

ANN ARBOR, MICHIGAN
BLOOMFIELD HILLS, MICHIGAN
CHICAGO, ILLINOIS

LAW OFFICES
DYKEMA GOSSETT
PROFESSIONAL LIMITED LIABILITY COMPANY
124 W. ALLEGAN STREET, SUITE 800
LANSING, MICHIGAN 48933-1742
TELEPHONE (517) 374-9100
FACSIMILE (517) 374-9191
WWW.DYKEMA.COM

DETROIT, MICHIGAN
GRAND RAPIDS, MICHIGAN
WASHINGTON, DC

ALBERT ERNST

DIRECT DIAL: (517) 374-9155
E-MAIL: AERNST@DYKEMA.COM

August 1, 2003

Mr. Robert Kehres
Acting Executive Secretary
Michigan Public Service Commission
6545 Mercantile Way, Ste. 7
Lansing, MI 48911

Re: Case No. U-12133
Application of Edison Sault Electric Company for Authority to Utilize a
Portion of the Customer Education Surcharge to Promote Green Power

Dear Mr. Kehres:

Enclosed please find original and four copies of Application of Edison Sault Electric Company for Authority to Utilize a Portion of the Customer Education Surcharge to Promote Green Power. Also enclosed for filing is a Proof of Service. These documents are also being electronically filed.

If there are any questions or comments, do not hesitate to contact me.

Sincerely,

DYKEMA GOSSETT PLLC



Albert Ernst

Enclosure

cc: Lee Baatz
Parties of Record

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

* * * * *

In the matter of the proposal of the)
CHOICE ADVISORY COUNCIL for a statewide)
customer education program and other related)
matters)
_____)

Case No. U-12133

**APPLICATION OF EDISON SAULT ELECTRIC COMPANY
FOR AUTHORITY TO UTILIZE A PORTION OF THE CUSTOMER
EDUCATION SURCHARGE TO PROMOTE GREEN POWER**

Edison Sault Electric Company ("Edison Sault") hereby requests that the Commission approve this Application describing Edison Sault's plan for utilization of the collected consumer education surcharges authorized in this case. In support of its Application, Edison Sault states as follows:

1. On October 11, 2001, the Commission gave its final approval to the April 27, 2001 Settlement Agreement in this case. Paragraph 6 of that Agreement authorized certain electric utilities, including Edison Sault, to collect a uniform surcharge of 18 cents per month from all customer meters. The surcharge was to be a cost recovery mechanism to permit these utilities to engage in a customer education program.

2. On April 17, 2003, the Commission prospectively suspended continued collection of the customer education surcharge, and ordered the utilities, including Edison Sault, to submit a report regarding amounts collected and expended in 2003 pursuant to the cost recovery program. The

Commission also ordered each utility to file “an application proposing how it intends to use the funds collected pursuant to the CHOICE Advisory Council program to promote green power or how it will refund such funds to its customers.” April 17, 2003 Order, Case No. U-12133, p 8. In that Order, the Commission encouraged utilities to use funds collected to promote green power if they have the capability to provide green power to their customers. Id. at 5.

3. Pursuant to the Commission’s April 17, 2003 order, Edison Sault suspended collection of the customer education surcharge as of May 1, 2003. Edison Sault has filed a report describing the amounts collected pursuant to the cost recovery program simultaneously with the filing of this Application. See **Exhibit A**.

4. In 2003, Edison Sault collected \$16,409.52 pursuant to the cost recovery program. A total of \$65,343.42 was collected from January 2002 through April 2003. A spreadsheet showing monthly collections, including interest, is attached as **Exhibit B**. Monthly statements showing the number of meters of each class affected by the cost recovery program, as well as the total revenue generated from each class, are attached as **Exhibit C**.

5. Edison Sault has not made any expenditures from the funds collected pursuant to the customer education surcharge.

6. Edison Sault has filed an Application with the Commission for authority to implement an Experimental Renewable Energy Rider that would allow customers to voluntarily purchase power generated from renewable energy resources. See **Exhibit D**.

