S T A T E   O F   M I C H I G A N

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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In the matter of the application of **THE DETROIT EDISON COMPANY** for a financing order.	))))	Case No. U-12478

At the February 22, 2011 meeting of the Michigan Public Service Commission in Lansing, Michigan.

PRESENT: Hon. Orjiakor N. Isiogu, Chairman
Hon. Monica Martinez, Commissioner
Hon. Greg R. White, Commissioner

OPINION AND ORDER

In its November 2, 2000 order, the Commission authorized The Detroit Edison Company (Detroit Edison) to securitize up to $1.774 billion of regulatory assets and other qualified costs. Among other issues addressed by the order, the Commission concluded that there must be periodic true-ups of the securitization bond and tax charges to ensure that the amounts collected are sufficient to service the securitization bonds and to recover the associated tax liability. The Commission stated:

> The record clearly shows that not only are periodic securitization and tax charge true-ups necessary, but (to provide the certainty needed to obtain a AAA bond rating) they need to be undertaken in a way that allows for their swift and certain resolution. For this reason, the Commission finds that Detroit Edison's proposal for a true-up mechanism should be approved, but with two relatively minor changes. First, the utility as servicer should be limited to undertaking no more than one routine true-up per year until 12 months prior to the last expected maturity date of the securitization bonds. . . . Second, Detroit Edison, in its role as servicer of the securitization bonds, should initiate each routine true-up pursuant to Section 10k(3) of Act 142 [MCL 460.10k(3)] by filing a request for

> adjustment that (1) explains how its proposed revision of the securitization and tax charges will ensure the expected recovery of amounts sufficient to timely provide all payments of debt service and other required amounts and charges in connection with the securitization bonds, (2) shows the computation of the proposed adjustments to the securitization charge and the tax charge currently in place, and (3) seeks Commission review and approval—on an expedited basis—of the arithmetic computations contained in the proposed adjustments before they can be implemented. All reviews conducted by the Commission of the computations shall be consistent with the requirements of Section 10k(3) of Act 142 for a true-up mechanism. This review must be completed regarding the servicer's request for adjustments to the securitization charge and the tax charge pursuant to a routine true-up within 45 days after Detroit Edison as servicer files its request for an adjustment. The determination of the Commission in response to a request for adjustment shall be provided by the Commission to the servicer within the aforementioned 45-day period. The adjustments by the Commission will be to the securitization charge and the tax charge in effect prior to the filing of the request for adjustment and those charges shall remain in place until the adjustments have become effective and are being billed to customers.

November 2, 2000 order, Case No. U-12478, pp. 37-38 (footnote omitted).

Detroit Edison is requesting a decrease in the bond principal and interest securitization surcharge, from 4.93 mills per kilowatt-hour (kWh) to 4.01 mills per kWh for the period of March 1, 2011 through February 29, 2012. Detroit Edison is also requesting a decrease in the bond tax surcharge, from 2.08 mills per kWh to 1.84 mills per kWh, for the same period.

The Commission Staff (Staff) reviewed the proposed adjustments and concluded that the adjustments are routine, the calculations are accurate, and the proposed adjustments conform to the methodology approved by the Commission. The decrease in the proposed securitization bond and tax surcharges is due to higher than expected megawatt-hour sales during the prior period and an increase in the forecasted megawatt-hour sales for the upcoming period. The Staff thus recommends that the Commission approve the true-up adjustments to take effect March 1, 2011.

After considering Detroit Edison's filing and the Staff's review, the Commission agrees that the proposed adjustments are routine, the calculations are accurate, and the proposed adjustments comply with the approved methodology. Detroit Edison should therefore be authorized to implement the adjustments as of March 1, 2011.

THEREFORE, IT IS ORDERED that:

A. Effective March 1, 2011, The Detroit Edison Company is authorized to decrease the bond principal and interest securitization surcharge from 4.93 mills per kilowatt-hour to 4.01 mills per kilowatt-hour and to decrease the tax surcharge from 2.08 mills per kilowatt-hour to 1.84 mills per kilowatt-hour.

B. Prior to March 1, 2011, The Detroit Edison Company shall file with the Commission tariff sheets essentially the same as those attached to this order as Attachment A.

The Commission reserves jurisdiction and may issue further orders as necessary.

