STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

* * * * *

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

At the July 23, 2015 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

**ORDER**

In the November 2, 2000 order, the Commission authorized the DTE Electric Company[1] (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

[1] On January 1, 2013, The Detroit Edison Company changed its legal name to DTE Electric Company.

> 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 in Case No. U-12478, pp. 37-38 (footnote omitted).

DTE Electric is requesting a securitization bond principal and interest surcredit of 3.183 mills (0.3183 cents) per kilowatt-hour (kWh) and a securitization bond tax surcredit of 5.014 mills (0.5014 cents) per kWh for the September 2015 billing cycle.

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 Staff thus recommended that the Commission approve the true-up adjustments to take effect September 1, 2015.

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 is authorized to implement the adjustments effective September 1, 2015.

THEREFORE, IT IS ORDERED that:

A. Effective September 1, 2015, DTE Electric Company is authorized to implement a securitization bond principal and interest surcredit of 3.183 mills (0.3183 cents) per kilowatt-hour and a securitization bond tax surcredit of 5.014 mills (0.5014 cents) per kilowatt-hour for the September 2015 billing cycle.

B. Prior to September 1, 2015, DTE Electric Company shall file with the Commission tariff sheets essentially the same as those attached as Attachment A to the order.

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

Any person 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. To comply with the Michigan Rules of Court's requirement to notify the Commission of an appeal, appellants shall send required notices to both the Commission's Executive Secretary and to the Commission's Legal Counsel. Electronic notifications should be sent to the Executive Secretary at mpscedockets@michigan.gov and to the Michigan Department of the Attorney General - Public Service Division at pungp1@michigan.gov. In lieu of electronic submissions, paper copies of such notifications may be sent to the Executive Secretary and the Attorney General - Public Service Division at 7109 W. Saginaw Hwy., Lansing, MI 48917.

MICHIGAN PUBLIC SERVICE COMMISSION

John D. Quackenbush

John D. Quackenbush, Chairman

Greg R. White

Greg R. White, Commissioner

Sally A. Talberg

Sally A. Talberg, Commissioner

By its action of July 23, 2015.

Mary Jo Kunkle

Mary Jo Kunkle, Executive Secretary

**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(1) ¢/kWh | U-17767 IS(2) ¢/kWh | Total Delivery Surcharges ¢/kWh | LIEAF Factor $/Billing Meter |
|---|---|---|---|---|---|---|---|
| **Residential** | | | | | | | |
| D1 Residential | 0.0778 | ***(0.3183)*** | ***(0.5014)*** | 0.2758 | 0.5998¢ | 0.1337¢ | $.0.97 |
| D1.1 Int. Space Conditioning | 0.0778 | ***(0.3183)*** | ***(0.5014)*** | 0.2758 | 0.5589¢ | 0.0928¢ | N/A |
| D1.2 Time-of-Day | 0.0778 | ***(0.3183)*** | ***(0.5014)*** | 0.2758 | 0.5422¢ | 0.0761¢ | $.0.97 |
| D1.3 Senior Citizen | 0.0778 | ***(0.3183)*** | ***(0.5014)*** | 0.2758 | 0.5998¢ | 0.1337¢ | $.0.97 |
| D1.4 Time-of-Day | 0.0778 | ***(0.3183)*** | ***(0.5014)*** | 0.2758 | 0.5422¢ | 0.0761¢ | $.0.97 |
| D1.5 Supp. Space Heating | 0.0778 | ***(0.3183)*** | ***(0.5014)*** | 0.2758 | 0.5998¢ | 0.1337¢ | N/A |
| D1.7 Time-of-Day | 0.0778 | ***(0.3183)*** | ***(0.5014)*** | 0.2758 | 0.3293¢ | (0.1368)¢ | N/A |
| D1.8 Dynamic Peak Pricing | 0.0778 | ***(0.3183)*** | ***(0.5014)*** | 0.2758 | 0.5666¢ | 0.1005¢ | $.0.97 |
| D1.9 Electric Vehicle | 0.0778 | ***(0.3183)*** | ***(0.5014)*** | 0.2758 | 0.5684¢ | 0.1023¢ | N/A |
| D2 Space Heating | 0.0778 | ***(0.3183)*** | ***(0.5014)*** | 0.2758 | 0.5998¢ | 0.1337¢ | $.0.97 |
| D5 Wtr Htg Option I and II | 0.0778 | ***(0.3183)*** | ***(0.5014)*** | 0.2758 | 0.3962¢ | (0.069)¢ | N/A |
| D5 Wtr Hrg Option III | 0.0778 | ***(0.3183)*** | ***(0.5014)*** | 0.2758 | 0.5998¢ | 0.1337¢ | N/A |
| D9 Outdoor Lighting | 0.215% | ***N/A*** | ***N/A*** | 1.5% | 4.18% | | N/A |
| **Commercial** | | | | | | | |
| D1.1 Int. Space Conditioning | 0.0778 | ***(0.3183)*** | ***(0.5014)*** | See C9.6 | 0.3894¢ | | $.0.97 |
| D1.7 Space Conditioning | 0.0778 | ***(0.3183)*** | ***(0.5014)*** | See C9.6 | 0.2548¢ | | $.0.97 |
| D1.8 Dynamic Peak Pricing | 0.0778 | ***(0.3183)*** | ***(0.5014)*** | See C9.6 | 0.4936¢ | | $.0.97 |
| D3 General Service | 0.0778 | ***(0.3183)*** | ***(0.5014)*** | See C9.6 | 0.4936¢ | | $.0.97 |
| D3.1 Unmetered | 0.551% | ***N/A*** | ***N/A*** | 1.1% | 4.18% | | N/A |
| D3.2 Educ. Inst. | 0.0778 | ***(0.3183)*** | ***(0.5014)*** | See C9.6 | 0.3672¢ | | $.0.97 |
| D3.3 Interruptible | 0.0778 | ***(0.3183)*** | ***(0.5014)*** | See C9.6 | 0.3789¢ | | $.0.97 |
| D4 Large General Service | 0.0778 | ***(0.3183)*** | ***(0.5014)*** | See C9.6 | 0.3845¢ | | $.0.97 |
| D5 Wtr Htg Option I and II | 0.0778 | ***(0.3183)*** | ***(0.5014)*** | See C9.6 | 0.2903¢ | | $.0.97 |
| D5 Wtr Hth Option III | 0.0778 | ***(0.3183)*** | ***(0.5014)*** | See C9.6 | 0.4936¢ | | |
| D9 Outdoor Lighting | 0.215% | ***N/A*** | ***N/A*** | 1.1% | 4.18% | | $.0.97 |
| R3 Standby Secondary | 0.0778 | ***(0.3183)*** | ***(0.5014)*** | See C9.6 | 0.3267¢ | | $.0.97 |
| R7 Greenhouse Lighting | 0.0778 | ***(0.3183)*** | ***(0.5014)*** | See C9.6 | 0.2645¢ | | $.0.97 |
| R8 Space Conditioning | 0.0778 | ***(0.3183)*** | ***(0.5014)*** | See C9.6 | 0.4308¢ | | $.0.97 |
| **Industrial** | | | | | | | |
| D11 Primary Supply | 0.0778 | ***(0.3183)*** | ***(0.5014)*** | See C9.6 | 0.2948¢ | | $.0.97 |
| D6.2 Educ. Inst. | 0.0778 | ***(0.3183)*** | ***(0.5014)*** | See C9.6 | 0.3072¢ | | $.0.97 |
| D8 Interruptible Primary | 0.0778 | ***(0.3183)*** | ***(0.5014)*** | See C9.6 | 0.2705¢ | | $.0.97 |
| D10 Schools | 0.0778 | ***(0.3183)*** | ***(0.5014)*** | See C9.6 | 0.3383¢ | | $.0.97 |
| R1.1 Metal Melting | 0.0778 | ***(0.3183)*** | ***(0.5014)*** | See C9.6 | 0.2856¢ | | $.0.97 |
| R1.2 Electric Process Heating | 0.0778 | ***(0.3183)*** | ***(0.5014)*** | See C9.6 | 0.2790¢ | | $.0.97 |
| R3 Standby Primary | 0.0778 | ***(0.3183)*** | ***(0.5014)*** | See C9.6 | 0.3267¢ | | $.0.97 |
| R10 Interruptible Supply | 0.0778 | ***(0.3183)*** | ***(0.5014)*** | See C9.6 | 0.2108¢ | | $.0.97 |