Proposal

7. Assuming that its Application for authority to implement an Experimental Renewable Energy Rider is approved, Edison Sault proposes to expend one-half of the funds collected pursuant to the customer education surcharge to promote green power, and to refund one-half of the funds, plus interest, to its customers. Edison Sault believes that this hybrid approach will permit it to adequately promote green power to its customers, without unnecessarily expending more funds than necessary to inform its customers about their green power options.

8. Edison Sault would use one-half of the funds collected, or \$32,671.71, to promote green power. Edison Sault's green power promotion campaign would take place after the approval of this Application and its Application regarding the Experimental Renewable Energy Rider. The campaign would consist of two essential elements: (1) a direct mailing enrollment campaign, and (2) a general advertising campaign. The direct mailing enrollment campaign would consist of a special mailing to all Edison Sault customers explaining the benefits of green power and the availability of green power pursuant to the Experimental Renewable Energy Rider. This mailing would then be supplemented by general advertisements promoting green power. Edison Sault expects to conduct most of this advertising via announcements on local radio stations and advertisements or news releases in local newspapers. The general campaign also may include print advertising in other publications that reach Edison Sault's service area. These advertisements would serve to educate the public about the benefits of green power, and would promote Edison Sault's voluntary green power program.

9. Edison Sault would refund the other half of the amounts collected pursuant to the consumer education surcharge to its customers. The refund amount would be \$1.44, or one-half of the \$2.88 collected from customers over the 16 months that the surcharge was collected, plus interest. As shown in **Exhibit B**, Edison Sault has calculated that the total refund, including interest, will be approximately \$1.52. This calculation assumes a refund date of October 2003.

10. Edison Sault proposes that it pay the refund in one lump sum as a credit to all then-existing customers. The refund will be granted equally to all customers, regardless of the amounts actually collected from each customer, because of minimal fluctuation in Edison Sault's consumer base during the collection period. Customers that are no longer with Edison Sault at the time of the refund would not receive any credits or refunds. Edison Sault believes that the expense that would be incurred in making individualized refund decisions would not be justified given the small amount of the refunds. Any over- or under-refund that results from this method of application of the credits is expected to be *de minimus* and would not be subject to adjustment.

11. If Edison Sault's Application for authority to implement an Experimental Renewable Energy Rider is not approved, Edison Sault proposes to refund the entire amount collected pursuant to the customer education surcharge. The refund shall be paid in one lump sum as a credit to all then-existing customers of Edison Sault. The refund amount shall be \$2.88, which represents the total amount that each customer would have paid over the 16 months that the surcharge was collected, plus interest. Edison Sault estimates that the total refund would be approximately \$3.04, assuming a refund date of October 2003. This refund would be granted in the same manner as that described in Paragraph 10, above.

12. Edison Sault respectfully requests that the Commission issue its order approving this application on an *ex parte* basis because it will impose no additional expenses upon consumers.

13. Jurisdiction in this matter is pursuant to 1909 PA 106, as amended, MCL 460.551 et seq.; 1919 PA 419, as amended, MCL 460.51 et seq.; 1939 PA 3, as amended, MCL 460.1 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, R 460.17101 et seq.

WHEREFORE, Edison Sault respectfully requests that the Commission:

- A. Approve this Application on an *ex parte* basis; and
- B. Grant such other and further relief as may be lawful and proper.

Respectfully submitted,

DYKEMA GOSSETT PLLC
Attorneys for Edison Sault Electric Company

Dated: August 1, 2003

By: Christine Mason Soneral /KNL
Christine Mason Soneral (P58820)
Kristine N. Lapinski (P59964)
124 W. Allegan, Suite 800
Lansing, MI 48933
(517) 374-9184/(517) 374-9138

LAN01\1111793
ID\KNL

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

* * * * *

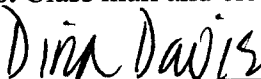
**In the matter of the proposal of the)
CHOICE ADVISORY COUNCIL for a)
statewide customer education program)
and other related matters.)**
_____)

