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September 21, 2006

Ms. Mary Jo Kunkle
Michigan Public Service Commission
6545 Mercantile Way
P.O. Box 30221
Lansing, MI 48909

Re: Case No. U-15074

Dear Ms. Kunkle:

Attached for paperless electronic filing is Complaint and Application of Energy Michigan, Inc. Against Detroit Edison Company For Tariff Amendment.

Thank you for your assistance in this matter.

Very truly yours,

VARNUM, RIDDERING, SCHMIDT & HOWLETTLLP

Eric J. Schneidewind

EJS/mrr

cc: ALJ
parties

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the Complaint)	
And Application of Energy Michigan, Inc.)	
Against the Detroit Edison Company)	Case U-15074
For Tariff Amendment.)	
_____)	

COMPLAINT AND APPLICATION OF ENERGY MICHIGAN, INC.
FOR EMERGENCY RELIEF

Pursuant to 1909 PA 300 as amended, MCL 462.2, et seq., 1919 PA 419 as amended, MCL 460.51, et seq., 1909 PA 106 as amended, 1939 PA 3, MCL 460.1, et seq., MCL 460.551, et seq., 1969 PA 306 as amended, MCL 24.201, et seq., and the Commission's Rules of Practice and Procedure as amended 1999 AC R460.17101, Energy Michigan, Inc. ("Energy Michigan") by its attorneys Varnum Riddering Schmidt & Howlett LLP hereby complain that the current Return To Service notification deadline of December 1st for all customers intending to take full service from Detroit Edison during the following June 1st through September 30th timeframe contained in the Detroit Edison Company ("Detroit Edison") tariff at Section 5.3.1 of the Retail Access Service Rider is unreasonable and should to be amended to extend the deadline to March 1st from December 1st on a permanent basis.

In support of this Complaint, Energy Michigan states as follows:

1. Energy Michigan is a Michigan non-profit corporation which was formed to protect and promote the interests of producers and users of independent power. Its membership

includes those interested in independent power, power marketing, and users of electricity located in the Detroit Edison Company electric service territory that have purchased or still are purchasing power on the Electric Choice Program.

2. As a trade association for independent power producers and those interested in this industry (energy users, marketers, and developers of independent power projects) Energy Michigan has been and continues to be interested in electric utility rate and rate design issues. Energy Michigan intervened in and participated in Case U-13808 which approved the current RTS provisions and Case U-14399 which recognized the extension or amendment of those deadlines to a March 1, 2006 timeframe.
3. On November 23, 2004, the Commission issued an Opinion and Order in Detroit Edison's main electric rate case Case No. U-13808 that, among other things, provided a customer notification deadline for customers who intend to return to Edison's bundled electric service rates for the following summer (defined as June 1st to September 30th). Specifically, the Commission stated:

The fundamental issue is how to provide a predictable program that allows customers to make reasonable economic decisions about the stranded costs they will be expected to pay and allows the utility to plan for the number of customers it will need to prepare to serve. Increased certainty about stranded cost should assist customers in making appropriate decisions regarding the economic value of choice. Moreover, the utility needs some reasonable horizon to allow it to plan for the needs of its customers. The critical timeframe relates to the summer peak demand season.

...

Additionally, the Commission finds that customers returning to bundled service shall be required to provide the utility with notice no later than December 1 that the customer will be taking bundled service during the coming summer and obligating the customer to take such service. The obligation of a returning customer to remain on bundled service shall be for one year. Order, p. 103-104.

4. Also, in Case U-13808, the Commission approved an extension of the above referenced deadline to December 31, 2004, from December 1, 2004, given the proximity of the release of the final Order to December 1st.
5. In Case U-14662, the Commission approved on an ex parte basis the Application of Detroit Edison to extend the above referenced deadline to March 1, 2006, on a one time basis. Opinion and Order of the Commission, Case U-14662, October 18, 2005.
6. In all instances where the Commission has approved an extension of the December 1st return to service notification deadline, Detroit Edison has failed to illustrate any harm to the utility's ability to plan for the needs of its customers or any additional costs imposed on the utility or its customers from such a delay in the return to service notification deadline. In fact, it was Detroit Edison that originally requested to extend the above referenced deadline when it was apparent that retail choice customers would be more likely to return to the utility's full service rates as a result of the Commission's Order in Case U-14399.
7. If the Commission does not act in this matter, the return to service notification deadline for retail choice customers returning to the utility's full service on or before September 30th will be December 1st. This deadline is entirely too early for several reasons:

- a. Retail choice customer contracts expire throughout the year not just prior to December 1st. The December 1st return to service notification deadline requires retail choice customers with contracts expiring between December 1st and September 30th of the following year to decide whether to return to the utility's full service rates, attempt to negotiate a new contract with an alternative electricity supplier prior to the December 1st deadline, or risk waiting until their contract expires thereby eliminating the utility's full service rates as a potential supply option. While some notification of a customer's intent to return to the utility's full service rates may be necessary for planning purposes, the current December 1st deadline imposes significant burdens on customers by potentially limiting their supply options.

- b. The one constant associated with energy prices is that they are constantly changing. Customers faced with December 1st return to service notification deadline are required to decide whether to return to the utility's full service rates prior to December 1st or attempt to predict whether energy prices will increase or decrease during the subsequent ten months when their contract potentially expires. This burden increases the likelihood that customers will simply return to the utility's full-service rates thereby increasing the fuel and purchased power costs for the utility's full service customers, assume additional price risk by waiting until their contract with an alternative electricity supplier expires, or renew a contract with an alternative electricity supplier with limited information regarding prices for the subsequent ten months.

- c. Additionally, the amount of retail choice load has been significantly reduced on the Detroit Edison system. Recent discovery responses in Case No U-14838 from Detroit Edison showed that as of May 2006 there were approximately 1,000 MW of retail choice load on a system with a peak demand in excess of 12,000 MW. The amount of unplanned retail choice load returning to the utility's full service rates during the summer months is likely to be small enough not to unreasonably burden Detroit Edison's summer source planning process. In addition, the additional time provides more opportunities for customers to consider options from retail choice providers potentially decreasing the likelihood that retail choice customers would return to the utility's full service rates thereby decreasing the need for the utility to procure additional resources for those customers.
8. Revising the December 1 deadline to March 1 is reasonable and in the public interest because it will minimize customer confusion and afford Choice customers additional time for decision making.
9. Granting the requested waiver of the deadline will not constitute an increase in rates that will result in an increase of the cost of service to Detroit Edison customers.

WHEREFORE, Energy Michigan requests that the Commission revise the deadline contained in Section 5.3.1 of Edison's Retail Access Service Tariff from December 1 to March 1 as expeditiously as possible.

Respectfully submitted,

Varnum, Riddering, Schmidt & Howlett LLP
Attorneys for Energy Michigan, Inc.

September 21, 2006

By: _____

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