Any party desiring to appeal this order must do so in the appropriate court within 30 days after issuance and notice of this order, pursuant to MCL 462.26.

MICHIGAN PUBLIC SERVICE COMMISSION

Orjiakor N. Isiogu, Chairman

Monica Martinez, Commissioner

By its action of February 22, 2011.

Greg R. White, Commissioner

Mary Jo Kunkle, Executive Secretary

(Continued from Sheet No. C-76.01)

C9 SURCHARGES AND CREDITS APPLICABLE TO DELIVERY SERVICE: (CONTD)

C9.8 Summary of Surcharges and Credits: Summary of surcharges and credits, pursuant to sub-rules C9.1, C9.2, C9.3, C9.4, C9.5 C9.6, C9.7 and C9.7.5 of this rule. Cents per kilowatthour or percent of base bill, unless otherwise noted.

	NDS **¢/kWh**	**SBC** **¢/kWh**	**SBTC** **¢/kWh**	**EOS(2)** ¢/kWh	**U-15768 RRA (3)** **¢/kWh**	**Total Delivery Surcharges** ¢/kWh
Residential						
D1 Residential	0.1234	***0.401***	***0.184***	0.2434	0.1683	***1.1201***
D1a Farm	0.1234	***0.401***	***0.184***	0.2434	0.1685	***1.1203***
D1.1 Int. Space Conditioning	0.1234	***0.401***	***0.184***	0.2434	0.1751	***1.1269***
D1.2 Time-of-Day	0.1234	***0.401***	***0.184***	0.2434	0.2036	***1.1554***
D1.3 Senior Citizen	0.1234	***0.401***	***0.184***	0.2434	0.1150	***1.0668***
D1.4 Time-of-Day	0.1234	***0.401***	***0.184***	0.2434	0.1743	***1.1261***
D1.5 Supp. Space Heating	0.1234	***0.401***	***0.184***	0.2434	0.1809	***1.1327***
D1.7 Time-of-Day	0.1234	***0.401***	***0.184***	0.2434	0.0867	***1.0385***
D2 Space Heating	0.1234	***0.401***	***0.184***	0.2434	0.2513	***1.2031***
D2a Farm	0.1234	***0.401***	***0.184***	0.2434	0.1357	***1.0875***
D5 Water Heating	0.1234	***0.401***	***0.184***	0.2434	0.1335	***1.0853***
D9 Outdoor Lighting	0.331%	see note 1	see note 1	1.9%	4.59%	
Commercial						
D1.1 Int. Space Conditioning	0.1234	***0.401***	***0.184***	See C9.6	(0.0194)	
D1.1 Int. Space Cond. ROA	0.1234	***0.401***	***0.184***	See C9.6	see note (4)	
D1.7 Space Conditioning	0.1234	***0.401***	***0.184***	See C9.6	(0.0145)	
D3 General Service	0.1234	***0.401***	***0.184***	See C9.6	(0.0281)	
D3.1 Unmetered	0.848%	see note 1	see note 1	0.7%	(0.23%)	
D3.2 Educ. Inst.	0.1234	***0.401***	***0.184***	See C9.6	NA	
D3.3 Interruptible	0.1234	***0.401***	***0.184***	See C9.6	(0.0211)	
D3.4 Time-of-Day	0.1234	***0.401***	***0.184***	See C9.6	(0.0258)	
D4 Large General Service	0.1234	***0.401***	***0.184***	See C9.6	(0.0716)	
D5 Water Heating	0.1234	***0.401***	***0.184***	See C9.6	(0.0185)	
D9 Outdoor Lighting	0.331%	see note 1	see note 1	0.7%	4.59%	
D10 Schools	0.1234	***0.401***	***0.184***	See C9.6	(0.1591)	
R3 Standby Secondary	0.1234	***0.401***	***0.184***	See C9.6	(0.1134)	
R7 Greenhouse Lighting	0.1234	***0.401***	***0.184***	See C9.6	(0.0158)	
R8 Space Conditioning	0.1234	***0.401***	***0.184***	See C9.6	(0.0262)	
Industrial						
D6 Primary Supply	0.1234	***0.401***	***0.184***	See C9.6	(0.1591)	
D6.1 Alternative Primary	0.1234	***0.401***	***0.184***	See C9.6	(0.0924)	
D6.2 Educ. Inst.	0.1234	***0.401***	***0.184***	See C9.6	NA	
D7 Transitional Primary	0.1234	***0.401***	***0.184***	See C9.6	(0.0572)	
D8 Interruptible Primary	0.1234	***0.401***	***0.184***	See C9.6	(0.2239)	
R1.1 Metal Melting	0.1234	***0.401***	***0.184***	See C9.6	0.0704	
R1.2 Electric Process Heating	0.1234	***0.401***	***0.184***	See C9.6	0.0666	
R3 Standby Primary	0.1234	***0.401***	***0.184***	See C9.6	(0.1134)	
R10 Interruptible Supply	0.1234	***0.401***	***0.184***	See C9.6	(0.0781)	
Governmental						
E1 Streetlighting	0.265%	see note 1	see note 1	0.7%	4.59%	
E1.1 Energy Only	0.1234	***0.401***	***0.184***	See C9.6	0.1878	
E2 Traffic Lights	1.427%	see note 1	see note 1	0.7%	4.59%	
E5 Secondary Pumping	0.1234	***0.401***	***0.184***	See C9.6	(0.0243)	
Electric Choice						
EC2 Secondary	0.1234	***0.401***	***0.184***	See C9.6	see note (4)	
EC2 Primary	0.1234	***0.401***	***0.184***	See C9.6	NA	
Special Contracts						
LCC	Per LCC	***0.401***	***0.184***	See C9.6	NA	

