

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the application of)
CONSUMERS ENERGY COMPANY)
for authority to recover implementation)
costs, for approval of stranded cost true-)
up methodology, and for other relief)

MPSC Case No. U-1 1955

In the matter of the application of)
THE DETROIT EDISON COMPANY)
for authority to recover retail access)
program implementation costs and for)
approval of a true-up mechanism in)
connection with the recovery of stranded)
costs)

MPSC Case No. U-1 1956

**MICHIGAN PUBLIC SERVICE
COMMISSION**

MAY 03 1999

FILED

PETITION FOR LEAVE TO INTERVENE
OF CADILLAC RENEWABLE ENERGY, L.L.C.

Pursuant to Rule 201 of the Rules of Practice and Procedure before the Commission, Cadillac Renewable Energy, L.L.C. ("Cadillac") by and through its attorneys, Fraser Trebilcock Davis & Foster, P.C., petitions the Michigan Public Service Commission ("MPSC") for leave to intervene in this combined case. In support of its petition, Cadillac states:

1. Petitioner is in the electric generation business and has participated in past proceedings before this Commission.
2. Petitioner has a signed Power Purchase Agreement with Consumers Energy Company which contains capacity and energy rates that have been approved by this Commission.

3. The Petitioner's project is a qualifying facility under the Public Utilities Regulatory Policies Act of 1978. The Petitioner's project has not yet gone into commercial operation.

4. In MPSC Case No. U-1 1290 et al, the MPSC issued a series of orders relating to the restructuring of Michigan's electric industry. In these orders, the Commission concluded that certain costs of electric utilities would be considered "stranded costs," i.e., costs which were incurred during the regulated era that would be above market prices in a competitive era. The MPSC concluded that the portion of the capacity rates to be paid by Consumers to the Cadillac pursuant to its PPA were stranded costs. The MPSC also established procedures for the recovery of stranded costs, including a stranded cost true-up mechanism.

5. In its March 8, 1999 Opinion and Order in MPSC Case No. U-1 1290, et al, the MPSC initiated a combined case for both Consumers and The Detroit Edison Company ("Detroit Edison") regarding the true-up mechanism. The MPSC stated:

"... the Commission finds that the initial true-up should be conducted in a joint proceeding involving both Consumers and Detroit Edison. Testimony by the utilities should be filed in accordance with the schedule determined by the Administrative Law Judge at the prehearing conference in the combined case."
(March 8, 1999 Order at p 29.)

6. As a result of that order, both Consumers and Detroit Edison have filed applications for approval of stranded costs true-up mechanisms. Consumers' application states that "this case should ... be utilized to develop a specific stranded cost true-up mechanism which can be used in future annual true-up filings." (Consumers' Application, ¶ 12.) Consumers further stated, "The testimony filed by Consumers Energy will further specify the true-up mechanism which the Commission should adopt in this case." (Id.)

7. Likewise, Detroit Edison's application states that "this proceeding should be structured to address remaining true-up issues including: a) the appropriate stranded cost balances; b) the appropriate level of the transition charge; c) the establishment of the mechanics of the true-up and stranded cost recovery processes; and d) to address policy issues raised by the Commission. . ." (Detroit Edison's Application, ¶ 11.)

8. The Cadillac has a substantial interest in this proceeding. First, as described above, a portion of the payments to be paid by Consumers to the Cadillac pursuant to their PPA are considered stranded costs. Further, the PPA between Cadillac and Consumers contains a regulatory-out clause, which Detroit Edison may assert allows it to avoid making contractual payments to Cadillac if Consumers is disallowed recovery of those payments by the MPSC.

9. It is Cadillac's position that any approval of a true-up methodology in connection with the recovery of stranded costs and other relief must be consistent with existing federal and state law and be just and reasonable.

10. The relief which Cadillac seeks in this case is the establishment of a just and reasonable true-up methodology.

11. The Cadillac has been permitted to participate and intervene in MPSC Case No. U-1 1290 et al from which this combined case arises.

12. The present parties to this case do not adequately represent Cadillac's interests as set forth above, and therefore, it would be detrimental to the public interest to deny this petition for leave to intervene.

FRASER
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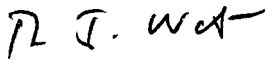
13. Because the issues set forth above are of great significance to the Cadillac and to the public, a denial of this petition for leave to intervene would result in a miscarriage of justice.

WHEREFORE, Cadillac Renewable Energy, L.L.C. respectfully requests that its Petition for Leave to Intervene be granted.

Respectfully submitted,

Fraser Trebilcock Davis & Foster, P.C.
Attorneys for Cadillac Renewable Energy,
L.L.C.

Dated: April 29, 1999

By: 
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May 4, 1999

VIA HAND DELIVERY

Ms. Dorothy Wideman
Michigan Public Service Commission
6545 Mercantile Way
P.O. Box 30221
Lansing, Michigan 48909

MICHIGAN PUBLIC SERVICE
FILED

MAY 5 1999

COMMISSION

RE: Michigan Public Service Commission Case Nos. U-1 1955 and U-1 1956

Dear Ms. Wideman:

Enclosed for filing in the above-captioned cases are two originals and eight copies of the Proof of Service for the Petition for Leave to Intervene of Cadillac Renewable Energy, LLC.

Very truly yours,

FRASER TREBILCOCK DAVIS & FOSTER, P.C.

Th J. Wat

Thomas J. Waters

TJW/csp

Encl.

cc: Mr. Bruce R. Maters (w/Encl.)
Mr. Jon R. Robinson (w/Encl.)

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PROOF OF SERVICE

MICHIGAN PUBLIC SERVICE
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MAY 5 1999

STATE OF MICHIGAN)
COUNTY OF INGHAM) ss.

Connie S. Pyle, being first duly sworn, deposes and says that on this 3rd ~~COMMISSION~~ 1999 she served a copy of a Petition to Intervene of the Central Wayne Energy Recovery Limited Partnership upon the following individual(s):

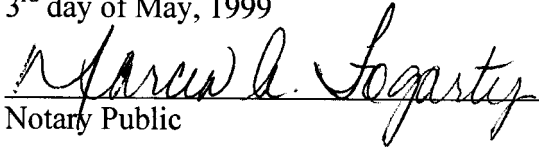
Mr. Jon R. Robinson
Consumers Energy Company
212 West Michigan
Jackson, Michigan 49201-2211

Mr. Bruce R. Maters
Detroit Edison Company
2000 Second Avenue 688 WCB
Detroit, Michigan 48226-1297

by placing the same in an envelope(s) addressed to said individual(s) at the aforesaid business address(es) and depositing same in the U.S. mails.


Connie S. Pyle

Subscribed and sworn to before me this
3rd day of May, 1999


Notary Public

MARCIA A. FOGARTY
Notary Public, Shiawassee Co., MI
Acting in Ingham County, Michigan
My Comm. Expires Mar. 9, 2003