James R. Padgett
Manager

Regulatory Affairs
2000 2nd Ave., Detroit, MI 48226-1279
Tel:313.235.8852

Detroit Edison

A DTE Energy Company

September 28, 2000

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

Dear Ms. Wideman:

In its Order in MPSC Case No. U-12266, dated February 3, 1999, the Commission directed Detroit Edison to file a report detailing transactions associated with River Rouge Unit 1. Pursuant to that Order, enclosed is an original and four copies of the Report of the Detroit Edison Company with Regard to MPSC Order U-12266 – River Rouge 1 Transfer.

Please contact me if I can be of additional assistance.

Sincerely,

James R Padgett

JRP/skb
Enclosures

Report of The Detroit Edison Company with Regard to
MPSC Order U-12266 - River Rouge 1 Transfer

In its February 3, 2000 order in Case No. U-12266 the Michigan Public Service Commission (Commission) made certain determinations as required by Sections 32 (c) and (d) of the Public Utility Holding Company Act and granted accounting approval for the transfer of Detroit Edison's River Rouge Unit No. 1 (Rouge No. 1) to Detroit Edison's affiliate, DTE River Rouge No. 1 L.L.C. (DTE River Rouge).

The Commission made the determinations and granted the authority sought by The Detroit Edison Company (Detroit Edison) subject to six conditions. This report is being submitted in response to the third condition imposed by the Commission in its order, which states:

> The output from the plant will be first offered to retail marketers participating in retail open access programs in Michigan in 2000 and 2001. Detroit Edison shall file reports by October 1 of each year detailing the prices, terms and conditions of each offer, the methods used to publicize the offer, the parties receiving the offer, whether or not the offer was accepted, and a summary of transactions occurring under the offer. The reports should also indicate whether any specific approvals by The Federal Energy Regulatory Commission were required and obtained.

Prices, Terms and Conditions of Offer

On March 13, 2000, DTE Energy Trading, Inc., acting as agent for DTE River Rouge Unit 1, L.L.C., issued a solicitation letter and RFP which detailed the terms, conditions and minimum bid prices for the output of River Rouge Unit 1. The solicitation letter and accompanying RFP are attached. (Attachment A)

Methods Used to Publicize/Parties Receiving the Offer

The offer was mailed to 30 different potential suppliers. Suppliers selected to receive the solicitation included those who were successful bidders in Detroit Edison's and Consumers Energy's Customer Choice Capacity auctions and included those others who were thought to have an interest in Michigan generating capacity. In addition to the mailing, follow up phone calls were made to each of the suppliers who were sent the RFP. A list of those solicited is attached (Attachment B).

Offer Acceptance and Summary of Transactions

There were seven responses to the solicitation, none of which met the minimum bid levels established through the solicitation letter. Negotiations were conducted by DTE Energy Trading with the four bidders who submitted the highest bid prices with Consumers Energy (Consumers) ultimately being awarded a contract. The Call Option Agreement entered into with Consumers gave them the right to purchase up to 200 MW of Rouge No. 1’s output at a predetermined strike price from July 15, 2000 through September 30, 2000. Consumers did not exercise this right during the term of the 2001 contract. In addition, Consumers contracted for the purchase of off-peak and test energy from River Rouge No. 1. A total of 11,023 MWh were delivered over 10 days in July and 2 days in August.

FERC Approvals Required/Obtained

DTE River Rouge obtained FERC authorization creating Exempt Wholesale Generator Status for the project. DTE River Rouge also obtained market-based rate authorization. These requests were made by DTE River Rouge on March 6, 2000, under dockets EG00-112-000 and ER00-1816-000, respectively. DTE received its Exempt Wholesale Generator Status on April 11, 2000 and market-based rate authorization on May 17, 2000 through final orders issued by FERC in those dockets.

Dated: September 28, 2000

March 13, 2000

CMS MST

Dear :

DTE Energy Trading, Inc., as agent for DTE River Rouge Unit 1, L.L.C., is seeking bids exclusively from retail electric marketers eligible to participate in the Michigan Electric Choice Program for an option on capacity and energy from River Rouge Unit 1.

