

Detroit Edison



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July 12, 2001

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

Re: MPSC Case No. U-12780 & U-12781

Dear Ms. Wideman:

Enclosed please find an original and four copies of Reply Brief of The Detroit Edison Company along with proof of service.

Very truly yours,

A handwritten signature in black ink that reads "Bruce Maters".

Bruce R. Maters

BRM/dj
Enclosures

cc: Hon. James N. Rigas
Administrative Law Judge
Parties of Record

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the application
of INDIANA MICHIGAN POWER COMPANY,
d/b/a AMERICAN ELECTRIC POWER, for
approvals in connection with
2000 PA 141 Section 10v.

Case No. U-12780

In the matter of the application of
INTERNATIONAL TRANSMISSION COMPANY,
CONSUMERS ENERGY COMPANY AND GREAT
LAKES ENERGY COOPERATIVE for approvals
in connection with 2000 PA 141 Section 10v.

Case No. U-12781

REPLY BRIEF OF
THE DETROIT EDISON COMPANY

The Detroit Edison Company (“Edison” or “Company”) submits this Reply Brief in response to issues raised by other parties in this case. Failure to respond to all or any particular issue should not be interpreted as agreement with that issue or waiver of any position taken by Edison in its initial brief.

I

REPLY TO ENERGY MICHIGAN AND ABATE

Energy Michigan (EM), while implicitly acknowledging the adequacy of the joint plan filed by Consumers Energy, Edison and Great Lakes Energy, and adopted by Indiana Michigan (AEP), seeks to condition its acceptance by the Commission on several extraneous factors: 1) that the Ontario Hydro interconnection improvements result in a one-for-one decrease in firm transmission reservations on the MECS southern interconnection; 2) that in the alternative, Michigan utilities dedicate an equivalent

amount of in-state generation capacity to serve alternative electric suppliers; and 3) utilization of subscription or auction procedures to help insure receipt by alternative electric suppliers of the new incremental transmission capacity.

ABATE also advocates the use of an “open season” approach to transmission reservations.

Edison believes that manipulation of the transmission market as advocated by Energy Michigan and ABATE is unwise and bad public policy. Michigan transmission providers should not be required to make expenditures described in the joint plan only to learn down the road that there is yet another regulatory hoop to jump through. Furthermore, such manipulation by the Commission could also create confusion over the appropriate role of the Commission in the regulation of interstate commerce. Edison believes, therefore, that the proper action for the Commission to take in this case is to unconditionally approve the joint plan since the record in this case conclusively supports the fact that the projects identified in the joint plan will result in an increase of 2000 MW of transmission capacity into Michigan.

This is not to say, however, that the Commission should not monitor implementation of the joint plan to insure that the improvements are actually made. Edison also agrees with the parties that Michigan retail electric customers should only pay for those costs that are not recovered through FERC-approved rates and charges. However, the Commission should not intervene in and manipulate the operation of the interstate transmission market. Section 10v of Act 141 requires that transmission capacity into Michigan be permanently increased, not that it be diverted to benefit only particular suppliers or class of suppliers.

II

REPLY TO AEP

AEP seeks to initiate a proceeding to collect unrecovered costs associated with the installation of a second Dumont transformer within 90 days after the final FERC decision on its application to recover such costs. Edison believes that any Michigan cost recovery should not be piecemeal. Therefore, all of the Michigan electric utilities participating in the joint plan should be given the same opportunity to recover their uncollected costs, if any, in the same general time period, and after the projects are completed, whether that period is 90 days from a FERC order in AEP's case, or within the timeframe suggested by Edison in its initial brief.

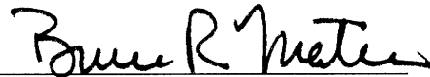
III

CONCLUSION

For the foregoing reasons, Edison requests that the Commission approve the joint plan without conditions, find that Edison has satisfied the requirements of Section 10v of Act 141 have been satisfied upon completion of projects described therein, and establish a procedure and schedule for cost recovery of those transmission upgrade expenses not recovered through FERC-approved rates and charges.

Respectfully submitted,

THE DETROIT EDISON COMPANY

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Dated: July 12, 2001

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

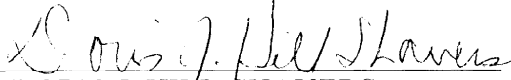
In the matter of the application of)
INDIANA MICHIGAN POWER COMPANY,)
d/b/a AMERICAN ELECTRIC POWER,) Case No. U-12780
for certain approvals in connection with)
2000 PA 141 Section 10v.)
_____)

In the matter of the application of)
INTERNATIONAL TRANSMISSION COMPANY,)
CONSUMERS ENERGY COMPANY, and) Case No. U-12781
GREAT LAKES ENERGY COOPERATIVE.)
for certain approvals in connection with)
2000 PA 141 Section 10v.)

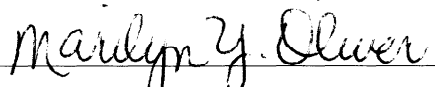
PROOF OF SERVICE

STATE OF MICHIGAN)
) SS.
COUNTY OF WAYNE)

DORIS J. HILL-SHAVERS, being first duly sworn, deposes and says that on the 13th day of July, 2001, a copy of **REPLY BRIEF OF THE DETROIT EDISON COMPANY** was served upon the parties listed on the attached Service List by electronic mail, and first class mail.


DORIS J. HILL-SHAVERS

Subscribed and sworn to before me
this 13th day of July, 2001


MARILYN Y. OLIVER
NOTARY PUBLIC WAYNE CO., MI
MY COMMISSION EXPIRES Mar 28, 2004

MPSC Case Nos: U-12780/U-12781

**SERVICE LIST
(As of March 8, 2001)**

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