. Detroit Edison will render both bills within approximately the first ten (10) business days of each calendar month for service rendered in the previous calendar month. If any load profiled Customers are included in these billings, the imbalance billing will be delayed two months to allow for obtaining meter reads of usage for Customers in all billing cycles and applying the appropriate load curves.~~

~~27.3—Payment in full is due from the Marketer to Detroit Edison twenty (20) days from the date the bill is issued ("due date").~~

~~28.—Events of Default~~

~~28.1—The Marketer will be in default if the Marketer:~~

~~28.1.1 Fails to maintain its creditworthiness and fails within ten (10) business days of written or electronic notification from Detroit Edison to reestablish creditworthiness; or~~

~~28.1.2 Fails to maintain qualification as a Marketer pursuant to sections 24 and 25 of this Tariff or to perform its obligations pursuant to Section 26 of this Tariff and fails within ten (10) business days of written or electronic notification from Detroit Edison to reestablish qualification and resume performance of its obligations; or~~

~~28.1.3 Fails to pay for services rendered by Detroit Edison and fails to remedy the default according to the OATT or this Tariff, if applicable; or, if not applicable, fails to remedy the default within thirty (30) calendar days of written or electronic notification from Detroit Edison to make all payments in full to Detroit Edison; or~~

~~28.1.4 Fails to submit schedules prior to commencement of service as stipulated by the OATT. Scheduling functions shall be in accordance with NERC Policy 3. Failure to perform scheduling functions will contribute to noncompliance (as measured by four levels of noncompliance) of NERC Control Performance Standard 1 and 2 requirements; or~~

~~28.1.5 Is found to have substantively misrepresented a material fact or other representation in any document submitted to Detroit Edison in connection with this Program and fails within ten (10) business days of written or electronic notification from Detroit Edison to correct the misrepresentation while remaining qualified.~~

~~29.—Enrollment and Service Commencement and Termination~~

~~29.1—The Marketer is responsible for all obligations and liabilities with respect to transmission services provided to its Customers until the Customers' participation in Retail Access Service is terminated by either the Alternative Electric Supplier, Detroit Edison, or the Customer, or until the Marketer's participation in retail access is terminated by either the Marketer, or Detroit Edison, or until the Marketer's relationship with an Alternative Electric Supplier is terminated by the Marketer or the Alternative Electric Supplier.~~

~~29.2—All Customer enrollment commencement and Customer enrollment termination must be performed by a qualified Alternative Electric Supplier. Detroit Edison shall have no obligations to the Marketer pursuant to this Tariff until an Alternative Electric Supplier enrolls a Customer whose services are to be provided by the Marketer.~~

~~30. Representations and Warranties~~

~~30.1—The Marketer represents and warrants to Detroit Edison that:~~

~~30.2—At all times when providing service to a Customer in conjunction with this Tariff, the Marketer will comply with all provisions of the OATT, the JOATT, this Tariff, and any other applicable federal, state, or local law, ordinance, or regulation, and any applicable administrative or judicial order.~~

~~30.3—The Marketer will not knowingly schedule generation significantly different from the expected Customer loads served.~~

~~30.4—Except as provided in section 29 of this Tariff defaulting Party's liability shall be limited to direct actual damages only, and such direct actual damages shall be the sole and exclusive remedy and all other remedies or damages at law or in equity are waived. Neither Party shall be liable for consequential, incidental, punitive, exemplary or indirect damages, including but not limited to, lost profits or other business interruption damages, by statute, in tort or contract, under any indemnity provision, or otherwise. Limitations imposed on remedies and the measure of damages will be without regard to the cause or causes related thereto, including the negligence of any Party, whether such negligence be sole, joint or concurrent, or active or passive.~~

~~31. Dispute Resolution~~

~~31.1—Detroit Edison will have no duty or obligation to resolve any complaints or disputes between Alternative Electric Suppliers and Marketers, related to but not limited to Alternative Electric Supplier or Marketer notices, or switches or enrollment terminations.~~

~~31.2—In the event of a dispute between Detroit Edison and the Marketer of a subject matter controlled by the terms of the OATT, Detroit Edison and the Marketer shall resolve the dispute in accordance with the provisions of the OATT.~~