(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(1) ¢/kWh | U-17767 IS(2) ¢/kWh | LIEAF Factor $/Billing Meter |
|---|---|---|---|---|---|---|
| **Governmental** | | | | | | |
| E1 | 0.172% | *N/A* | *N/A* | 1.1% | 4.18% | N/A |
| E1.1 Energy | 0.0778 | *(0.3183)* | *(0.5014)* | See C9.6 | 0.2434¢ | $.0.97 |
| E2 Traffic | 0.928% | *N/A* | *N/A* | 1.1% | 4.18% | N/A |
| **Electric Choice** | | | | | | |
| EC2 Secondary | 0.0778 | *(0.3183)* | *(0.5014)* | See C9.6 | 0.1036¢ | $.0.97 |
| EC2 Primary | 0.0778 | *(0.3183)* | *(0.5014)* | See C9.6 | 0.0248¢ | $.0.97 |
| EC2 Residential | 0.0778 | *(0.3183)* | *(0.5014)* | 0.2758 | 0.1036¢ | $.0.97 |

Notes: (1) For EOS unmetered classes, % applies to base bill and NDS. (2) For U-17767 IS unmetered classes, % applies to total bill before taxes.

(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 July 23, 2015 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 23rd day of July 2015

Steven J. Cook

Steven J. Cook
Notary Public, Ingham County, Michigan
As acting in Eaton County
My Commission Expires: April 30, 2018

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

Michael P. Calabrese
212 E. Grand River Avenue
Lansing MI 48906-4328

Brian W. Coyer
Public Law Resource Center PLLC
333 Albert Avenue, Suite 425
University Office Place
East Lansing MI 48823

John M. Dempsey
Dickinson Wright, PLLC
350 S. Main Street, Suite 300
Ann Arbor MI 48104-2131

DTE Electric Company
One Energy Plaza, 2459 WCB
Detroit MI 48226

Donald E. Erickson
Michigan Dept. of Attorney General
ENRA Division - 6th Floor Williams Bldg.
525 W. Ottawa Street, PO Box 30755
Lansing MI 48909

Steven D. Hughey
Michigan Dept. of Attorney General/PSD
7109 W. Saginaw Hwy.
Lansing MI 48917

Don L. Keskey
Public Law Resource Center PLLC
University Office Place
333 Albert Avenue, Suite 425
East Lansing MI 48823

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

Julio C. Mazzoli
7113 Meadowlake Road
Bloomfield Hills MI 48301

Mr. Richard P. Middleton
DTE Electric Company
DTE Gas Company
2000 Second Avenue
Detroit MI 48226-1279

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
102 W. Washington Street, Suite 222
Marquette MI 49855