STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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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

At the April 26, 2002 meeting of the Michigan Public Service Commission in Lansing, Michigan.

PRESENT: Hon. Laura Chappelle, Chairman
Hon. David A. Svanda, Commissioner
Hon. Robert B. Nelson, Commissioner

OPINION AND ORDER

On December 20, 2001, and in accordance with the Customer Choice and Electricity Reliability Act, 2000 PA 141 and 142, MCL 460.10 et seq. (Acts 141 and 142), the Commission issued an order (the December 20, 2001 order) approving a retail access service tariff (RAST) for The Detroit Edison Company (Detroit Edison). Pursuant to the RAST, which took effect on January 1, 2002, all of Detroit Edison's retail electric customers are permitted to become open access customers by choosing and contracting with an alternate electric supplier.

On January 22, 2002, petitions for rehearing were filed by the following parties: Detroit Edison; Energy Michigan; the Association of Businesses Advocating Tariff Equity (ABATE); and CMS Marketing, Services and Trading Company and CMS MS&T Michigan, L.L.C. (collectively, CMS MS&T). On February 12, 2002, Detroit Edison, Energy Michigan, and ABATE filed replies to those petitions.

Rule 403 of the Commission's Rules of Practice and Procedure, 1992 AACS, R460.17403, provides that a petition for rehearing may be based on claims of error, newly discovered evidence, facts or circumstances arising after the hearing, or unintended consequences resulting from compliance with the order. A petition for rehearing is not merely another opportunity for a party to argue a position or to express disagreement with the Commission's decision. Unless a party can show the decision to be incorrect or improper because of errors, newly discovered evidence, or unintended consequences of the decision, the Commission will not grant a rehearing.

Telemetry

Detroit Edison's first request for rehearing is based on language, found both in the December 20, 2001 order and the approved RAST that was attached to that order, waiving the requirement of telemetry[1] for open access customers having loads of less than 1,000 kilowatts (kW) and, instead, providing those customers with the option of having the utility "read those meters by conventional means." RAST, Section 2.9.1. According to Detroit Edison, the Commission's ruling on this issue is erroneous and will have several unintended consequences.

Specifically, Detroit Edison argues, the Commission's decision to make telemetry optional is based on the erroneous assumption that manual meter readings are interchangeable with readings made through the use of telemetry. In fact, the utility continues, reading an interval demand meter is far different than reading an energy-only meter. For example, manually reading an interval demand meter requires attaching a probe to the meter and downloading data for approximately 3,000 fifteen-minute periods each month. According to Detroit Edison, this procedure takes much longer than simply reading the dials on an energy-only meter. Moreover, the utility asserts,

[1]"Telemetry" refers to customer-provided telephone access to an interval demand meter, through which the utility (Detroit Edison, in this case) can gather data concerning the customer's pattern of electric usage.

requiring interval demand meters to be read manually will impair its ability to gather individual customer usage data on a timely basis. In support of this assertion, Detroit Edison notes that its current practice is to poll these meters via telephone once each week, whereas manual reads occur only once each month. As a result, the utility contends, the timeliness of data provided by telemetry is impossible to match through the use of manual reads. According to Detroit Edison, it was problems like these to which witness William J. Newbold was referring when he noted, among other things, that telemetry "is more efficient and minimizes data loss." 2 Tr. 129.

Moreover, Detroit Edison points out that the additional training required by its meter-reading staff, as well as the additional time needed to manually download information from interval demand meters, will subject its customers to millions of dollars in unnecessary costs. Furthermore, it states that making telemetry optional will likely result in significant billing delays. These and other unintended consequences, Detroit Edison asserts, "will cause severe customer dissatisfaction [that] could ultimately lead to program failure." Detroit Edison's petition for rehearing, p. 4.

Finally, Detroit Edison notes that this same issue was addressed in Case No. U-12488, the retail open access tariff proceeding concerning Consumers Energy Company (Consumers). In that case, the utility continues, the Commission found that telemetry should be required for all interval demand meters located on Consumers' system. December 20, 2001 order in Case No. U-12488, p. 20. Due to the Commission's apparent intent to implement retail open access in a manner that provides relatively consistent terms and conditions to customers throughout the state, Detroit Edison concludes that telemetry should be mandatory for all interval demand metered-customers on its system, as is the case in Consumers' service territory.