Case No. U-12133

PROOF OF SERVICE

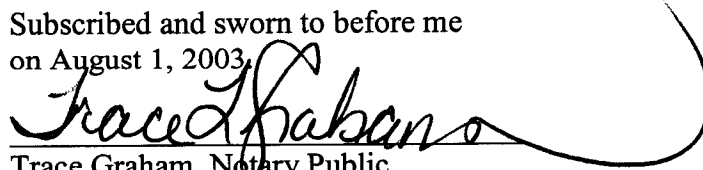
STATE OF MICHIGAN)
) ss.
COUNTY OF INGHAM)

Dina Davis, being first duly sworn, deposes and says that on August 1, 2003, she caused to be served upon the persons listed in the attached Service List, copies of Application of Edison Sault Electric Company For Authority to Utilize a Portion of the Customer Education Surcharge to Promote Green Power by United States First Class mail and electronic mail.



Dina Davis

Subscribed and sworn to before me
on August 1, 2003.



Trace Graham, Notary Public
Ingham County, Michigan
My commission expires: 08/20/06

SERVICE LIST

CASE NO. U-12133

Alpena Power Company

James D. Florip
Gillard Bauer Marum Florip
Smigelski & Gulden
109 E. Chisolm
Alpena MI 49707
Phone: 517-356-3444
Fax: 517-354-2821
e-mail: gillard@northland.lib.mi.us

Detroit Edison Company

Bruce R. Maters
Jon P. Christinidis
The Detroit Edison Company
2000 Second Avenue, 688 WCB
Detroit, MI 48226
Phone: 313-235-7481
Fax: 313-235-8500
e-mail: mpsscfilings@dteenergy.com
(Maters)
e-mail: christindisj@detroit Edison.com
(Christinidis)

Consumers Energy Company

Raymond E. McQuillan
212 W Michigan Avenue, M-1082
Jackson, MI 49201
Phone: 517-788-0677
Fax: 517-788-0768
e-mail: remcquillan@cmsenergy.com

Indiana Michigan Power Company

Daniel L. Stanley
Honigman Miller Schwartz & Cohn
222 N. Washington Square, Ste. 400
Lansing, MI 48933
Phone: 517-377-0714
Fax: 517-484-8286
e-mail: dls@honigman.com

Wisconsin Electric Power Company Northern States Power Company - WI Wisconsin Public Service Corporation Upper Peninsula Power Company

Harvey J. Messing
Sherri A. Wellman
Loomis Ewert Parsley Davis & Gotting
232 S. Capitol Avenue, Ste. 1000
Lansing, MI 48933
Phone: 517-482-2400
Fax: 517-482-7227
e-mail: sawellman@loomislaw.com

Michigan Electric Cooperative Assn.

Albert Ernst
Dykema Gossett PLLC
800 Michigan National Tower
Lansing, MI 48933
Phone: 517-374-9155
Fax: 517-374-9191
e-mail: aernst@dykema.com

Unicom Energy, Inc.

John M. Dempsey
Dickinson Wright PLLC
215 S. Washington Square, Ste. 200
Lansing, MI 48933
Phone: 517-487-4763
Fax: 517-487-4700
e-mail: jdempsey@dickinson-wright.com

Energy Michigan

Eric J. Schneidewind
Varnum Riddering Schmidt & Howlett
LLP
201 N. Washington Square, Ste. 210
Lansing, MI 48933
Phone: 517-428-6237
Fax: 517-428-6937
e-mail: ejshneidewind@vrsh.com

ABATE

Robert A. LeFevre
Clark Hill PLC
2455 Woodlake Circle
Okemos, MI 48864
Phone: 517-381-9193
Fax: 517-381-0268
e-mail: rlefevre@clarkhill.com

Robert A.W. Strong
Clark Hill PLC
255 S. Old Woodward Ave., 3rd Floor
Birmingham, MI 48009
Phone: 248-642-9692
Fax: 248-642-2174
e-mail: rstrong@clarkhill.com

MPSC Staff

Patricia S. Barone
Assistant Attorney General
6545 Mercantile Way, Ste. 15
Lansing, MI 48911
Phone: 517-334-7650
Fax: 517-334-7655
e-mail: baronep@ag.state.mi.us

Counsel for Attorney General

Robert L. Mol
Assistant Attorney General
Special Litigation Division
G. Mennen Williams Bldg., 6th Floor
Lansing, MI 48933