~~31.3— In the event of a dispute between Detroit Edison and the Marketer, including but not limited to “Events of Default,” Detroit Edison and the Marketer shall attempt, in good faith, to resolve the dispute amicably and promptly. If the dispute is not resolved in five (5) business days, Detroit Edison and the Marketer shall attempt to resolve the dispute by promptly appointing a senior representative of Detroit Edison and the Marketer to attempt to mutually agree upon a resolution. The two senior members shall meet within ten (10) business days. If the two senior representatives cannot reach a resolution within a 30-day period, the dispute may, on demand of Detroit Edison or the Marketer, be submitted to arbitration as provided herein.~~

~~31.4— The dispute will be submitted for resolution in accordance with the American Arbitration Association (“AAA”) Commercial Arbitration Rules. The judgment rendered by the arbitrator may be enforced in any court having jurisdiction of the subject matter and Detroit Edison and the Marketer.~~

~~31.5— The arbitrator shall be determined by AAA.~~

~~31.6— The findings and award of the arbitrator shall be final and conclusive and shall be binding upon Detroit Edison and the Marketer, except as otherwise provided by law. Any award shall specify the manner and extent of the division of the costs between Detroit Edison and the Marketer.~~

~~31.7— Nothing in this Section shall restrict the rights of either Detroit Edison or the Marketer to file a formal complaint with an appropriate regulatory agency regarding any issue the adjudication of which lies within the exclusive jurisdiction of the regulatory agency.~~

31. Insufficient Supply

30.1 Alternative Electric Suppliers are responsible for the delivery of sufficient Power to the Transmission Point of Delivery to supply the total Retail Access Customer load assigned to the Alternative Electric Supplier at all times.

31.2 In the event that Detroit Edison declares an Electric Emergency and it is able to prove that the Alternative Electric Supplier Power deliveries are outside the OATT Deviation Band, then Detroit Edison can require the Alternative Electric Supplier to increase deliveries to meet its load obligations. The Alternative Electric Supplier shall have a minimum of two hours to procure and increase the supply to the Transmission Point of Delivery or to reduce the total load of its Retail Access Customers such that the total imbalances are within the OATT Deviation Band.

31.3 In the event the Alternative Electric Supplier fails to correct the supply imbalance within 24 hours, those Retail Access Customers assigned to the Alternative Electric Supplier shall be returned to Detroit Edison full service under Section 5.4, pending a

Commission investigation into the Alternative Electric Supplier's performance. Should the Commission find that the Energy Imbalance problem was not the fault of the Alternative Electric Supplier, Detroit Edison shall reassign the Retail Access Customers to the Alternative Electric Supplier without imposing any switching fees.

31.4 *In the event that the Alternative Electric Supplier fails to comply with Section 20.2, Detroit Edison can request the Commission to revoke the license of the Alternative Electric Supplier.*

32. Imbalance Service

32.1 Monthly Settlement: *Energy Imbalances will be calculated and settled within sixty (60) calendar days after the end of a calendar month, unless otherwise stated in accordance with Detroit Edison's OATT.*

32.2 General Description: *The Energy Imbalance Service accounts for mismatches between the Power delivered by an Alternative Energy Supplier's schedule for serving its Customer's and the energy that was actually used by those Customers. The energy imbalance calculation shall occur after the monthly reading of the Customers' meters.*

32.3 Billing: *Billing for energy imbalances shall be rendered by Detroit Edison on a monthly basis. Amounts owed by an Alternative Electric Supplier's to Detroit Edison, or vice versa, shall be netted against one another and an invoice or payment, as the case may be, shall be sent by Detroit Edison in the appropriate amount. Failure by the Alternative Electric Supplier's to render payment to Detroit Edison by electronic funds transfer within 14 banking days from the date of the invoice shall subject the Alternative Electric Supplier's to a late penalty fee of 1-1/2% per month until paid in full. If Detroit Edison does not receive written notification from the Alternative Electric Supplier of an objection to a transaction statement within fourteen (14) days from the rendering thereof, said transaction statement shall be deemed conclusive and binding on the Alternative Electric Supplier.*