Energy Michigan offers two arguments in opposition to Detroit Edison's request to reinstate the telemetry requirement. First and foremost, it asserts that the utility's request fails to address the issue of enrollment delay. According to Energy Michigan, both the Commission and the Administrative Law Judge assigned to this case cited customer enrollment delays arising from the installation of telemetry as the primary reason for the requirement's elimination. Energy Michigan therefore contends that the utility's current request should be rejected on the grounds that it "does not explain how or why a Commission reversal on this issue will avoid the very delay and complication which were the reason [sic] for abolishing the telemetry requirement in the first place." Energy Michigan's reply, p. 9. Second, it argues that inadequate evidence was offered to support reinstating the telemetry requirement.

Nevertheless, Energy Michigan goes on to state that if the issue of enrollment delay can be addressed, some customers may voluntarily implement telemetry. One such option, Energy Michigan continues, would be to (1) require Detroit Edison to begin providing open access service immediately following installation of a customer's interval demand meter, (2) obligate the customer to arrange for the installation of telemetry within two to three months after commencement of that service, and (3) arrange for the manual reading of the customer's meter, at no additional charge, during that two to three month period. See, id., p. 10.

For its part, ABATE "does not take a position one way or the other" regarding whether telemetry should be required for those customers having interval demand meters. ABATE's reply, p. 1. However, it asserts that if the Commission elects to modify its ruling on this issue, any reinstatement of the telemetry requirement should be contingent upon ensuring that "it does not become an excuse for delaying customer enrollment in the open access program." Id.

The Commission agrees with Detroit Edison and finds that the telemetry requirement should be reinstated for all customers with interval demand meters. In addition to being consistent with the result reached on this issue in Case No. U-12488 (Consumers' open access tariff proceeding), the reinstatement of a telemetry requirement for Detroit Edison should result in increased efficiency, reduced costs, and smoother operation of the utility's open access program.

Nevertheless, the Commission finds that the concerns expressed by Energy Michigan and ABATE regarding enrollment delays constitute legitimate grounds for modifying the telemetry requirement initially proposed by Detroit Edison. The Commission therefore concludes that the following provisions should be added to Section 2.9 of the utility's previously approved RAST. First, Detroit Edison should be required to commence retail open access service for its customers upon installation of appropriate demand meters. Second, customers should be given up to two months from their respective dates of enrollment in Detroit Edison's open access service to complete the installation of telemetry. Third, in return for a customer's commitment to install telemetry within that two-month period, the utility should provide for the manual reading of the customer's meter at no extra charge. Fourth and finally, the customer's failure to meet the two-month deadline for the installation of telemetry should result in the imposition of manual meter reading charges for those two months, as well as for all subsequent months during which manual readings are required.

Low Voltage Distribution Service

In the December 20, 2001 order, the Commission found that Detroit Edison's secondary voltage customers with less than 300 kW of demand should be given the option of paying system use charges either at the rate of $3.42 per kW, as measured by interval demand meters, or at the rate of 2.88¢ per kilowatt-hour (kWh), as measured by energy-only meters. This represented a combination of proposals submitted by Detroit Edison and the Commission Staff (Staff).

Due to problems created by this combined structure, including the potential violation of the rate freeze imposed by Section 10d(1) of Act 141, Detroit Edison's second rehearing request seeks to revise the December 20, 2001 order in a way that allows all secondary voltage customers to pay for system use at the rates established for the utility's previously-existing, experimental open access program. Specifically, Detroit Edison requests that the Commission modify the RAST to impose a single system use charge of $3.42 per kW for all open access customers taking service at the secondary voltage level, regardless of a customer's size or meter type, and to apply the utility's pre-existing tables to convert the usage (in kWh) recorded by an energy-only meter to demand (as stated in kW). According to the utility, approving this rehearing request would return all customers to the same pricing levels in effect prior to the issuance of the December 20, 2001 order, thus avoiding any potential violation of Act 141.

The only party that directly responded to this proposal was ABATE, which merely expressed agreement with Detroit Edison regarding this pricing issue.

As for Energy Michigan, it did not reply to Detroit Edison's rehearing request. Instead, it filed its own rehearing request seeking to revise the RAST in a manner that, although presenting two minor differences, is generally consistent with the relief currently sought by the utility. Specifically, Energy Michigan seeks to have all customers with loads below 20 kW assigned a system use charge of $3.42 per kW, with the demand level for each customer with an energy-only meter determined by applying either the optional load-leading profiling system adopted elsewhere in the December 20, 2001 order or the demand conversion tables used prior to the effective date of the RAST.