Administrative Law Judge

Hon. Daniel E. Nickerson
Michigan Public Service Commission
6545 Mercantile Way, Ste. 14
Lansing, MI 48911
Phone: 517-241-6060
Fax: 517-241-6061
e-mail: Daniel.E.Nickerson@cis.state.mi.us

E-mail Only

Jeanne Beachnau - jbeachnau@dykema.com
Mindy Smith - msmith@dickinson-wright.com

Case No. U-12133

EXHIBIT A



A Wisconsin Energy Company

725 East Portage Avenue / Sault Ste. Marie, MI 49783
906-632-2221 800-562-4960

August 1, 2003

Mr. Robert Kehres
Acting Executive Secretary
Michigan Public Service Commission
6545 Mercantile Way
P. O. Box 30221
Lansing, MI 48909

RE: MPSC Case No. U-12133
CHOICE Education – Reconciliation Report for 2003

Dear Mr. Kehres:

On October 11, 2001, the Michigan Public Service Commission issued an Order in Case No. U-12133 approving a settlement agreement. Paragraph 14 of the agreement states that participating companies shall file an annual reconciliation for the education program revenues and expenses. On April 17, 2003, the Commission issued an Order prospectively suspending further collection of the surcharge and directed each utility to submit a report on the amount collected or expended during 2003. Please accept this letter as Edison Sault Electric Company's report.

Edison Sault suspended the collection of the surcharge beginning with its May 2003 billing cycle. Up to that point, during 2003, Edison Sault collected \$16,409.52 from its customer education surcharge. Expenditures under the customer education program to date during 2003 were \$0. Combined with revenues received during 2002, the fund balance was \$65,343.42. Attached is a schedule showing the monthly amounts collected.

The Commission's April 17, 2003 Order further directed each utility to file an application proposing how it intends to use the funds collected to promote green power or how it will refund such funds to customers. Submitted contemporaneously with this report is an application requesting approval to refund 50% of the amounts collected, with interest, in the form of a \$1.52 per meter refund applied to customers' bills during our October 2003 billing cycle. Edison Sault intends to spend the remaining 50% of the amounts collected in establishing and promoting a voluntary renewable energy program. A separate application requesting Commission approval of Edison Sault's voluntary renewable energy tariff is also being filed contemporaneously.

The promotion of the renewable energy program is expected to include a direct mailing enrollment campaign, supplemented by radio and print advertising to publicize the program. Edison Sault intends to limit such initial costs to 50% of the amounts collected under the customer education program. After the initial rollout, on-going administrative expenses of the renewable energy program are expected to be minimal. Edison Sault intends to acquire additional sources of renewable energy through purchases acquired under its Joint Operating Agreement with Wisconsin Electric Power Company. An amendment to the Companies' Joint Operating Agreement is being filed with FERC to facilitate such purchases.

Please contact me if you have any questions concerning this report.

Very truly yours,

A handwritten signature in cursive script, reading "Lee Baatz". The signature is written in black ink and is positioned above the printed name and title.

Lee M. Baatz
Assistant Vice President – Rates

File: CustomerEducationreport1.doc

EDISON SAULT ELECTRIC COMPANY
Summary of Customer Choice Education
Collections, January 2002 to April 2003

[illegible]

Case No. U-12133

EXHIBIT B

[illegible]

Case No. U-12133

EXHIBIT C

Edison Sault Electric Company
Michigan Education Fee Analysis
For the month of January 2002

<u>Classification</u>	<u># of Meters</u>	<u>Fee</u>	<u>Revenue</u>
Residential Service	18,751	\$0.18	\$3,375.18
General Service	3,509	0.18	631.62
Heating/Air Conditioning	229	0.18	41.22
Large General Service	84	0.18	15.12
Industrial Accounts	6	0.18	1.08
Negotiated Accounts	4	0.18	<u>0.72</u>
Total			\$4,064.94

Edison Sault Electric Company
Michigan Education Fee Analysis
For the month of March 2002