32.4 Metered Data Collection: *Meter data collected by Detroit Edison shall be used to calculate the quantity of energy actually used by the Alternative Electric Supplier's Customers for a particular energy imbalance period.*

32.5 Calculation of Energy Imbalance Charges Interval Demand Metered Load: *On a calendar month basis, Detroit Edison shall calculate energy imbalances and the associated charges or credits as follows:*

32.5.1 Calculate the Interval Demand Metered Power Supply Schedule: *This is accomplished by subtracting the hourly Energy Metered Load Profile supplied by*

Detroit Edison to the Alternative Electric Suppliers from the actual Power supply Delivery schedules of the Alternative Electric Supplier.

32.5.2 Calculate Hourly Energy Imbalances: *The hourly energy imbalances is calculated by subtracting the Interval Demand Meter Power supply Schedule from the aggregated hourly consumption, adjusted for all line losses, for all of the Alternative Electric Supplier's Interval Demand Metered Customers.*

32.5.3 Rates for Energy Imbalances: *Energy Imbalances for Interval Demand Metered loads shall be calculated using the Detroit Edison OATT.*

32.6 Calculation of Energy Imbalance Charges Energy Metered Load: *On a calendar month basis, Detroit Edison shall calculate energy imbalances and the associated charges or credits as follows:*

32.6.1 Energy Imbalances from Detroit Edison Load Profile: *If the Alternative Electric Supplier aggregates for scheduling the load of Interval Demand Metered Customer's load with the Energy Metered Customer's load, then this section does not apply. Should the Alternative Electric Supplier's scheduled Power Deliveries deviate from the Detroit Edison provided load profile, then the hourly differences shall be treated as energy imbalances and the rates in Detroit Edison's OATT shall apply.*

32.6.2 Calculation of Monthly Energy Metered Load Energy Imbalances: *Detroit Edison shall allocate the billing cycle energy consumption for all Energy Metered Customers into a calendar month based upon prorating the total Power consumption using the number of billing days in each month to the total billing days in the billing cycle. Detroit Edison shall then develop an aggregated calendar month consumption for each Alternative Electric Supplier by adding the total consumptions of all the Alternative Electric Supplier's Energy Metered Customers. The monthly energy imbalance for this load shall be calculated by subtracting the aggregated calendar month load, adjusted for all line losses, from the total monthly supply as specified in the Detroit Edison provided hourly monthly load profile.*

32.6.3 Rates for Monthly Energy Metered Load: *The monthly energy imbalances shall be charged or credited based upon the rate of \$50.00/MWh.*

BIDDING FOR CAPACITY PRIOR TO 1/1/2002

32. Bidding Terms and Conditions

32.1 Until December 31, 2001, eligibility for Retail Access Service will be determined using an open bidding procedure authorized by the Commission. Each bid submitted must meet or exceed a minimum level of 0.00¢/kWh. Bids for eligibility may be submitted by prospective Customers, Alternative Electric Suppliers, Marketers or other parties and shall designate the amount of Load proposed to be served and the amount the Customer shall pay Detroit Edison as a Transition Charge for each kilowatt-hour associated with the awarded capacity delivered under this Tariff.

32.2 On and after January 1, 2002, all Customers with Load connected to the Detroit Edison Distribution System shall be eligible for Retail Access Service and the Customer shall pay Detroit Edison a Transition Charge established by the Commission for all kilowatt-hours consumed by Customers taking Retail Access Service.

Phase-In Schedule

32.3 The final day for submitting sealed bids to Detroit Edison and the implementation dates for Retail Access Service are as follows:

Final day for Submitting Bid	Cumulative Load	Implementation Date
September 20, 1999	225,000 kW	As soon as practical after final day for bid submittal
November 19, 1999	450,000 kW	As soon as practical after final day for bid submittal
January 20, 2000	675,000 kW	As soon as practical after final day for bid submittal
March 20, 2000	900,000 kW	As soon as practical after final day for bid submittal
November 20, 2000	1,125,000 kW	January 1, 2001

On and after January 1, 2002, all Load connected to the Detroit Edison Distribution System shall be eligible for Retail Access Service.