Again, only one party has responded to this request. Specifically, Detroit Edison submitted a reply stating that although it supports Energy Michigan's basic suggestion, two changes to that proposal are needed. First, the utility asserts, the suggestion's scope should be expanded to cover all secondary voltage customers (rather than only those with loads of less than 20 kW). Second, again to avoid the possibility of violating the rate freeze imposed by Section 10d(1), Detroit Edison contends that only the previously-established demand conversion tables should be used to calculate system use charges for customers with energy-only meters.

The Commission agrees that it should modify portions of the RAST dealing with system use charges paid by secondary voltage customers. As noted by both Detroit Edison and Energy Michigan, the utility's pre-existing open access tariffs imposed a system use charge for low voltage customers of $3.42 per kW of demand. Moreover, while the respective demand levels for three-phase customers were established through the use of interval demand meters, those for single-phase customers were computed by applying demand conversion tables to electric usage as reflected on their energy-only meters. As a result, concurrently adopting the two rehearing requests submitted concerning this issue (including the two adjustments to Energy Michigan's proposal that were suggested by Detroit Edison) will have the effect of returning all customers to the pre-December 20, 2001 status quo, thus removing any potential for violating Section 10d(1) of Act 141. The Commission therefore grants rehearing on this issue and finds that the RAST should be amended to (1) establish a system use charge of $3.42 per kW for all customers taking low voltage distribution service, (2) apply that charge to three-phase customers based on the usage recorded by interval demand meters, and (3) compute demand for single-phase customers with energy-only meters through the use of conversion tables.

Meter Threshold

In its third rehearing request, Detroit Edison asserts that the December 20, 2001 order must be clarified to ensure that "customers with loads less than 300 kW shall receive service without an interval demand meter and those above 300 kW shall receive service with an interval demand meter." Detroit Edison's petition for rehearing, p. 7. According to Detroit Edison, failing to grant this clarification could result in the utility being required to provide and install as many as 85,000 interval demand meters during 2002, and up to 300,000 through the end of 2004, all at great difficulty and expense to the utility. Worse yet, Detroit Edison asserts, a majority of those meters would be provided to customers that do not need them. In further support of this request, Detroit Edison contends that the Commission's decision to include a load-profiling system in the RAST, at least on a temporary basis,[2] justifies establishing a firm 300 kW threshold for the installation of interval demand meters.

ABATE responds by noting that there is no record support for the arguments offered by Detroit Edison concerning the establishment of a demand meter installation threshold. As a result, ABATE recommends ignoring all of the factual allegations set forth by the utility regarding this issue.

Energy Michigan agrees with ABATE and recommends rejecting Detroit Edison's request to eliminate the availability of interval demand meters for customers having loads below 300 kW. Like ABATE, Energy Michigan points out that none of the utility's arguments are supported by record evidence. Moreover, it contends that granting Detroit Edison's request may result in

[2]Although finding that the RAST should include "an optional load profile management system" for use by customers with energy-only meters, and despite further finding that "a proxy price of $0.0046 should be assessed for that service until a cost-based charge is approved," the Commission directed the Staff to evaluate the program's effect and committed to reviewing the matter in six months. December 20, 2001 order, p. 16.

excessive distribution charges for many high load factor customers, thus discouraging participation in the open access program.

The Commission finds insufficient justification for granting Detroit Edison's request, at least at the present time. Undoubtedly, there is some value (to both the utility and its ratepayers) in allowing smaller customers to participate in the open access program without requiring the installation of interval demand meters. This fact serves as the basis for several of the rulings contained in the December 20, 2001 order, including the Commission's decision to approve the optional load profile management service discussed on pages 12 through 16 of that order. However, many unresolved issues remain concerning such things as (1) the most appropriate level for any demand meter installation threshold, (2) the number of separate customer profiles that should be developed, (3) the number of sample meters that should be used to compute the proxy demand per kWh for each customer profile, and (4) the price, if any, to be charged by the utility for providing its customer profiling service.

The Commission therefore concludes that, instead of approving the utility's request to immediately establish a meter threshold, it should commence a contested case proceeding to address load profiling issues, including, but not limited to, the four issues set forth above. It further finds that the new proceeding will be deemed to take the place of the Staff's proxy price evaluation mentioned in footnote 2 of this order.