<u>Classification</u>	<u># of Meters</u>	<u>Fee</u>	<u>Revenue</u>
Residential Service	18,741	\$0.18	\$3,373.38
General Service	3,515	0.18	632.70
Heating/Air Conditioning	228	0.18	41.04
Large General Service	85	0.18	15.30
Industrial Accounts	6	0.18	1.08
Negotiated Accounts	4	0.18	<u>0.72</u>
Total			\$4,064.22

Edison Sault Electric Company
Michigan Education Fee Analysis
For the month of April 2002

<u>Classification</u>	<u># of Meters</u>	<u>Fee</u>	<u>Revenue</u>
Residential Service	18,761	\$0.18	\$3,376.98
General Service	3,513	0.18	632.34
Heating/Air Conditioning	227	0.18	40.86
Large General Service	85	0.18	15.30
Industrial Accounts	6	0.18	1.08
Negotiated Accounts	4	0.18	<u>0.72</u>
Total			\$4,067.28

Edison Sault Electric Company
Michigan Education Fee Analysis
For the month of February 2002

<u>Classification</u>	<u># of Meters</u>	<u>Fee</u>	<u>Revenue</u>
Residential Service	18,747	\$0.18	\$3,374.46
General Service	3,516	0.18	632.88
Heating/Air Conditioning	229	0.18	41.22
Large General Service	84	0.18	15.12
Industrial Accounts	6	0.18	1.08
Negotiated Accounts	4	0.18	<u>0.72</u>
Total			\$4,065.48

Edison Sault Electric Company
Michigan Education Fee Analysis
For the month of June 2002

<u>Classification</u>	<u># of Meters</u>	<u>Fee</u>	<u>Revenue</u>
Residential Service	18,761	\$0.18	\$3,376.98
General Service	3,538	0.18	636.84
Heating/Air Conditioning	228	0.18	41.04
Large General Service	85	0.18	15.30
Industrial Accounts	6	0.18	1.08
Negotiated Accounts	4	0.18	<u>0.72</u>
Total			\$4,071.96

Edison Sault Electric Company
Michigan Education Fee Analysis
For the month of May 2002

<u>Classification</u>	<u># of Meters</u>	<u>Fee</u>	<u>Revenue</u>
Residential Service	18,767	\$0.18	\$3,378.06
General Service	3,528	0.18	635.04
Heating/Air Conditioning	229	0.18	41.22
Large General Service	85	0.18	15.30
Industrial Accounts	6	0.18	1.08
Negotiated Accounts	4	0.18	<u>0.72</u>
Total			\$4,071.42

Edison Sault Electric Company
Michigan Education Fee Analysis
For the month of July 2002

<u>Classification</u>	<u># of Meters</u>	<u>Fee</u>	<u>Revenue</u>
Residential Service	18,775	\$0.18	\$3,379.50
General Service	3,546	0.18	638.28
Heating/Air Conditioning	224	0.18	40.32
Large General Service	85	0.18	15.30
Industrial Accounts	6	0.18	1.08
Negotiated Accounts	4	0.18	<u>0.72</u>
Total			\$4,075.20

Edison Sault Electric Company
Michigan Education Fee Analysis
For the month of August 2002

<u>Classification</u>	<u># of Meters</u>	<u>Fee</u>	<u>Revenue</u>
Residential Service	18,796	\$0.18	\$3,383.28
General Service	3,566	0.18	641.88
Heating/Air Conditioning	224	0.18	40.32
Large General Service	85	0.18	15.30
Industrial Accounts	6	0.18	1.08
Negotiated Accounts	4	0.18	<u>0.72</u>
Total			\$4,082.58

Edison Sault Electric Company
Michigan Education Fee Analysis
For the month of September 2002

<u>Classification</u>	<u># of Meters</u>	<u>Fee</u>	<u>Revenue</u>
Residential Service	18,811	\$0.18	\$3,385.98
General Service	3,563	0.18	641.34
Heating/Air Conditioning	224	0.18	40.32
Large General Service	85	0.18	15.30
Industrial Accounts	6	0.18	1.08
Negotiated Accounts	4	0.18	<u>0.72</u>
Total			\$4,084.74