River Rouge Unit 1 is being converted to natural gas, restarted and operated to produce approximately 225 MW of seasonal peaking generating capacity for competitive sale to electric retailers serving load in the Michigan electric market. River Rouge Unit 1 capacity and energy constitutes valuable in-state peaking electric supply which can be combined with other supply resources to produce reliable year round electric supply.

The attached RFP contains minimum bid prices that reflect the wholesale market value of summer capacity into Michigan. Capacity will be allocated to respondents whose bids exceed the minimum price by the maximum amount.

Please review the attached RFP and indicate your intentions to submit a binding offer prior to March 17, 2000. Final bids are due by March 24, 2000.

This request for bids replaces the previous RFP issued in December 1999, and all previous responses shall be disregarded.

Thank you for your interest in River Rouge Unit 1 project.

Sincerely,

John Holt
Wholesale Marketer

JH/eej
Enclosure

March 13, 2000

Request for Bids on an Option for Energy and Capacity in Michigan

DTE River Rouge Unit 1, Limited Liability Corporation (DTERRU1 LLC), a wholly-owned subsidiary of DTE Energy, is restarting the 223 MW River Rouge I Unit with natural gas firing. DTE RRU1 LLC is offering the output of the unit to retail marketers eligible to participate in the electric choice program in Michigan in the form of requesting bids that meet or exceed the floor premiums specified in the price section below.

STRUCTURE

Quantity: Approximately 225 MW is available.

Term: June 1 to September 15, 2000, and May 15 to September 15, 2001.

Firmness: Financially Firm with limited liquidated damages.

Delivery Point: The delivery point for capacity and energy will be at the interconnection of the main unit transformer and the Detroit Edison Transmission System in the Unit 1 switchyard. Buyer assumes responsibility for transmission and losses from the interconnection point to the ultimate power sink.

Schedule: The buyer shall have the right, but not the obligation to schedule energy on a business day ahead basis Monday through Friday. Energy must be scheduled to load the unit to three sequential levels according to the following schedule:

MW	Notice	Minimum Run Time
60	Day ahead by 10 a.m.	16 hours
up to 150	Same day by 8 a.m.	10 hours
Up to 225	Same day by 11 a.m.	8 hours

Ramp time: 1 MW per minute

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Price: Bids must conform to the strike prices and meet or exceed the floor premiums listed below:

Month	Strike Price $/Mwh	Floor Premium $/Mwh
June 2000	60	40
July 2000	100	111
Aug 2000	100	117
Sept 2000	60	3
May 2001	60	1
June 2001	60	33
July 2001	100	76
Aug 2001	100	82
Sept 2001	60	2

Condition: This offer is for wholesale capacity and energy supply to retail marketers eligible to participate in the electric choice program in Michigan. The ultimate sink for River Rouge 1 capacity and energy must be in the Michigan Electric Coordination System (MECS).

Credit: All selected bidders(s) will be required to meet applicable credit requirements.

Responses to this offer should be received by noon on March 24, 2000, and be valid for 30 days. DTE River Rouge Unit 1, L.L.C. and DTE ET will treat all bids as confidential. Please direct responses to:

John Holt
DTE Energy Trading, Inc.
101 N. Main St.
Ann Arbor, MI 48104
Phone: 734-887-2087
Fax: 734-887-2092

Attachment B

Suppliers Receiving RFP

ACES Power Marketing

AEP

American Municipal Power-Ohio

Charlevoix Energy Partners

Cinergy Corporation

CMS MST

Commonwealth Edison Company

Constellation Power Source

DTE Energy Marketing, Inc.

Dynegy Marketing and Trade

El Paso Merchant Energy

EMC/Illinova Energy Partners

Energy International Corp.

Engage

Enron Capital & Trade Resources Corp.

First Power L.L.C.

First Energy Trading & Services

Kimball Power Company

Morgan Stanley

NIPSCO

Nordic Electric L.L.C.

Ontario Power Generation

Palmer Energy Company, Inc.

Reliant Energy

Salem Electric, Inc.

Southern Co. Energy Marketing

Tenaska

Unicom Energy

Utility Management & Consulting

WPS Energy Service, Inc.