Enrollment Deadline

Energy Michigan requests that the Commission clarify that the 45-day enrollment deadline established by the December 20, 2001 order is to be measured in calendar days, rather than business days. That request is supported by ABATE.

In contrast, Detroit Edison opposes Energy Michigan's request. According to the utility, the Commission appears to have intended to provide a nine-week period in which to complete a customer's enrollment, metering installation, and account set-up. As a result, Detroit Edison continues, the Commission should deny Energy Michigan's request for clarification and, instead, rule that the 45-day enrollment deadline is stated in business days.

The Commission does not find Detroit Edison's arguments persuasive. In a vast majority of situations, a party's failure to specifically identify a time frame as being computed in business days is taken to mean that calendar days are to be used instead. Moreover, had the Commission intended to establish a nine-week enrollment deadline, as asserted by the utility, it would have said so in clear terms. Finally, it should be noted that the use of calendar days in this proceeding is consistent with the Commission's finding in today's order in Case No. U-12488, concerning Consumers' open access tariffs. The Commission therefore grants Energy Michigan's request for clarification and finds that the 45-day enrollment deadline should be based on calendar days, as opposed to business days.

Equalization Credits

Both Energy Michigan and ABATE request that Section 8.4 of the RAST be modified to specifically include, as part of the transition charge offset, class-specific rate equalization credits for all of Detroit Edison's residential, commercial, and industrial customers that elect to take service under the open access system. These parties contend that this change is necessary to comply with the Commission's directive in Case No. U-12639 that the utility's open access customers "be treated the same as full service customers," at least with regard to transition and securitization costs. December 20, 2001 order in Case No. U-12639, p. 25.

Although reserving its right to appeal the Commission's underlying rulings in that case, Detroit Edison does not oppose this request. Rather, it points out that the tariff sheets filed by the utility on January 22, 2002 specifically include, as part of Section 8.4 of the RAST, the rate equalization credits sought by Energy Michigan and ABATE.

The Commission agrees that the filed tariffs properly include the rate equalization credits. As a result, no further changes to this part of the RAST are necessary.

Issues Concerning the Marketer/Detroit Edison Relationship

Energy Michigan also makes two requests for rehearing concerning the part of the RAST dealing with Detroit Edison's relationship with marketers and all similarly situated entities. First, it requests that the Commission clarify the December 20, 2001 order by confirming that the same standards of reciprocity apply to all power providers regardless of whether they are operating in Detroit Edison's or Consumers' service territory. According to Energy Michigan, this can best be accomplished by revising Section 22.3 of the RAST to state that the rates, terms, and conditions of retail access service will be deemed "comparable" if they have been approved by applicable regulatory authorities. Second, it seeks clarification from the Commission that Section 23.3 of the RAST cannot be used (1) to require wholesale power suppliers to contract for emergency energy supply service from Detroit Edison or some other specific entity, or (2) to demand that they provide documentation of that contract to the International Transmission Company (ITC) prior to participating in the utility's customer choice program. To do otherwise, Energy Michigan contends, would violate the Commission's February 22, 2000 order in Case No. U-12272 and impose requirements on marketers that are far beyond the proper scope of a distribution company's open access tariff.

ABATE supports both of Energy Michigan's proposals, and none of the other parties take issue with the first requested clarification. However, Detroit Edison objects to the second request. According to the utility, requiring proof of a marketer's access to emergency energy supply service will help ensure the reliability of the entire electric system.

The Commission finds that adequate grounds exist for granting both of these requests for rehearing. With regard to Energy Michigan's proposed change to the marketer reciprocity language, revising that provision would eliminate a potential source of conflict between Detroit Edison's open access program and that adopted for Consumers. As for the language requiring marketers to provide proof of emergency energy supply service to the ITC, the Commission agrees with Energy Michigan that this is beyond the proper scope of the RAST.

Nevertheless, the Commission's review of these marketer-related issues leads it to conclude that the most appropriate action rests not in simply revising the two sections cited by Energy Michigan. Rather, the Commission finds, all provisions governing Detroit Edison's relationship with marketers should be removed from the RAST and, if deemed necessary by the utility, included instead in Detroit Edison's Supplier Handbook. As noted by several parties at the outset of these proceedings, marketers' activities are generally regulated by the Federal Energy Regulatory Commission, and not by individual state commissions. Due to the factors like the rapidly rising membership of regional transmission organizations, this is becoming increasingly the case. Thus, to reduce the possibility for confusion and inter-agency conflicts, Sections 20 through 31 of the RAST should be deleted, along with all references to those sections.