Edison Sault Electric Company
Michigan Education Fee Analysis
For the month of October 2002

<u>Classification</u>	<u># of Meters</u>	<u>Fee</u>	<u>Revenue</u>
Residential Service	18,840	\$0.18	\$3,391.20
General Service	3,569	0.18	642.42
Heating/Air Conditioning	221	0.18	39.78
Large General Service	86	0.18	15.48
Industrial Accounts	6	0.18	1.08
Negotiated Accounts	4	0.18	<u>0.72</u>
Total			\$4,090.68

Edison Sault Electric Company
Michigan Education Fee Analysis
For the month of November 2002

<u>Classification</u>	<u># of Meters</u>	<u>Fee</u>	<u>Revenue</u>
Residential Service	18,856	\$0.18	\$3,394.08
General Service	3,583	0.18	644.94
Heating/Air Conditioning	219	0.18	39.42
Large General Service	87	0.18	15.66
Industrial Accounts	6	0.18	1.08
Negotiated Accounts	4	0.18	<u>0.72</u>
Total			\$4,095.90

Edison Sault Electric Company
Michigan Education Fee Analysis
For the month of December 2002

<u>Classification</u>	<u># of Meters</u>	<u>Fee</u>	<u>Revenue</u>
Residential Service	18,867	\$0.18	\$3,396.06
General Service	3,592	0.18	646.56
Heating/Air Conditioning	219	0.18	39.42
Large General Service	87	0.18	15.66
Industrial Accounts	6	0.18	1.08
Negotiated Accounts	4	0.18	<u>0.72</u>
Total			\$4,099.50

Edison Sault Electric Company
Michigan Education Fee Analysis
For the month of January 2003

<u>Classification</u>	<u># of Meters</u>	<u>Fee</u>	<u>Revenue</u>
Residential Service	18,884	\$0.18	\$3,399.12
General Service	3,598	0.18	647.64
Heating/Air Conditioning	217	0.18	39.06
Large General Service	87	0.18	15.66
Industrial Accounts	6	0.18	1.08
Negotiated Accounts	4	0.18	<u>0.72</u>
Total			\$4,103.28

Edison Sault Electric Company
Michigan Education Fee Analysis
For the month of February 2003

<u>Classification</u>	<u># of Meters</u>	<u>Fee</u>	<u>Revenue</u>
Residential Service	18,885	\$0.18	\$3,399.30
General Service	3,597	0.18	647.46
Heating/Air Conditioning	217	0.18	39.06
Large General Service	86	0.18	15.48
Industrial Accounts	6	0.18	1.08
Negotiated Accounts	4	0.18	<u>0.72</u>
Total			\$4,103.10

Edison Sault Electric Company
Michigan Education Fee Analysis
For the month of March 2003

<u>Classification</u>	<u># of Meters</u>	<u>Fee</u>	<u>Revenue</u>	.
Residential Service	18,885	\$0.18	\$3,399.30	
General Service	3,591	0.18	646.38	
Heating/Air Conditioning	215	0.18	38.70	
Large General Service	85	0.18	15.30	
Industrial Accounts	6	0.18	1.08	
Negotiated Accounts	4	0.18	<u>0.72</u>	
Total			\$4,101.48	

Edison Sault Electric Company
Michigan Education Fee Analysis
For the month of April 2003

<u>Classification</u>	<u># of Meters</u>	<u>Fee</u>	<u>Revenue</u>
Residential Service	18,874	\$0.18	\$3,397.32
General Service	3,602	0.18	648.36
Heating/Air Conditioning	215	0.18	38.70
Large General Service	86	0.18	15.48
Industrial Accounts	6	0.18	1.08
Negotiated Accounts	4	0.18	<u>0.72</u>
Total	22,787		\$4,101.66

Case No. U-12133

EXHIBIT D

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

* * * * *

**In the matter of the application of)
EDISON SAULT ELECTRIC COMPANY)
for authority to implement an Experimental)
Renewable Energy Rider ("Rider"))**

Case No. U-13850

APPLICATION

Edison Sault Electric Company ("Edison Sault") hereby requests approval to implement an Experimental Renewable Energy Rider ("Rider"), effective immediately upon approval. In support of its application, Edison Sault states as follows:

1. Edison Sault is a Michigan corporation with principal offices located in Sault Ste. Marie, Michigan, engaged in the generation, purchase, distribution and sale of electric energy to approximately 22,000 customers in the Eastern portion of Michigan's Upper Peninsula. Edison Sault has been organized and operated under the laws of the State of Michigan since 1892.