32.4 Bidding will be allowed up to the total maximum demand available through the current bid period, less any demand assigned to successful bidders in any prior bid periods that has not been forfeited. Bids must be for a minimum of 1,000 kW and be made in increments no smaller than 100 kW.

32.5 In each bid period, 3,000 kW of the available capacity will be set aside for use by aggregated Residential Customers. A further 3,000 kW of each bid period's capacity will be set aside for use by aggregated single-phase Customers (including Residential). The

remaining 219,000 kW may be used to serve any class of Customer. The Set-Asides will be accomplished by staging a sequential bidding process with the Residential Set-Aside first, then the Residential and single-phase Set-Aside, and finally, the remaining 219,000 kW. Losing bids in the Set-Asides will be carried over into the remaining bidding processes, providing, in effect, additional chances that the Set-Asides are filled in each bidding phase. Unused Set-Aside capacity, if any, may be filled by other bid classes, but a like amount will be added to future bid period Set-Asides to maintain the cumulative Set-Aside total at the original goal.

32.6 Capacity will be offered in a simple auction process with capacity being awarded to the highest bidders. Capacity will be awarded to successively lower bids until the offered capacity is exhausted. In the event that two or more bids have identical prices, a lottery will be used to select the winning bidder. The form of the lottery will be the assignment of a random number to each bid at the time of bid processing that will be used to break any ties that may occur.

32.7 The auctions will be administered by a CPA firm hired by Detroit Edison to serve as the Independent Bid Administrator. Representatives from the Commission are welcome to view the bid opening and processing.

~~22.8~~**32.8** Any individual or entity is allowed to bid, provided they meet the bidding requirements set forth herein. Basic requirements include: a minimum quantity sought of 1,000 kW, a minimum bid price per kWh to be paid as a transition charge as identified in Section 33.1, and a deposit. Deposit amounts are \$1.00/kW for the Residential Set-Aside, \$1.50/kW for the Residential/Single-Phase Set-Aside, and \$2.00/kW for the balance (Three-Phase) of each bid period's capacity. Successful bidders must satisfy all requirements established in this Tariff. ~~Capacity owners will have 60 days to contract with an Alternative Electric Supplier or begin the process to qualify as an Alternative Electric Supplier themselves and 180 days from the time of award to enroll Customers. Any capacity not meeting these requirements will be forfeited and offered to the holder of the highest unsuccessful bid from that same bid period. The Commission may extend, relax, or waive the 60 and 180-day time frames at any time.~~

32.9 A bidder is any person, corporation, or other entity that submits a bid for a portion of the limited capacity available during the phase-in period.

32.10 Any person or entity may submit one or multiple bids including, but not limited to, Aggregators, Alternative Electric Suppliers, Marketers, Customers, and DTE Energy affiliates or joint ventures. DTE Energy is the parent company of Detroit Edison.

32.11 Capacity owners may sell or assign their capacity rights. If they do so, they must inform Detroit Edison, so the sale and the new owner of record can be recorded. The first sale of capacity rights to an unaffiliated party restarts both the 60-day and 180-day time frames discussed above. Subsequent sales of capacity rights do not restart these timeframes, nor does any sale made between affiliated parties

32.12 Until January 1, 2002, the Alternative Electric Supplier must demonstrate evidenced authorization to use capacity rights, as evidenced by an executed Capacity Owner-Alternative Electric Supplier Notice between the Alternative Electric Supplier and the capacity owner, representing an amount of available capacity sufficient to serve all Customers it seeks to enroll. The notice must be current, i.e. not revoked, forfeited, or otherwise invalid. The Customer will be enrolled using the highest remaining bid price when using awarded capacity from a bid phase where the capacity owner has awarded capacity at more than one bid price.

33. Allocation of Limited Phase-In Capacity

33.1 For the purposes of allocating capacity during the phase-in period, each Customer account will be valued at its Maximum Demand. This amount will be decremented from the available capacity rights held by/for the enrolling party as each account gets enrolled.

33.2 The initial Maximum Demand for Customers who were previously served by Detroit Edison utilizing Interval Demand Meters is the highest 30-minute integrated demand created during the previous 12 billing months.