<u>High Voltage Distribution Service Charges</u>

ABATE points out that Section 8.6 of the RAST, which lists all charges for high voltage distribution service, adopts by reference the various charges listed in Schedule B-4.9 of Detroit

Edison's rate book. However, ABATE continues, that schedule includes (in addition to properly applicable charges relating to securitization and nuclear decommissioning) one charge that logically should not be imposed on open access customers, namely Detroit Edison's power supply cost recovery (PSCR) charge. ABATE therefore asks the Commission to clarify that the reference to Schedule B-4.9 in Section 8.6 of the RAST is intended to adopt only those charges that have application to open access customers, and thus not those set forth in Detroit Edison's PSCR clause.

Energy Michigan agrees with ABATE's request for clarification. However, it notes that Section 8.7 of the RAST also refers to those Schedule B-4.9 charges. Thus, Energy Michigan points out, the requested clarification regarding the non-applicability of PSCR charges to open access customers should be extended to both Sections 8.6 and 8.7 of the RAST.

Detroit Edison agrees that PSCR charges should not to be applied to its open access customers. Nevertheless, it asserts that no clarification is needed. The utility bases this assertion on the fact that Schedule B-4.9 of its rate book "specifically shows a line item for the retail access service tariff (EC2) wherein the alleged PSCR charge is labeled 'Not Applicable'." Detroit Edison's replies to ABATE's rehearing requests, p. 2.

The Commission agrees that Schedule B-4.9 of Detroit Edison's rate book specifically exempts open access customers from paying the utility's PSCR charge. As a result, there is no need to further clarify this issue.

<u>Allocation of Enrollment Capacity Under the Existing Choice Program</u>

Both the RAST and Detroit Edison's Supplier Handbook contain provisions relating to the bidding procedure that was used to allocate available capacity under the utility's previous customer choice programs. One of these provisions, which was specifically addressed on pages 49 and 50 of the December 20, 2001 order, concerns the price to use when a customer possesses two or more successful bids at different prices. In ruling on that issue, the Commission rejected a proposal by CMS MS&T to use the weighted average bid price whenever more than one full block of capacity is needed to serve a given load. Among other things, the Commission based its decision on the fact that (1) the plan to use the highest bid price, rather than a weighted average, was clearly articulated before the bidding for capacity occurred, (2) allowing a successful bidder to effectively reduce the price of a winning bid after the assignment of capacity would be unfair to all other bidders, and (3) permitting such a reduction would conflict with the bidding program's goal of maximizing the amount recovered from voluntary, successful bidders.

ABATE and CMS MS&T request rehearing on this issue, and ask the Commission to reverse its prior decision to reject the use of weighted average pricing. Detroit Edison objects to that request, and asserts that no reasonable basis exists for granting rehearing concerning the pricing of multiple successful bids.

The Commission finds that the rehearing requests concerning this issue fail to meet the standards of Rule 403, and must therefore be rejected.

The Commission FINDS that:

a. Jurisdiction is pursuant to 1909 PA 106, as amended, MCL 460.551 et seq.; 1919 PA 419, as amended, MCL 460.51 et seq.; 1939 PA 3, as amended, MCL 460.1 et seq.; 1969 PA 306, as amended, MCL 24.201 et seq.; and the Commission's Rules of Practice and Procedure, as amended, 1992 AACS, R 460.17101 et seq.

b. The petitions for rehearing should be granted in part and denied in part.

c. Detroit Edison's RAST should be clarified and revised as specified in this order.

d. A contested case proceeding should be commenced in Case No. U-13385 to address load profiling issues.

THEREFORE, IT IS ORDERED that:

A. The petitions for rehearing filed in this case on January 22, 2002 are granted in part and denied in part.

B. The revised portions of The Detroit Edison Company's retail access service tariff, attached to this order as Exhibit A, are approved for use effective on the date following this order's issuance.

C. Within 30 days, The Detroit Edison Company shall file revised tariff sheets consistent with Exhibit 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

(S E A L)

/s/ Laura Chappelle
Chairman

/s/ David A. Svanda
Commissioner

By its action of April 26, 2002.

/s/ Dorothy Wideman
Its Executive Secretary

/s/ Robert B. Nelson
Commissioner

THEREFORE, IT IS ORDERED that:

A. The petitions for rehearing filed in this case on January 22, 2002 are granted in part and denied in part.

B. The revised portions of The Detroit Edison Company's retail access service tariff, attached to this order as Exhibit A, are approved for use effective on the date following this order's issuance.

