

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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

Case No. **U-11956**

**MICHIGAN PUBLIC SERVICE COMMISSION STAFF'S
MEMORANDUM RESPONSE IN OPPOSITION TO
ABATE'S MOTION TO THE COMMISSION FOR STAFF AUDIT**

Staff, by counsel, submits the following response in opposition to the Motion of the Association of Businesses Advocating Tariff Equity ("ABATE") for a Staff audit.

On March 31, 1999, Detroit Edison Company ("DECo" or "Edison") filed an application for true-up of stranded costs.

On April 13, 1999, ABATE filed a motion for a Staff audit. In its motion, ABATE requested an audit of Edison's books and records to "determine and verify the extent to which its implementation costs have exceeded, if at all, the allowances for the various categories of such costs in its base rates during 1998 and the first quarter of 1999." This request essentially requires analysis of Edison's total income and expenses.

This case is intended to be a true-up of stranded costs and to determine the prudence of implementation costs of electric competition. Thus, ABATE's request is outside the scope of these proceedings.

"The Commission has previously ruled that an audit should be conducted in connection with the proposed recovery implementation costs." (**ABATE's** motion on

page 3, paragraph 9). In an order dated October 29, 1997 in Case Nos. U-11451 and U-11452, page 14, the Commission stated:

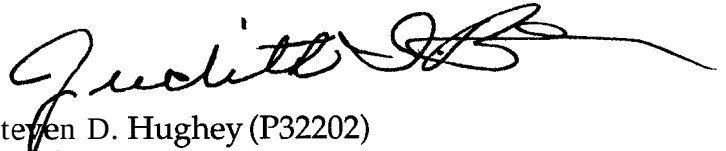
... the Commission previously held that although implementation costs may be recovered from open access customers at some time in the future, they must **be audited, verified** and examined for prudence 'prior to including them in rates.' June 5 Order, p. 14. (emphasis added)

Clearly, as ordered by the Commission, Staff intends to participate in the case and carry out its duties. The directions offered by ABATE are unnecessary. ABATE has requested the total earnings of the company be audited. In light of the above Commission orders, this request is inappropriate and not at issue in this case. Total earnings are already the focus of Case No. U-11495.

WHEREFORE, for the foregoing reasons, Staff respectfully requests that the motion of ABATE for Staff audit be denied.

Respectfully submitted,

**MICHIGAN PUBLIC SERVICE
COMMISSION STAFF**



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Dated: May 10, 1999

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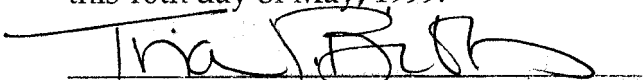
PROOF OF SERVICE

STATE OF MICHIGAN)
) ss
COUNTY OF INGHAM)

Linda Andreas being first duly sworn, deposes and says that on May 10, 1999, she served a true copy of the **Michigan Public Service Commission Staff’s Memorandum Response in Opposition to ABATE’s Motion to the Commission for Staff Audit** upon the parties listed on the attached Service List by depositing the same in a United States postal depository enclosed in an envelope bearing postage fully prepaid, plainly addressed as follows:


Linda Andreas

Subscribed and sworn to before me
this 10th day of May, 1999.


Tina L. Bibbs, Notary Public
Ingham County, Michigan
My Commission Expires: 11/13/99

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U-11956

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