33.3 The initial Maximum Demand for Customers who were previously served by Detroit Edison utilizing non-Interval Demand Meters is the highest demand created during the previous 12 billing months.

33.4 The initial Maximum Demand for Customers who were previously served by Detroit Edison utilizing Energy Meters is the kW demand determined by applying the Customer's kWh consumption to the appropriate Demand Conversion Table.

33.5 The capacity rights granted through the bidding process or any subsequent resale expire at 12:01 AM on January 1, 2002 when all Customers are eligible to go to Retail Access Service without any capacity restriction.

ATTACHMENT 2

ENERGY MICHIGAN INITIAL BRIEF U-12489

MPSC Case No.: U-12489
Respondent: E. Basso
Requestor: Energy Michigan
Question No.: EMDE8.47
Page: 1 of 1

Question: If an AES offers and installs devices on its energy metered customers which interrupt service, will the load profiling mechanism proposed by Detroit Edison in this case detect and identify such interruptions for customers of specific alternate energy suppliers in the Edison retail access program? If the load profiling methodology will not produce such data, how can an AES which desires to offer interruptible or managed service to energy metered customers obtain recognition of such interruptions or management for energy balancing purposes?

Answer: No, the only practical and reliable way of identifying the effect of load management efforts is to measure usage with an interval demand meter and use that data for energy balancing purposes.

MPSC Case No.: U-12489

Respondent: T. Bloch

Requestor: Energy Michigan

Question No.: EMDE8.48

Page: 1 of 1

Question: If the Detroit Edison Rate R-14 Interruptible Load Management Rider is approved by the Commission will Alternate Electric Suppliers offering service to energy metered customers be able to install similar interruption devices and gain recognition from Detroit Edison for interruption in the form of reduced system use charges or recognition of on peak load reductions for energy balancing purposes?

Answer: See answer to EMDE8.47. To the extent an interruption results in less kWh consumption by the energy metered customer the system use charges would be less.

MPSC Case No.: U-12489

Respondent: T. Bloch

Requestor: Energy Michigan

Question No.: EMDE8.49

Page: 1 of 1

Question: Will Detroit Edison make the interruption devices proposed to be used in Rate R-14 available to Alternate Electric Suppliers or their customers receiving retail access service and, if the customers install such devices, make similar credits of \$4.00 for each day of interruption available to those customers? If the answer is yes, what, if anything, would Detroit Edison charge Alternate Electric Suppliers or their customers for such service?

Answer: No, not at this time.

MPSC Case No.: U-12489

Respondent: T. Bloch

Requestor: Energy Michigan

Question No.: EMDE8.50

Page: 1 of 1

Question: If an energy metered customer is receiving RAS service from an alternate supplier, may they also install the R-14 interruption equipment and receive the same credit from Detroit Edison as is received by bundled sales customers? If not, would they receive a different credit?

Answer: No. See answers to EMDE8.49, EMDE8.48 and EMDE8.47.

ATTACHMENT 3

ENERGY MICHIGAN INITIAL BRIEF U-12489

Economic Impact of Detroit Edison Rate Change
SWITCHING TO ENERGY ONLY CHARGE

Case No: U-12489
 Exhibit: EM-____(RAP-3)
 Witness: RAPolich
 Date: February 2001
 Page: 1 of 2

The following is based upon actual bills from September-October 2000 billing cycle for Open Access Customers:

Customer Account Number 000097402

OPEN ACCESS DISTRIBUTION CHARGES UNDER CURRENT RATES

	Billing Determinates	Rate	Total Charge
	(a)	(b)	(c)
1	Service Charge	\$5.95	\$5.95
2	System Use Charge 2 kW	\$3.42	\$6.84
3	Nuclear Decommissioning Charge 309 kWh	\$0.001234	\$0.38
4	Michigan Sales tax		<u>\$0.79</u>
5	TOTAL DETROIT EDISON CHARGES		\$13.96
6			
7			

