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Release Date: March 23, 2006
Last Update: March 23, 2006

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The Michigan Public Service Commission (MPSC) today issued an order directing The Detroit Edison Company to show cause why its retail electric rates should not be reduced.

"Since November 2004, when Detroit Edison's last rate case was decided, a number of significant changes that may affect rates have taken place," noted MPSC Chairman J. Peter Lark. "Today, the Commission is starting a proceeding to ensure that customers of Detroit Edison are not paying rates that are no longer justified. In these difficult economic times, with national energy costs rising, it is imperative that Detroit Edison customers not pay a single dime more than is absolutely necessary to ensure the delivery of reliable energy."

In its order, the MPSC notes the following:

- In 2005 the overall load served as measured in megawatts and the number of customers participating in the electric choice market has fallen by about 20 percent, and that choice energy sales as measured by megawatt-hours decreased 26 percent in Detroit Edison's service territory. This decline in electric choice participation could allegedly result in an over collection of revenues by Detroit Edison.

- Detroit Edison's rates are based on the assumption that Detroit Edison employs approximately 8,000 workers. Reports indicate that Detroit Edison may reduce its workforce by up to 18 percent, or 1,440 employees. DTE says workforce reductions and efficiency improvements will result in corporate-wide savings of at least $250 million in the next two years.

In its Nov. 2004 order, the Commission set Detroit Edison's rates based on an after-tax income of $516 million. The utility's after-tax net operating income reached $560 million for the 2005 calendar year. Labor cost savings, declines in choice customer sales, and the Jan. 1, 2006residential rate increase may place Detroit Edison into an over-earnings position during 2006.

The Commission is expediting this case, with a pre-hearing conference set for April 25. Detroit Edison must file by June 1 testimony and exhibits showing cause why its retail electric rates should not be reduced. It is expected that reply briefs will be filed by Nov. 13. The MPSC Commissioners will read the record in this case, dispensing with the need for a proposal for decision by the administrative law judge.

The MPSC is an agency within the Department of Labor & Economic Growth.

Case Nos. U-13808, U-14522, U-14838