

Detroit Edison



A DTE Energy Company

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and General Counsel

January 25, 2000

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Ms. Dorothy **Wideman**
Executive **Secretary**
Michigan Public Service Commission
6545 Mercantile Way
Lansing, MI 48909-7721

Re: **MPSC Case No: U-12250**
Application for Extension of Rates of R12

Dear Ms. Wideman:

Please find enclosed for filing with the Commission an original and four copies of Detroit Edison's Response to the Attorney General's Notice of Intervention along with Proof of Service with regard to the above captioned matter.

Thank you.

Very truly yours,

Raymond O. Sturdy, Jr.

KLW/sb

Enc.

cc: Parties of Record

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

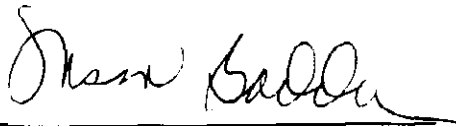
In the matter of the application of)
THE DETROIT EDISON COMPANY)
for authority to amend and extend its)
R12 customer capacity release rider)
_____)

Case No: U-12250

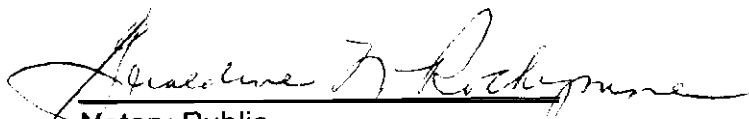
PROOF OF SERVICE

STATE OF MICHIGAN)
) ss
COUNTY OF WAYNE)

SUSAN BADDER, being duly sworn, deposes and says that on the 25th day of January, 2000 a copy of THE DETROIT EDISON COMPANY's RESPONSE TO THE ATTORNEY GENERAL'S NOTICE OF INTERVENTION upon the parties listed on the attached service list. by electronic mail and depositing same in the United States mail bearing postage fully prepaid.



Susan Badder



Notary Public

GERALDINE N. ROCKMORE
Notary Public, Oakland County, MI
My Commission Expires Dec. 23, 2002

Acting in Wayne

MPSC Case No: U-12250

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STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the application of)
THE DETROIT EDISON COMPANY)
for authority to amend and extend its)
RI 2 customer capacity release rider)
_____)

Case No: U-12250

RESPONSE OF THE DETROIT EDISON COMPANY TO
THE ATTORNEY GENERALS NOTICE OF INTERVENTION

THE DETROIT EDISON COMPANY ("Edison" or "Company"), by and through its attorneys, files this Response to the Notice of Intervention filed by the Attorney General ("AG") in this docket on January 4, 2000, and says:

1. Edison neither admits nor denies the allegations set forth in Paragraphs 1-8 of the AG's petition.
2. In response to Paragraph 9 of the AG's petition, the Company denies the allegation made by the AG that the Company is creating an "...artificial crisis by delaying its application..." The Company did not delay its application. The Company has been evaluating the results of both Riders 12 & 13 and soliciting feedback from customers and Company resource planning personnel to determine what changes should be made to improve these riders and increase participation. The Company is requesting ex parte treatment because the proposed extension and amendment will not result in an increase in the cost of service to applicants customers. Additionally, a contested case hearing would result in needless and potentially expensive delays at a

time when the Company is in the process of securing resources to meet its' Summer 2000 peak load in a volatile, time sensitive purchase power market. Customer load reductions made available through this rider have the potential to lower power supply costs for all customers and improve overall reliability.

3. In response to paragraphs 10, 11 and 12, Detroit Edison submits that the AG misunderstands the concept of the Capacity Release Rider. The AG states "...no reasonable price will induce customers to reduce their use of electricity when they actually need the capacity and energy which they will be paid to release." The AG then concludes "...if customers do not need capacity and energy at a given time, then no extra payment is necessary to induce customers to reduce their demand on DECo's system."

This is a voluntary program in which customers are only paid when they reduce load. Customers that cannot afford to reduce load would receive no benefit under this rider and presumably would not sign up. Further, Edison disagrees with the AG's conclusion that no extra payment is necessary for customers who do not need to operate during peak periods. In fact, these customers represent the target market for this rider. The Company continues to believe that there are customers that would reduce load during peak periods if offered market based prices. While it is not clear to what level, if any, customers will participate, it is very clear that customers will only receive payment for load reductions that can be verified by metered quantities or where the Company and the customer can mutually agree on a calculation method. In either case, payments will be subject to a **prudency** review by the Commission at PSCR hearings

4. In response to Paragraphs 14, 15, and 16 of the **AG's** Petition, the Company takes the position that an amendment to extend Rider No. 12 will not increase the cost of service to its customers. Rider No. 12 was approved ex parte in MPSC Case No. U-I 1686. The Company denies that In *re Consumers Energy Co*, MPSC Case No. U-I 1941 requires a different conclusion with respect to ex parte treatment in this case.

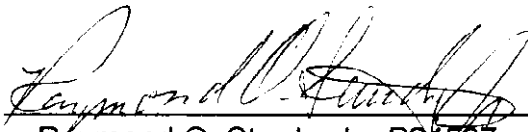
Further, the Company believes that the Court of Appeals reasoning in ***Attorney General v. PSC, Detroit Edison Company & Energy Michigan***, 220 Mich. App. 561; 560 N.W.2d 348 should be applied in this case.

5. In response to paragraph 17 of the **AG's** petition, the Company denies the legal conclusion that the amendment to extend Rider No. 12 is discriminatory or creates a potential for illegal preference.

WHEREFORE, The Detroit Edison Company respectfully requests that the Commission deny the Attorney General's petition for intervention and request for notice and hearing and requests that the Commission approve the Company's application in this docket on an ex parte basis as expeditiously as possible.

Respectfully submitted,

THE DETROIT EDISON COMPANY

By: 
Raymond O. Sturdy, Jr. P24507
Legal Department
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(313) 2358340

Dated: January 25, 2000