Bloomfield Hills Kalamazoo **Lansing** Peoria

. Howard ❑ Howard

law for business

direct dial: 517.377.0611 **Stewart A. Binke** e-mail: sbinke@howardandhoward.com

January 12, 2001

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

Via Electronic Filing

RE: The Detroit Edison Company, Application for Authority to Recover Retail Access Program Implementation Costs Incurred in 1999
Case No. U-12359

Dear Ms. Wideman:

Please find enclosed for filing an original and four (4) copies of the *Initial* Brief *of Plastipak Packaging, Inc.* in the above-referenced proceeding. Also enclosed is the *Proof of Service.*

If you have any questions, please do not hesitate to call me.

Very truly yours,

HOWARD & HOWARD ATTORNEYS, P.C.

Stewart A. Binke

Enclosures
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The Phoenix Building, Suite 500, 222 North Washington Square, Lansing, MI 48933.1817
517.485.1483 Fax: 517.485.1568 www.howardandhoward.com

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the Application of THE DETROIT EDISON COMPANY for authority to recover retail access program implementation costs incurred in 1999.	)))))	**Case No. U-12359**

INITIAL BRIEF OF
PLASTIPAK PACKAGING, INC.

Plastipak Packaging, Inc. ("Plastipak")' herein submits this Initial Brief in this proceeding. In support of its Brief, Plastipak states as follows:

In its Application and through its witness, Joseph McCormick, in this proceeding, The Detroit Edison Company ("Edison") is seeking authority to recover $21,237,548 in implementation costs Edison alleges it incurred for the year 1999. (3 Tr 28-29). MPSC Staff performed an on-site audit of the implementation costs for 1999 and found that a portion of these costs were deemed to be non-incremental costs associated with implementation. (3 Tr 46). Pursuant to its audit, MPSC Staff witness Nancy Kasarelas recommends that Edison's requested amount be reduced by $849,383. (Exhibit S-3). Plastipak submits that Edison's requested amount should be reduced by at least the amount recommended by Staff.

The method of recovery of any implementation costs is an important consideration. 2000 PA 141 specifically prohibits a reallocation of cost responsibility in the approval of any transition charges. Section 10d(5) of Act 141 states in pertinent part:

[1] Plastipak is a manufacturer of high quality plastic bottles and containers used for numerous food, household, healthcare, industrial, automotive, and agricultural products. Plastipak produces a significant number of these products at a manufacturing facility it owns and operates in Westland, Michigan. Plastipak purchases substantial quantities of retail electric power from Edison in the manufacture of these products.

> The commission shall allocate approved securitization, transition, stranded, and other related charges and credits in a manner that does not result in a reallocation of cost responsibility among the different customer classes. (Emphasis added).

Edison fails to address the issue of how to allocate these implementation costs. ABATE witness James Selecky testifies that any proposal to implement a uniform implementation cost recovery surcharge per kWh for all customers classes would result in a reallocation of cost responsibility among the different customer classes and should be rejected. (3 Tr 33). A uniform implementation cost charge would thus violate Act 141.

Mr. Selecky notes that most of these implementation costs are customer-related, and that in cost of service and rate design methods traditionally used by the MPSC, such costs would be allocated to customer classes based upon the number of customers. (3 Tr 34). Mr. Selecky recommends therefore that rate class specific surcharges be developed to recognize this cost causation principle should the MPSC authorize the recovery of Edison's implementation costs. (3 Tr 35-37). Plastipak supports Mr. Selecky's proposed recommendations.

Pursuant to the discussion at the hearing held on December 5, 2000, Plastipak states that it is willing to waive Section 81 of the Administrative Procedures Act of 1969, MCLA 24.281; MSA 3.560(181).

Respectfully submitted,

Plastipak Packaging, Inc.

By: 

Stewart A. Binke (P47149)
Howard & Howard Attorneys, P.C.
Its Attorneys
222 N. Washington Square, Ste. 500
Lansing, Michigan 48933
(517) 485-1483

Date: January 12, 2001

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STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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PROOF OF SERVICE

STATE OF MICHIGAN)
)§
COUNTY OF INGHAM)

Debbie K. Rommel, being first duly sworn, states that on the 12th day of January, 2001, she served a copy of *Initial Brief of Plastipak Packaging, Inc.* upon all parties listed on the attached service list by first class mail and deposited the same in a United States Mail Receptacle.

Debbie K. Rommel

Subscribed and sworn to before me
this 12th day of January, 2001.

Kathy Jo Land

Kathy Jo Land, Notary Public
Eaton "a/i Ingham" County, Michigan
My Commission Expires: 8/9/2005

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SERVICE LIST
U-12359

Bruce R. Maters
Jon P. Christinidis
The Detroit Edison Company
2000 Second Avenue
Detroit, MI 48226

ALJ James N. Rigas
Michigan Public Service Commission
6545 Mercantile Way, Suite 16
P.O. Box 30221
Lansing, MI 48909-772 1

ALJ George Shankler
Michigan Public Service Commission
6545 Mercantile Way
P.O. Box 30221
Lansing, MI 48909-7721

Steven D. Hughey
David A. Voges
Assistant Attorney General
Public Service Division
6545 Mercantile Way, Suite 15
Lansing, MI 48911

Robert A. W. Strong
Clark Hill, PLC
(Attorney for ABATE)
255 South Old Woodward Ave., Ste. 301
Birmingham, MI 48009

David L. Shaltz
Shaltz & Royal, P.C.
(Attorney for RRC)
3303 West Saginaw, Suite C-l
Lansing, MI 48917

Eric J. Schneidewind
Varnum, Riddering, Schmidt & Howlett
The Victor Center, Suite 810
201 North Washington Square
Lansing, MI 48933

Donald E. Erickson
Assistant Attorney General
(on behalf of Attorney General Jennifer M. Granholm)
P.O. Box 30212
Lansing, MI 48909

Don L. Keskey
Knaggs, Harter, Brake & Schneider, P.C.
1375 S. Washington Avenue, Suite 300
Lansing, MI 48910