C. Within 30 days, The Detroit Edison Company shall file revised tariff sheets consistent with Exhibit 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

Laura Chappelle
Chairman

Commissioner

By its action of April 26, 2002.

Its Executive Secretary

Robert B. Nelson
Commissioner

RETAIL ACCESS SERVICE TARIFF

1. Introduction

This tariff is designed to express the terms and conditions associated with retail access service in the Detroit Edison Electric Choice Program, as well as provide information regarding the roles of the various market participants. This tariff includes the following sections:

In the Detroit Edison Electric Choice Program, Detroit Edison will maintain a relationship and interact with at least three separate participants. The Customer, the Alternative Electric Supplier and the Marketer. One entity may be responsible for both the AES and Marketer roles. Detroit Edison has separately defined the retail and wholesale functions behind electric supply in a competitive environment.

1.1 The Customer Role

The Customer is the end-user of Power at one or more locations in the State of Michigan who has facilities connected to the Detroit Edison distribution system.
Under retail access service, the Customer will conduct transactions with at least two entities - Detroit Edison and an Alternative Electric Supplier. The Customer is responsible for choosing an Alternative Electric Supplier.

Detroit Edison's principal requirement is that the Customer must already be connected to the Detroit Edison Distribution System as a Full Service Customer or meet the requirements for new Customers connecting to the Detroit Edison Distribution System. All Primary Customers and Secondary Customers with Customer Service Capacities greater than 300 kW must execute Customer Distribution Agreements with Detroit Edison.

1.2 The Alternative Electric Supplier Role

An Alternative Electric Supplier is an entity that has obtained all the necessary legal approvals to sell retail electricity in Michigan.

The Alternative Electric Supplier buys products and services needed to provide power to Customers, combines these products and services in different marketing packages, and sells the packages to Customers. Alternative Electric Suppliers must meet all applicable statutory and regulatory requirements of Michigan and Federal law.

"Distribution Point of Delivery" means the point of interconnection between the Detroit Edison Distribution System and the Customer's service location.

"Distribution Point of Receipt" means the point of interconnection between the ITC Transmission and Detroit Edison Distribution Systems.

"Effective Date" is the date at which responsibility for servicing a Customer Load transfers from the current supplier to the new supplier. The transfer occurs at the beginning (00:01 hours) of the Effective Date.

"Energy" in the context of this document the word energy refers to "electrical energy" and is measured in kilowatt-hours.

"Energy Meter" means a meter capable of measuring and recording energy on a kWh basis.

"Full Service" means the provision of regulated electric service including, energy, transmission and distribution services each provided by Detroit Edison.

"International Transmission Company (ITC) Transmission System" means facilities operated by ITC for the purpose of transmitting electric power within the Detroit Edison electric service territory which are subject to the jurisdiction of the Federal Energy Regulatory Commission.

"Interval Demand Meter" means a meter capable of measuring and recording kW demands and/or kVAR demands on a 30-minute integrated basis, as needed to bill the Customer and measuring energy on a kWh basis.

"Joint Open Access Transmission Tariff (JOATT)" means the ITC and Consumers Energy Open Access Transmission Tariff on file with the Federal Energy Regulatory Commission, as amended from time to time. The Tariff applies to transactions where energy flows through both the ITC and Consumers Energy Transmission Systems.

"Load" means any end-use device drawing energy from the electric system.

"Location" means each Customer facility whether owned or leased.

"Marketer" means an entity that:

(i) generates, brokers, markets or otherwise procures power to be supplied to ITC at the Transmission Point of Receipt, obtains transmission services and with whom a Customer's Alternative Electric Supplier has arranged for the receipt of Power, and
(ii) satisfies all applicable statutory and regulatory requirements of Michigan and Federal law.

2.8 Metering

2.8.1 All Load served under this tariff shall be metered. All Three-Phase Customers shall be required to install Interval Demand Meters. Single-Phase Customers will use statistically derived hourly load profiles applied to metered energy use for the purpose of developing charges under the Company's Tariff.

2.8.2 Metering equipment for Customers taking retail access service shall be furnished, installed, read, maintained and owned by Detroit Edison.

