STATE OF MICHIGAN

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 20, 2014 meeting of the Michigan Public Service Commission in Lansing, Michigan.

PRESENT: Hon. John D. Quackenbush, Chairman
Hon. Greg R. White, Commissioner
Hon. Sally A. Talberg, Commissioner

OPINION AND ORDER

In the November 2, 2000 order in this docket, the Commission authorized DTE Electric Company f/k/a The Detroit Edison Company (DTE Electric) 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).

On January 17, 2014, DTE Electric requested an increase in the bond principal and interest securitization surcharge, from 4.37 mills (0.437 cents) per kilowatt-hour (kWh) to 4.56 mills (0.456 cents) per kWh for the period of March 1, 2014 through February 28, 2015. DTE Electric is also requesting a decrease in the bond tax surcharge, from 3.14 mills (0.314 cents) per kWh to 3.02 mills (0.302 cents) 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 increase in the proposed securitization bond surcharge is due to the change in the overrecovery balance from the prior period to an underrecovery balance in the most recent period. The decrease in the proposed securitization tax surcharge is due to an increase in the forecasted sales for the upcoming period and was partially offset by the underrecovery from the prior period. The Staff recommended that the Commission approve the true-up adjustments, effective March 1, 2014.

After considering DTE Electric'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. DTE Electric should therefore be authorized to implement the adjustments as of March 1, 2014.

THEREFORE, IT IS ORDERED that:

A. Effective March 1, 2014, DTE Electric Company is authorized to increase the bond principal and interest securitization surcharge from 4.37 mills per kilowatt-hour to 4.56 mills per kilowatt-hour and to decrease the tax surcharge from 3.14 mills per kilowatt-hour to 3.02 mills per kilowatt-hour.

B. Prior to March 1, 2014, DTE Electric 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

John D. Quackenbush

John D. Quackenbush, Chairman

Greg R. White

Greg R. White, Commissioner

By its action of February 20, 2014.

Mary Jo Kunkle

Mary Jo Kunkle, Executive Secretary

Sally A. Talberg

Sally A. Talberg, Commissioner

(Continued from Sheet No. C-69.00)

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 and C9.7 of this rule. Cents per kilowatthour or percent of base bill, unless otherwise noted.

	NDS ¢/kWh	SBC ¢/kWh	SBTC ¢/kWh	EOS(2) ¢/kWh	U-16472 RRA (5) ¢/kWh	Total Delivery Surcharges ¢/kWh	VHWF (3) $/Customer	LIEAF Factor $/Billing Meter
Residential								
D1 Residential	0.0778	***0.456***	***0.302***	0.2733	0.3208¢	***1.4299¢***	($1.59)	$.0.99
D1.1 Int. Space Conditioning	0.0778	***0.456***	***0.302***	0.2733	0.3546¢	***1.4637¢***	N/A	N/A
D1.2 Time-of-Day	0.0778	***0.456***	***0.302***	0.2733	0.3881¢	***1.4972¢***	($1.59)	$.0.99
D1.3 Senior Citizen	0.0778	***0.456***	***0.302***	0.2733	0.2245¢	***1.3336¢***	($1.59)	$.0.99
D1.4 Time-of-Day	0.0778	***0.456***	***0.302***	0.2733	0.3309¢	***1.4400¢***	($1.59)	$.0.99
D1.5 Supp. Space Heating	0.0778	***0.456***	***0.302***	0.2733	0.3410¢	***1.4501¢***	N/A	N/A
D1.7 Time-of-Day	0.0778	***0.456***	***0.302***	0.2733	0.1749¢	***1.2840¢***	N/A	N/A
D1.8 Dynamic Peak Pricing	0.0778	***0.456***	***0.302***	0.2733	0.3208¢	***1.4299¢***	($1.59)	$.0.99
D1.9 Electric Vehicle	0.0778	***0.456***	***0.302***	0.2733	0.3208¢	***1.4299¢***	N/A	N/A
D2 Space Heating	0.0778	***0.456***	***0.302***	0.2733	0.3575¢	***1.4666¢***	($1.33)	$.0.99
D5 Wtr Htg	0.0778	***0.456***	***0.302***	0.2733	0.2595¢	***1.3686¢***	N/A	N/A
D9 Outdoor Lighting	0.215%	see note 1	see note 1	1.1%	0.74%		N/A	N/A
Commercial								
D1.1 Int. Space Conditioning	0.0778	***0.456***	***0.302***	See C9.6	(0.2699¢)		N/A	$.0.99
D1.7 Space Conditioning	0.0778	***0.456***	***0.302***	See C9.6	(0.1946¢)		N/A	$.0.99
D1.8 Dynamic Peak Pricing	0.0778	***0.456***	***0.302***	See C9.6	(0.4018¢)		($1.35)	$.0.99
D3 General Service	0.0778	***0.456***	***0.302***	See C9.6	(0.4018¢)		($1.35)	$.0.99
D3.1 Unmetered	0.551%	see note 1	see note 1	0.9%	-3.54%		(0.3%)	N/A
D3.2 Educ. Inst.	0.0778	***0.456***	***0.302***	See C9.6	0.0000¢		($2.64)	$.0.99
D3.3 Interruptible	0.0778	***0.456***	***0.302***	See C9.6	(0.2839¢)		N/A	$.0.99
D4 Large General Service	0.0778	***0.456***	***0.302***	See C9.6	(0.4884¢)		($1.26)	$.0.99
D5 Wtr Htg	0.0778	***0.456***	***0.302***	See C9.6	(0.2502¢)		N/A	$.0.99
D9 Outdoor Lighting	0.215%	see note 1	see note 1	0.9%	0.72%		N/A	$.0.99
R3 Standby Secondary	0.0778	***0.456***	***0.302***	See C9.6	(0.4157¢)		N/A	$.0.99
R7 Greenhouse Lighting	0.0778	***0.456***	***0.302***	See C9.6	(0.2123¢)		N/A	$.0.99
R8 Space Conditioning	0.0778	***0.456***	***0.302***	See C9.6	(0.3518¢)		N/A	$.0.99
Industrial								
D6 Primary Supply	0.0778	***0.456***	***0.302***	See C9.6	(0.3064¢)		($1.30)	$.0.99
D6.1 Alternative Primary	0.0778	***0.456***	***0.302***	See C9.6	(0.2061¢)		($1.30)	$.0.99
D6.2 Educ. Inst.	0.0778	***0.456***	***0.302***	See C9.6	0.0000¢		($2.22)	$.0.99
D7 Transitional Primary	0.0778	***0.456***	***0.302***	See C9.6	0.1352¢		($1.33)	$.0.99
D8 Interruptible Primary	0.0778	***0.456***	***0.302***	See C9.6	(0.2261¢)		($1.34)	$.0.99
D10 Schools	0.0778	***0.456***	***0.302***	See C9.6	(0.5021¢)		($1.30)	$.0.99
R1.1 Metal Melting	0.0778	***0.456***	***0.302***	See C9.6	(0.3064¢)		($0.15)	$.0.99
R1.2 Electric Process Heating	0.0778	***0.456***	***0.302***	See C9.6	(0.4991¢)		($0.15)	$.0.99
R3 Standby Primary	0.0778	***0.456***	***0.302***	See C9.6	(0.4157¢)		N/A	$.0.99
R10 Interruptible Supply	0.0778	***0.456***	***0.302***	See C9.6	0.8635¢		($1.22)	$.0.99

