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**Timothy J. Lundgren**

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April 5, 2019

Ms. Kavita Kale  
Executive Secretary  
Michigan Public Service Commission  
7109 W. Saginaw Highway  
P.O. Box 30221  
Lansing, MI 48909

**Re: MPSC Case No. U-20162**

Dear Ms. Kale:

Attached for electronic filing in the above-referenced matter, please find Energy Michigan Inc.'s Replies to Exceptions. Thank you for your assistance in this matter.

Very truly yours,  
**VARNUM**

Timothy J. Lundgren

TJL/kc  
Enclosures  
c. All parties of record.

**STATE OF MICHIGAN**

**BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION**

In the matter of the application of )  
**DTE ELECTRIC COMPANY** for )  
authority to increase its rates, amend its )  
rate schedules and rules governing the )  
distribution and supply of electric energy, )  
and for miscellaneous accounting authority )  
\_\_\_\_\_ )

Case No. U-20162

**REPLIES TO EXCEPTIONS OF ENERGY MICHIGAN, INC.**

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**REPLIES TO EXCEPTIONS OF ENERGY MICHIGAN, INC.**

On March 7, 2019, the Administrative Law Judge ("ALJ") Sally J. Wallace issued a Proposal for Decision ("PFD") in this case. On March 25, 2019, Exceptions to the PFD were filed by the Association of Businesses Advocating Tariff Equity ("ABATE"); the Attorney General; DTE Electric Company ("DTE"); the Environmental Law and Policy Center, the Solar Energy Industries Association, and Vote Solar ("Joint Solar Advocates" or "JSA"); Energy Michigan, Inc. ("Energy Michigan"); Great Lakes Renewable Energy Association; Michigan Environmental Council, Natural Resources Defense Council, and Sierra Club ("MEC-NRDC-SC"); Soulardarity; Residential Customer Group; the Kroger Company; and the Michigan Public Service Commission ("MPSC" or the "Commission") Staff ("Staff").

Pursuant to Rule 435 of the Commission's Rules of Practice and Procedure before the Commission, R 792.10435, and in accordance with the schedule set in this proceeding, Energy Michigan submits these Replies to Exceptions to the PFD.

Energy Michigan's Replies to Exceptions will focus primarily on Exceptions filed by DTE. Energy Michigan's failure here to reply to Exceptions of any party does not signify an

agreement with those Exceptions, nor a waiver of the positions it has taken in its testimony and briefing with respect to the issues raised in this proceeding.

**I. The PFD is Correct in Rejecting DTE's Methodology for Calculating the Capacity Charge, and Affirming the Methodology Embraced by the Commission in its Previous Orders.**

In its exception addressing the setting of DTE's capacity charge, under DTE's Section VI B. of its filed Exceptions, DTE once again asserts that in its November 21, 2017 order in U-18248 the Commission approved DTE's method for calculating the capacity charge. See DTE's Exceptions, p. 97. This is misleading at best. As Energy Michigan discussed at length in its Initial Brief, and specifically rebutted in its Reply Brief, the Commission did not approve the calculation of the capacity charge from the DTE method that is at issue here:

Therefore, while DTE attempts to make it appear in its Initial Brief that the Commission in its Order in U-18248 affirmed the DTE methodology, in actual fact the methodology used for the adjustment at issue here was the one advocated by Energy Michigan's witnesses Mr. Rob Jennings and Mr. Ralph Smith, while the DTE methodology was rejected, as we have seen: "For all of these reasons, the Commission finds that the methodology for establishing the state reliability charge supported by the Jennings and Smith testimony is reasonable, appropriate, and consistent with Section 6w."<sup>1</sup>

DTE presents no new arguments in its Exceptions for its method of calculating the capacity charge, which the Commission has now reviewed and rejected in its November 21, 2017 Order in Case No. U-18248, and again in its April 27, 2018 Order in U-18255. The ALJ in her PFD correctly affirmed that the Commission has strongly and repeatedly indicated its intention that the capacity charge be calculated according to the methodology set forth in U-18248 by Energy Michigan's witnesses Jennings and Smith, and this conclusion should be affirmed.

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<sup>1</sup> Reply Brief of Energy MI, pp. 2-3, quoting from MPSC Order on November 21, 2017, Case No. U-18248, pp. 69.

## **II. The PFD's Support for Retaining Both Return to Service Options Should be Affirmed.**

DTE also takes exception to the PFD's support for Energy Michigan's proposal to retain both return to service provisions. DTE Exceptions, pp. 154-155. While DTE claims that it "costs the Company to maintain that [i.e., the existing] option," DTE never presented any evidence of why it would create additional costs, or what those costs are, or whether those additional costs outweighed the additional benefits outlined by Energy Michigan. Despite the ALJ pointing out that "DTE Electric also suggests that retaining Option 2 somehow costs the company something; however, it fails to explain why that is the case or what the cost is," DTE has made no effort to do so in its Exceptions. See PFD, p. 298. Therefore, DTE's exception should be disregarded and the ALJ's recommendation to retain both pricing options (the 12-month and short term) should be adopted.

## **III. Conclusions And Prayer For Relief**

WHEREFORE, Energy Michigan, Inc. respectfully requests that the Commission issue an order that:

- 1) Accepts the PFD's recommendations on the capacity calculation methodology;
- 2) Accepts the PFD's recommendations on the return to service pricing options for Tariff EC2; and
- 3) Consistent with Energy Michigan's filed Exceptions, accepts the changes to Section E2.7, Meter Reading, of DTE's EC2 tariff proposed in Energy Michigan's Exhibit EM-5.

Respectfully submitted,

Varnum LLP  
Attorneys for Energy Michigan, Inc.

April 5, 2019

By: \_\_\_\_\_

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Case No. U-20162

**PROOF OF SERVICE**

STATE OF MICHIGAN )  
 ) ss.  
COUNTY OF INGHAM )

Kimberly J. Champagne, the undersigned, being first duly sworn, deposes and says that she is a Legal Secretary at Varnum LLP and that on the 5th day of April, 2019, she served a copy of Energy Michigan, Inc.'s Replies to Exceptions upon those individuals listed on the attached Service List via email at their last known addresses.

\_\_\_\_\_  
Kimberly J. Champagne



**SERVICE LIST**  
**MPSC CASE NO. U-20162**

**Administrative Law Judge**

Hon. Sally Wallace  
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