Notes: (1) The SBC and SBTC are included in this tariff's base rates and will be separately accounted for by Detroit Edison for remittance to the Detroit Edison Securitization Funding L.L.C. (2) For EOS unmetered classes, % applies to base bill, NDS and ESCS. (3) For U-15768 RRA unmetered classes, % applies to ***total bill net of taxes***. (4) Applicable to Residential Choice Service only. See Residential.

(Continued on Sheet No. C-78.00)

PROOF OF SERVICE

STATE OF MICHIGAN)

Case No. U-12478

County of Ingham)

Mignon Middlebrook being duly sworn, deposes and says that on February 22, 2011 A.D. she served a copy of the attached Commission orders by first class mail, postage prepaid, or by inter-departmental mail, to the persons as shown on the attached service list.

Mignon Middlebrook

Mignon Middlebrook

Subscribed and sworn to before me
This 22nd day of February 2011

Gloria Pearl Jones
Notary Public, Ingham County, MI
My Commission Expires June 5, 2016

Service List U-12478

Michael S. Ashton
Fraser Trebilcock Davis & Dunlap PC
124 W. Allegan Street, Suite 1000
Lansing MI 48933

Stewart A. Binke
Dykema Gossett PLLC
201 Townsend Street, Suite 900
Lansing MI 48933

Ronald W. Bloomberg
Miller, Canfield, Paddock & Stone, P.L.C.
One Michigan Avenue, Suite 900
Lansing MI 48933

Brian W. Coyer
Knaggs Harter Brake & Schneider P.C.
7521 Westshire Drive
Suite 100
Lansing MI 48917

John M. Dempsey
Dickinson Wright, PLLC
301 E. Liberty Street, Suite 500
Ann Arbor MI 48104

Donald E. Erickson
Michigan Dept. of Attorney General
Special Litigation Division, 7th Fl.
525 W. Ottawa Street, P.O. Box 30212
Lansing MI 48909

Steven D. Hughey
Michigan Dept. of Attorney General
Public Service Division
6545 Mercantile Way, Suite 15
Lansing MI 48911

Don L. Keskey
Public Law Resource Center PLLC
505 N. Capitol Avenue
Lansing MI 48933-1209

David E.S. Marvin
Fraser Trebilcock Davis & Dunlap PC
124 W. Allegan Street, Suite 1000
Lansing MI 48933

Bruce R. Maters
The Detroit Edison Company
One Energy Plaza
Detroit MI 48226

Service List U-12478

Julio C. Mazzoli
US Power Generating Co.
505 5th Avenue
Floor 21
New York NY 10017

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

Robert A.W. Strong
Clark Hill PLC
151 S. Old Woodward Avenue
Suite 200
Birmingham MI 48009

Richard F. Vander Veen III
414 E. Main Street, Suite B
Lowell MI 49331