(Continued on Sheet No. C-71.00)

(Continued from Sheet No. C-70.00)

C9 SURCHARGES AND CREDITS APPLICABLE TO DELIVERY SERVICE: (Contd.)

C9.8 Summary of Surcharges and Credits (Contd.)**:**

	NDS ¢/kWh	**SBC** ¢/kWh	**SBTC** ¢/kWh	**EOS(2)** ¢/kWh	**U-16472 RRA (5)** ¢/kWh	**VHWF (3)** $/Customer	**LIEAF Factor** $/Billing Meter
Governmental							
E1 Streetlighting	0.172%	See note 1	See note 1	0.9%	0.72%	N/A	N/A
E1.1 Energy	0.0778	***0.456***	***0.302***	See C9.6	(0.2335)	($1.35)	$0.99
E2 Traffic Lights	0.928%	See note 1	See note 1	0.9%	0.72%	(0.1%)	N/A
Electric Choice							
EC2 Secondary	0.0778	***0.456***	***0.302***	See C9.6	See Note (6)	See Note 4	$0.99
EC2 Primary	0.0778	***0.456***	***0.302***	See C9.6	See Note (6)	See Note 4	$0.99
EC2 Residential	0.0778	***0.456***	***0.302***	0.2733	See Note (6)	See Note 4	$0.99

Notes: (1) The SBC and SBTC are included in this tariff's base rates and will be separately accounted for by DTE Electric for remittance to the Detroit Edison Securitization Funding L.L.C. (2) For EOS unmetered classes, % applies to base bill and NDS. (3) For VHWF unmetered classes, % applies to total base bill, NDS, EOS, REPS. (4) Credit issued to Electric choice customers is based on their service rate. (5) For U-16472 RRA unmetered classes, % applies to total bill before taxes excluding LIEAF Factor**.** (6) Applicable to residential choice service only.

(Continued on Sheet No. C-72.00)

P R O O F O F S E R V I C E

STATE OF MICHIGAN)

Case No. U-12478

County of Ingham)

Joanna Klein being duly sworn, deposes and says that on February 20, 2014 A.D. she served a copy of the attached Commission order by first class mail, postage prepaid, or by inter-departmental mail, to the persons as shown on the attached service list.

Joanna Klein

Joanna Klein

Subscribed and sworn to before me
This 20th day of February 2014

Gloria Pearl Jones

Digitally signed by Gloria Pearl Jones
DN: cn=Gloria Pearl Jones, o, ou, email=jonesg1@michigan.gov, c=US
Date: 2014.02.21 10:18:31 -05'00'

Gloria Pearl Jones
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