2. Edison Sault's existing base rates were duly authorized by Commission Order in Case No. U-7235, dated November 16, 1982, as revised per the Commission's December 13, 1988 Order in Case No. U-9224, to complete a rate transition for customers who previously purchased electric service from Wisconsin Electric Power Company in Doyle, Inwood, Manistique, Mueller and Thompson townships in Schoolcraft County and Garden and Fairbanks townships in Delta County. In Case Nos. U-7519 and U-7520, respectively, both dated March 31, 1983, the Commission authorized Edison Sault's initial PSCR clause and plan. For each PSCR year thereafter, through 1995, the Commission authorized PSCR plans for Edison Sault. In its Order in Case No. U-10923, dated September 21, 1995, the Commission suspended Edison Sault's PSCR clause, and on April 16, 2002, in Case No. U-13085, authorized the

reimplementation of Edison Sault's PSCR clause. The Commission's Order provided that the PSCR clause should become effective for all of Edison Sault's standard tariffs beginning with the first billing cycle of the month following the Commission Order. The Order also provided that the start of the PSCR reconciliation period should be the first month that the PSCR was implemented and continue through December 31, 2002. Thus, Edison Sault's PSCR clause was reimplemented beginning in May 2002.

3. Edison Sault serves the power requirements of its customers from five major sources. The major sources and their approximate capacity for calendar year 2003 are:

Edison Sault's hy dro plant in Sault Ste. Marie (27 MW)

The U. S. Corp of Engineers' hydro plant (17 MW)

A firm power contract with Consumers Energy Company (Consumers Energy) (20 MW)

A firm power contract with Wisconsin Electric Power Company (WEPCo) (20 MW)

A Joint Operating Agreement (JOA) with WEPCo (37 MW forecasted for 2003)

Of the major sources, Edison Sault owns only its hydro plant in Sault Ste. Marie, and this facility supplies approximately 21% of Edison Sault's energy requirements. The other major sources are with outside power supply sources, and comprise approximately 79% of Edison Sault's energy requirements. Edison Sault's wholesale customer, Cloverland Electric Cooperative (Cloverland), receives an allocated share of the power from each purchase, at the same cost as Edison Sault.

4. Edison Sault owns its hydroelectric plant in Sault Ste. Marie, and the water for the plant is leased under a contract with the U.S. Corps of Engineers with tenure to December 31, 2050. However, the Secretary of the Army has the right to terminate the contract subsequent to December 2025 by providing at least a five-year termination notice.

Power is purchased under contract with the U.S. Corps of Engineers from its hydro plant located within the Soo Locks complex in Sault Ste. Marie. This contract has tenure to November 1, 2040, and cannot be terminated prior to November 1, 2030. The power purchased under this contract, when combined with the power generated from Edison Sault's own hydro plant, results in approximately 40% of Edison Sault's generation requirements currently coming from renewable resources.

The contract with Consumers Energy has an initial term ending September 9, 2020, and from year to year thereafter until terminated. Edison Sault may cancel the contract as of September 9, 2010. The contract provides for Edison Sault to purchase 20 MW of power for the balance of the contract.

The 20 MW firm power contract with WEPCo became effective on January 1, 1998, and continues for a period through December 31, 2007.

The JOA with WEPCo became effective on January 1, 2001, and continues in full force year to year until terminated upon twelve months notice.

Edison Sault also has its own diesel generating units. Edison Sault also can purchase generation from the diesel generating units owned by Cloverland Electric Cooperative. These diesel units are operated periodically for testing, and are available for capacity peaking purposes.