2.9 Meter Reading

2.9.1 All Customers with Interval Demand Meters shall have meter reading accomplished electronically through a Customer-provided telecommunication links or other electronic data methods able to provide Detroit Edison the metering data necessary to bill the customer and conform to required metering accuracy. In the event Detroit Edison maintains the customer on the same meter read cycles, it will be the Customer's option of installing data links for remote meter reading or allowing Detroit Edison to read by conventional means. The Alternative Electric Supplier shall direct access to meter data through the same means as Detroit Edison, once the Customer is enrolled, without any further documentation or permission from the Customer.

The Company shall commence retail choice service upon installation of appropriate demand meters. Customers will have up to two months from service enrollment to complete the installation of telemetry. In the interim, the customer meters shall be read manually at no extra charge in return for a customer commitment to install telemetry within the two month time period. Failure to meet this two-month time frame will result in the imposition of manual meter reading charges for the initial two months and subsequent months preceding installation and operation of telemetry.

2.9.2 If a Customer is not able to allow sharing of the telephone line, the Customer shall obtain a separate telephone line for such purposes paying all charges in connection therewith. The Customer is responsible for assuring the performance of the telephone line. If the telephone line used for metering is out of service, Detroit Edison will retrieve the data manually for a fee of $12/ month (one reading). In the event that the telephone line service is out for three consecutive months, the Customer's retail access service may be terminated and the Customer may be transferred to service under Detroit Edison's full requirement tariffs subject to the provisions of Section 5.4.

2.9.3 For Single Phase Customers, meters will be read by conventional means and the Customer will not be required to provide a telephone service.

2.9.4 The switch of a Customer's account from one supplier to another will normally take place on the scheduled meter reading date for that Customer (the Effective Date) and be based on the reading made that same day. If an actual meter reading is not made on the Effective Date, Detroit Edison will read the meter within five (5) business days of the date in which Detroit Edison determines that the scheduled actual meter reading has not occurred. The meter reading on the Effective Date will be determined on a pro rated basis based on the actual meter reading. Detroit Edison's failure to read meters in the time frames noted, through no fault of the Customer, shall not result in penalties of any type to the Customer. Except for actions outside the scope of Detroit Edison's control and storms or other events or occurrences that render the reading of meters physically impossible, customers' bills for Detroit Edison distribution services will be reduced by 1/30 for each day that Detroit Edison meter reads are late past a three day grace period.

2.10 Meter Errors and Telephone Failures

Billing where metering errors and malfunctions have taken place shall be performed as follows:

2.10.1 For Energy Metered Customers where metered data is not available due to metering errors, malfunctions, or otherwise, the usage will be estimated using the procedure described in the billing rule B-4.2 (2) Estimated Billing.

2.10.2 For Interval Demand Metered Customers where metered data is not available due to metering errors, malfunctions, or otherwise, the usage will be estimated using the available historical data for the Customer.

2.10.3 Where incorrect billing results from calculation error discovered by either Detroit Edison, the Alternative Electric Supplier or the Customer, the error will be corrected and revised bills for the Customer and the Alternative Electric Supplier will be calculated and settled on the next billing period after the error is discovered. Billing errors discovered by Detroit Edison shall be adjusted as provided for in the Residential, Commercial, and Industrial Billing Rules.

2.10.4 Liability for meter or calculation errors or malfunctions shall be assigned or apportioned to the appropriate party based on fault.-

3. <u>Character Of Service</u>

3.1 Detroit Edison furnishes alternating current service at a nominal frequency of 60 hertz 24 hours a day, subject to interruption by tariff, by agreement, by advance notice, by accident or by other causes not under the reasonable control of Detroit Edison.

The terms of service associated with any previously contracted or newly initiated service are specified below:

> **5.1.1** Retail Access Service provided to new locations served by Detroit Edison shall be for an initial minimum term of five years over which time the minimum charges shall apply. Contributions in Aid of Construction for distribution facilities will be per tariff rate.
>
> **5.1.2** Retail Access Service provided to existing locations shall be for the unexpired portion of any existing contract but not less than a term of one year over which time the minimum charges shall apply. Minimum charges shall be adjusted each year to recognize actual demand.
>
> **5.1.3** After the expiration of the contract minimum term for Retail Access Service, the contract shall be extended thereafter, from month-to-month. . Minimum charges shall be adjusted each year to recognize actual demand.