OPEN ACCESS DISTRIBUTION CHARGES BASED ON PROPOSED RATES

	Billing Determinates	Rate	Total Charge
	(d)	(e)	(f)
	Service Charge	\$5.95	\$5.95
	System Use Charge 309 kWh	\$0.030200	\$9.33
	Nuclear Decommissioning Charge 309 kWh	\$0.001234	\$0.38
	Michigan Sales tax		<u>\$0.94</u>
	TOTAL DETROIT EDISON CHARGES		\$16.60
	TOTAL INCREASE		\$2.64
	PERCENT INCREASE		18.9%

Customer Account Number 000097006

OPEN ACCESS DISTRIBUTION CHARGES UNDER CURRENT RATES

	Billing Determinates	Rate	Total Charge
	(a)	(b)	(c)
1	Service Charge	\$5.95	\$5.95
2	System Use Charge 10 kW	\$3.42	\$34.20
3	Nuclear Decommissioning Charge 2,301 kWh	\$0.001234	\$2.84
4	Michigan Sales tax		<u>\$2.58</u>
5	TOTAL DETROIT EDISON CHARGES		\$45.57
6			
7			

OPEN ACCESS DISTRIBUTION CHARGES BASED ON PROPOSED RATES

	Billing Determinates	Rate	Total Charge
	(d)	(e)	(f)
	Service Charge	\$5.95	\$5.95
	System Use Charge 2301 kWh	\$0.030200	\$69.49
	Nuclear Decommissioning Charge 2,301 kWh	\$0.001234	\$2.84
	Michigan Sales tax		<u>\$4.70</u>
	TOTAL DETROIT EDISON CHARGES		\$82.98
	TOTAL INCREASE		\$37.41
	PERCENT INCREASE		82.1%

Economic Impact of Detroit Edison Rate Change
INCREASED MONTHLY SERVICE CHARGE

Case No: U-12489
 Exhibit: EM-____(RAP-3)
 Witness: RAPolich
 Date: Feb-01
 Page: 2 of 2

The following is based upon actual bills from September-October 2000 billing cycle for Open Access Customers:

Customer Account Number 000098590

OPEN ACCESS DISTRIBUTION CHARGES UNDER CURRENT RATES

OPEN ACCESS DISTRIBUTION CHARGES BASED ON PROPOSED RATES

	Billing Determinates	Rate	Total Charge
	(a)	(b)	(c)
1	Service Charge	\$5.95	\$5.95
2	System Use Charge 23 kW	\$3.42	\$78.66
3	Nuclear Decommissioning Charge 3,836 kWh	\$0.001234	\$4.73
4	Michigan Sales tax		<u>\$5.36</u>
5	TOTAL DETROIT EDISON CHARGES		\$94.70
6			
7			

	Billing Determinates	Rate	Total Charge
	(d)	(e)	(f)
	Service Charge	\$36.00	\$36.00
	System Use Charge 23 kW	\$3.42	\$78.66
	Nuclear Decommissioning Charge 3,836 kWh	\$0.001234	\$4.73
	Michigan Sales tax		<u>\$7.16</u>
	TOTAL DETROIT EDISON CHARGES		\$126.55
	TOTAL INCREASE		\$31.85
	PERCENT INCREASE		33.6%

Large Customer

OPEN ACCESS DISTRIBUTION CHARGES UNDER CURRENT RATES

OPEN ACCESS DISTRIBUTION CHARGES BASED ON PROPOSED RATES

	Billing Determinates	Rate	Total Charge
	(a)	(b)	(c)
1	Service Charge	\$5.95	\$5.95
2	System Use Charge 300 kW	\$3.42	\$1,026.00
3	Nuclear Decommissioning Charge 50,035 kWh	\$0.001234	\$61.74
4	Michigan Sales tax		<u>\$65.62</u>
5	TOTAL DETROIT EDISON CHARGES		\$1,159.31
6			
7			

	Billing Determinates	Rate	Total Charge
	(d)	(e)	(f)
	Service Charge	\$36.00	\$36.00
	System Use Charge 300 kW	\$3.42	\$1,026.00
	Nuclear Decommissioning Charge 50,035 kWh	\$0.001234	\$61.74
	Michigan Sales tax		<u>\$67.42</u>
	TOTAL DETROIT EDISON CHARGES		\$1,191.16
	TOTAL INCREASE		\$31.85
	PERCENT INCREASE		2.7%