

Detroit Edison



February 12, 2002

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

Re: **MPSC Case No. U-12489**

Dear Ms. Wideman:

Enclosed please find the original and four copies of Answer of The Detroit Edison Company to the Petition of The Association of Businesses Advocating Tariff Equity for Rehearing and Clarification with Proof of Service in the above referenced matter.

Very truly yours,

A handwritten signature in black ink, appearing to read "Bruce R. Maters".

Bruce R. Maters

BRM/slw

Enclosures

cc: Service List

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the rates, terms, and)
conditions for retail customers of)
THE DETROIT EDISON COMPANY)
to choose an alternative electric supplier.)
_____)

Case No. U-12489

ANSWER OF THE DETROIT EDISON COMPANY
TO THE PETITION OF THE ASSOCIATION OF BUSINESSES ADVOCATING
TARIFF EQUITY FOR REHEARING AND CLARIFICATION

INTRODUCTION

The Detroit Edison Company ("Company" or "Edison") by its attorneys, pursuant to Rule 403 of the Michigan Public Service Commission's ("Commission") Rules of Practice and Procedure (1992 AACS R 460.17403), answers ABATE's Petition for Rehearing and Clarification as follows:

I.

TRANSITION CHARGE

ABATE argues that equalization credits should be added to the 0.47¢ securitization offset listed in Section 8.4 of the Tariff. The Company filed tariff sheets with the Commission on January 22, 2002 that accomplished that result. However, in doing so, the Company does not concede the appropriateness of that result, and reserves its right to further contest and appeal all related issues including but not limited to potential bypass of the nonbypassable securitization charges, consistent with the Company's Petition for Rehearing and Clarification in case No. U-12639.

In Section 8.4 of the complying tariff sheets, the rate equalization credit adjustment was provided for residential, commercial and industrial electric choice customers. Following is a description of the credits as shown in Section 8.4:

	10d(5) <u>Securitization Offset</u>	10d(5) <u>Equalization Adjustment</u>
Residential	-0.47¢/kWh	-0.46¢/kWh
Commercial & Industrial Secondary	-0.47¢/kWh	-0.48¢/kWh
Commercial & Industrial Primary	-0.47¢/kWh	-0.28¢/kWh

II.

HIGH VOLTAGE DISTRIBUTION SERVICE CHARGES

ABATE argues that power supply costs are not applicable to customers participating in Electric Choice and purchase its power elsewhere. ABATE'S concerns regarding the potential application of Power Supply Cost Recovery charges to electric Choice customers is unwarranted. Schedule B-4.9 specifically shows a line item for the retail access service tariff (EC2) wherein the alleged PSCR charge is labeled "Not Applicable". The Company believes the Commission's approval of Section 8.6 with the reference to Schedule B-4.9 was appropriate and no action is required of the Commission to provide clarification. The Company agrees with ABATE that PSCR charges are not applied to Electric Choice customers.

III.

BID AMOUNT

ABATE argues that if the enrollment capacity is split between two differently priced bids because not enough capacity is available in the higher priced bid, then the bid price that should be charged for the capacity should be based on a average weighted price.

The Company's position is set forth in its Supplier Handbook and in the Bidding Agreement as agreed to by each and every successful bidder. The Company agrees with the Commission that the issue is "moot", both because the issue only applies to retail service prior to January 1, 2002, and secondly, that the bidding rules and guidelines were clearly articulated prior to the bidder's bid.

Section 2.15.1 of the Supplier Handbook clearly states: "If the enrollment capacity is split between two differently priced bids because not enough capacity is available in the higher priced bid, the entire enrollment capacity will be recorded at the higher priced bid."

The bidder was, at the time of bidding, in a position to determine the appropriate bid strategy to secure adequate capacity for its customers at the lowest Transition Cost. Section 5 of the Bid Agreement, Bid Instructions and Bid Rules (Attachment A to the Supplier Handbook) clearly states:

"In the situation where a capacity owner owns multiple bid awards, and capacity from more than one bid award is required to enroll the customer, the customer will be enrolled using the higher bid price and the capacity used will be assigned to both capacity awards as appropriate."

The attempt of some bidders to renegotiate the bid price for capacity after the fact and apply it retroactively is simply inappropriate and unfair--particularly to those suppliers who effectively bid for the appropriate capacity to their customers using the published bid rules.

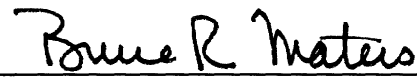
IV.

RELIEF

Wherefore, The Detroit Edison Company respectfully requests that the Commission issue an order on rehearing that is consistent with the requests made by Detroit Edison in its Petition for Rehearing and in this Answer.

Respectfully Submitted,

THE DETROIT EDISON COMPANY

A handwritten signature in cursive script that reads "Bruce R. Maters". The signature is written in dark ink and is positioned above a horizontal line.

Bruce R. Maters (P28080)
Michael J. Solocinski Jr.(P57092)
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Dated: February 12, 2002

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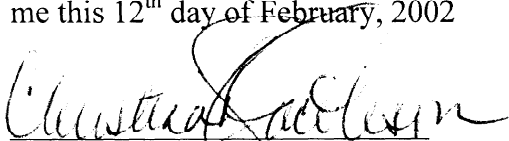
PROOF OF SERVICE

STATE OF MICHIGAN)
) ss
COUNTY OF WAYNE)

SHARON L. WALKER, being first duly sworn, deposes and says that on the 12th day of February 2002, a copy of the **ANSWER OF THE DETROIT EDISON COMPANY TO THE PETITION OF THE ASSOCIATION OF BUSINESSES ADVOCATING TARIFF EQUITY FOR REHEARING AND CLARIFICATION** was served upon the parties listed on the attached Service List, a copy of which is attached, by electronic mail and by depositing properly addressed sealed and stamped envelopes into the United States mail by first class.


SHARON L. WALKER

Subscribed and sworn to before
me this 12th day of February, 2002


CHRISTINA H. JACOBSON
NOTARY PUBLIC WAYNE CO., MI
COMMISSION EXPIRES MAY 10, 2006

MPSC Case No: U-12489

SERVICE LIST
(As of February 12, 2002)

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