5.2 Retail access service shall be initiated by a Customer choosing an Alternative Electric Supplier and the subsequent submission of an electronic enrollment by the Alternative Electric Supplier on behalf of the Customer in a manner specified by Detroit Edison. Alternative Electric Supplier submission of the enrollment warrants that a valid contract with the prospective Customer exists. In accordance with Section 2.5, Detroit Edison shall be required to complete, within 45 days, all open access enrollment activities.

5.3 Retail access service may not commence until metering has been installed as specified in this Tariff or agreements related thereto and,:

ITC has received from the Marketer an executed Transmission Service Agreement.

In addition, Detroit Edison must have received from the Alternative Electric Supplier:

(i) the Alternative Electric Supplier's warranty, that the Alternative Electric Supplier has obtained all necessary approvals authorizing the Alternative Electric Supplier to conduct business at each Location to be served, and

(ii) the Alternative Electric Supplier's warranty, that each enrollment submitted is in full compliance with requirements for enrollment, and is backed by proper authorization from the Customer allowing the Alternative Electric Supplier to enroll the Customer in retail access.

Application of Charges

8.5 Minimum Charge

The Customer is subject to a minimum monthly charge equal to the sum of the Service Charge, the System Use Charge and the Substation Charge, if applicable.

8.6 Three-Phase Distribution Service

Customers receiving three-phase electric service at 4,800 volts or higher and stepping it down to working voltages with their own transformation equipment or through a substation owned by Detroit Edison and dedicated to a Customer's use shall have the following charges for retail access service:

Charge	**13.2kV and below**		**24 or 41.6 kV**	**120 kV and Above**
	Secondary	**Primary**		
Service Charge	$5.95/month	$450/month	$450/month	$450/month
System Use Charge	$3.42/kW/month	$2.47/kW/month	$0.57/kW/month	$0.24/kW/month
Substation Charge	N/A	N/A	$0.36/kW/month	$1.18/kW/month
Surcharges and Credits	Schedule B4.9	Schedule B4.9	Schedule B4.9	Schedule B4.9
Any additional Transition, True-Up Charges, Surcharges and Credits as may be approved by the Commission				

All charges will be based on the metered quantity as determined by the meters at the Customer Location.

8.7 Single-Phase Distribution Service

Customers receiving single-phase electric service at 480 volts or less, using Detroit Edison-owned transformation, shall be charged for retail access service as follows:

Charge	Single-Phase
Meter Type	Energy Meter
Service Charge	$5.95/month
System Use Charge	$3.42/kW/month
Surcharges and Credits	Schedule B4.9
Any additional Transition, True-Up Charges, Surcharges and Credits as may be approved by the Commission	

All charges will be based on the metered quantity as determined by the meters at the Customer Location.

8.8 Power Factor and Excess Reactive Demand For Customers With Interval Demand Metering

A power factor of less than 70% is not permitted and necessary corrective equipment must be installed by the Customer to correct to a minimum level of 70%. Power factor and excess Reactive Demand charges will be calculated at each Customer location at the time of the Location's single highest 30-minute integrated kW reading of the Interval Demand Meter during the on-peak hours of the billing period, which are those hours from 7 a.m. until 11 p.m. consistent with the ITC Open Access Transmission Tariff. Excess Reactive Demand is any Reactive Demand resulting from operations below 80% power factor. A monthly charge of $3.50/kVAR will be applied to excess Reactive Demand.

9. (Held for Future Use)

10. <u>Other Provisions</u>

10.1 Retail Access Customers will be subject to the relevant curtailment procedure contained in Detroit Edison's electrical Procedures, Rule B-3.7. Detroit Edison shall give Retail Access Customers the same priorities in curtailment situations as it gives Full Service Customers.

10.2 All Points of Receipt for Power produced within the Detroit Edison retail service territory for delivery to Customers within that territory shall be considered as being points located on the ITC Transmission System.

(Sections 20 through 31 are cancelled)

PROOF OF SERVICE

STATE OF MICHIGAN)

Case No. U-12489

County of Ingham)

Susan Smith, being duly sworn, deposes and says that on April 26, 2002, A.D. she served a copy of the attached order, by mailing copies thereof by first class mail, postage prepaid, or by inter-departmental mail, to the persons as shown on the attached service list.

Susan Smith

Subscribed and sworn to before me
this 26th day of April 2002

Catherine H Bowers

Notary Public, in Eaton County, Michigan.
Acting in Ingham County
My Commission expires November 22, 2004

SERVICE LIST FOR DOCKET # U - 12489-   CASE #
DATE OF PREPARATION: 04/24/2002

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