5. Attached as Exhibit A is the proposed tariff sheet implementing the proposed Experimental Renewable Energy Rider.

6. The proposed rate offers customers the option to obtain part or all of their electricity from generating sources that are fueled by renewable resources ("green power"). Green power is cleaner and creates less environmental damage than traditional sources of fuel, creating a healthier human environment and reducing costs of environmental remediation that

result from the use of fossil or nuclear fuels. Edison Sault expects to purchase the additional levels of power generated from renewable resources through an amendment to its JOA with WEPCo.

7. Should this proposed rate be approved, Edison Sault intends to use fifty percent of the customer education charges it has collected pursuant to the Commission's August 20, 2002 Order in Case Number U-12133 to promote the use of green power to its customers. Customer education efforts regarding green power will consist of mailings to current customers, as well as radio or other media advertising regarding the environmental benefits of green power. Edison Sault's plans for customer education will be more fully described in its reconciliation report and application to be filed with the Commission in Case Number U-12133 by August 1, 2003.

8. Edison Sault will offer the Rider to all customers, but only those customers who elect to be served under the Rider will be charged a renewable adder per kWh, based on the elected level of participation. The proposed rate recovers all required costs and does not require subsidization by remaining customers.

9. Edison Sault respectfully requests that the Commission issue its order approving this application on an *ex parte* basis because selection of this rate schedule by a customer is voluntary and the approval of this proposed Rider will result in no increase in the cost of service to Edison Sault's customers that do not select this rate schedule.

10. Jurisdiction in this matter is pursuant to 1909 PA 106, as amended, MCL 460.551, *et seq.*; 1939 PA 3, as amended, MCL 460.1, *et seq.*; 1982 PA 304, MCL 460.6j, *et seq.*; 1969 PA 306, as amended, MCL 24.201, *et seq.*; and the Commission's Rules of Practice and Procedure, 1979 Administrative Code, R 460.17101, *et seq.*

WHEREFORE, Edison Sault Electric Company respectfully requests that the Commission:

A. Authorize the proposed Rider on an *ex parte* basis because the rate will result in no increase in the cost of service to Edison Sault's customers that do not voluntarily select this rate schedule; and

B. Grant such other relief as may be lawful and proper.

Respectfully submitted,

DYKEMA GOSSETT PLLC

Attorneys for Edison Sault Electric Company

Dated: August 1, 2003

By: Christine Mason Soneral /KNL
Christine Mason Soneral (P58820)
Kristine N. Lapinski (P59964)
124 W. Allegan, Suite 800
Lansing, MI 48933
Phone: (517) 374-9184 or 374-9138
Fax: (517) 374-9191

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EDISON SAULT ELECTRIC COMPANY

Original Sheet No. 11.01

M.P.S.C. No. 8

Experimental Renewable Energy Rider

Availability

Available to all customers who elect to pay a premium on their electric usage for the company to obtain electricity from generating sources that are fueled by renewable resources. Customers must enroll to be served under this Rider. Once a customer has enrolled, service will continue under this Rider until the customer terminates the enrollment.

Rate

In addition to the customer's normal energy charge as indicated in the rate schedule under which the customer is served, there will be a renewable adder per kWh based on the level of participation selected by the customer as follows:

<u>Participation</u> <u>Level</u>	<u>Renewable</u> <u>Percentage</u>	<u>Adder</u>
Hydro Base*	40%	0.00 cents per kWh
Hydro Base, plus Renewable Energy	60%	0.41 cents per kWh
Hydro Base, plus Renewable Energy	80%	0.82 cents per kWh
Hydro Base, plus Renewable Energy	100%	1.22 cents per kWh

*The hydro base represents the electricity generated from hydroelectric sources that comprise approximately 40% of total generation resources that the Company already obtains to meet the power supply requirements of its customers. This rider is for customers who desire to have a greater percentage of their electricity generated from renewable resources, such as wind, solar, water, biomass and geothermal.

Conditions of Delivery

In addition to the rate above, all rates and conditions of delivery of the respective rate schedule under which the customer is served are applicable.

Issued _____, by

Donald Sawruk, President

Sault Ste. Marie, Michigan 49783

Effective for Electric Service Rendered
On and after _____

Issued Under Authority of the
Michigan Public Service Commission

Dated _____, in Case No. _____