The Detroit Edison Company
2000 2nd Ave., Detroit, MI 48226-1279

Detroit Edison

A DTE Energy Company

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April 16, 2001

Ms. Dorothy Wideman
Executive Secretary
Michigan Public Service Commission
6545 Mercantile Way
Lansing, MI 48911

Re: Amended Application For Ex Parte Approval of Unexecuted Distribution Interconnection Agreement MPSC Case No. U-12866

Dear Ms. Wideman:

Please find enclosed for filing with the Commission an original and four copies of The Detroit Edison Company's **Amended Application For Ex Parte Approval of Unexecuted Distribution Interconnection Agreement** in the above captioned matter, along with Proof of Service.

Very truly yours,

Jon P. Christinidis

JPC/dj
Enclosures

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the application of THE DETROIT EDISON COMPANY for approval of an unexecuted Distribution Interconnection Agreement associated with the "Rouge Complex" and Dearborn Industrial Generation, L.L.C.	)	Case No. U-12866

AMENDED APPLICATION FOR *EX PARTE* APPROVAL OF UNEXECUTED DISTRIBUTION INTERCONNECTION AGREEMENT

NOW COMES THE DETROIT EDISON COMPANY, by and through its attorneys, and pursuant to the Rules of Practice and Procedure Before the Commission (R. 460.17101 et Seq.) and the Michigan Administrative Procedures Act (MCL 24.201 et Seq.), files this amendment to its application (the "Application") for immediate *ex parte* approval of an unexecuted distribution interconnection agreement (the "Distribution Interconnection Agreement") between The Detroit Edison Company ("Detroit Edison" or the "Company") and Dearborn Industrial Generation, L.L.C. ("DIG"), which Application Detroit Edison filed with the Michigan Public Service Commission ("MPSC") on March 12, 2001 (the "Application"). Detroit Edison and DIG have since reached agreement on many of the issues in the March 12, 2001 Distribution Interconnection Agreement over which they previously had disagreed. Detroit Edison has prepared a revised version of the Distribution Interconnection Agreement which reflects the parties' agreement on all issues other than those specifically enumerated in Paragraph 5 of this Amended Application and hereby submits that revised version of the Distribution Interconnection Agreement and requests the MPSC's *ex parte* approval of the revised

Distribution Interconnection Agreement and a timely resolution of the remaining issues set forth in Paragraph 5.

1. For the sake of brevity, Detroit Edison incorporates by reference and adopts as if fully restated here paragraphs 1 through 10 of its initial Application. Those paragraphs describe Detroit Edison and DIG and provide a description of the facts and circumstances which have given rise to the current proceeding and the efforts of Detroit Edison and DIG to enter into a long-term Distribution Interconnection Agreement.

2. As detailed in its initial Application, the Distribution Interconnection Agreement provides for the interconnection of distribution equipment owned by Detroit Edison with the distribution and generation equipment owned and/or controlled by DIG (the "Facility") and for the treatment of retail power consumption at the Ford Motor Company Rouge industrial complex site. Detroit Edison submitted the Distribution Interconnection Agreement to the MPSC in unexecuted form because while Detroit Edison and DIG were unable to reach agreement on the terms and conditions of the long-term Distribution Interconnection Agreement, Detroit Edison wished to facilitate interconnection for purposes of allowing DIG to commence startup testing of the Facility.

3. Detroit Edison believes that the revised Distribution Interconnection Agreement filed with this Amended Application is subject to the jurisdiction of the MPSC, but consistent with DIG's request that Detroit Edison file an unexecuted interconnection with the Federal Energy Regulatory Commission ("FERC"), Detroit Edison will also file the revised Distribution Interconnection Agreement with FERC, with a request that FERC disclaim jurisdiction over it.

4. On April 6, 2001, DIG intervened in the FERC proceeding considering the Distribution Interconnection Agreement and joined Detroit Edison's request that FERC disclaim

jurisdiction over the Distribution Interconnection Agreement, although DIG requested that FERC keep the relevant FERC dockets open pending action on the Distribution Interconnection Agreement by the MPSC. In its FERC pleading, DIG identified a list of issues related to the Distribution Interconnection Agreement with which it disagrees with Detroit Edison and which it expects will need to be resolved by the MPSC.

5. Detroit Edison and DIG have since reached agreement on many of the issues under the Distribution Interconnection Agreement over which they previously had disagreed and which DIG identified as disputed issues in its FERC pleading. Detroit Edison has prepared the attached revised Distribution Interconnection Agreement which reflects the parties' agreement and resolution of all issues except as set forth below in (a) – (j) and has submitted that revised version of the Distribution Interconnection Agreement to FERC, together with a renewed request that FERC disclaim jurisdiction over the Distribution Interconnection Agreement (as revised). DIG joined or will join in Detroit Edison's FERC filing by concurrence and represented that it agrees that of the disputed issues it identified in its April 6th FERC filing, and in total, only the following issues remain subject to the parties' disagreement:

a. The applicability of Michigan retail access charges under Detroit Edison's Retail Access Service Tariff on file with the MPSC for incoming power over the interconnection;

b. The appropriate manner of computing generation imbalances and the proper method of scheduling generation;

c. The proper credit to DIG for contributions it has made in aid of construction of Detroit Edison's facilities interconnecting with the DIG facilities;

d. Whether Detroit Edison should have the right to curtail DIG generation which is scheduled for ultimate redelivery to on-site retail customers; and

e. Whether the charges and costs identified in Exhibit B to the Distribution Interconnection Agreement are justified.

f. When and how DECo will make available to DIG the results of its final interconnection study for the DIG facility.[1]

g. How reactive power associated with the DIG facility is to be accounted for and handled.

h. What is the proper upper level of voltage at the point of interconnection for normal operations.

i. How conflicts between provisions of the Distribution Interconnection Agreement and provisions of DECo's Retail Access Service Tariff will be resolved.

j. The appropriate metering requirements for the DIG facilities.

6. Detroit Edison has, at all times, acted in good faith to facilitate the continued and timely construction of the DIG facilities and has attempted, in good faith, to reach a mutually acceptable interconnection arrangement with DIG. Detroit Edison has engaged DIG in extensive negotiations for a long-term Distribution Interconnection Agreement and has actively cooperated with DIG in the planning and construction of facilities needed to interconnect the parties' facilities. On March 12, 2001, Detroit Edison filed the initial version of the Distribution Interconnection Agreement with the MPSC and requested its immediate approval. On March 14, 2001, Detroit Edison and DIG entered into a short-term Startup Testing and Parallel Operation Interconnection Agreement (the "Startup Agreement") to facilitate startup testing of the Facility without delay and without prejudice to the parties' positions with respect to the long-term Distribution Interconnection Agreement. The Start-Up Agreement provided for the interconnection of distribution equipment owned by Detroit Edison with the distribution and generation equipment owned and/or controlled by DIG for purposes of permitting DIG to commence startup testing of the Facility. The Start-Up Agreement was executed on March 14, 2001, and will terminate by its terms not later than May 15, 2001, unless earlier terminated,

[1]On April 6, 2001, DECo did make available to DIG a draft of the interconnection study which is subject to modification.

cancelled or superseded by a long-term distribution interconnection agreement effective prior to May 15, 2001. In addition, customers at the Rouge Industrial Complex site began receiving retail access service on April 1, 2001 pursuant to Detroit Edison's Retail Access Service Tariff. Detroit Edison's continued negotiations with DIG to enter into a long-term Distribution Interconnection Agreement, Detroit Edison's execution of the Start-Up Agreement to facilitate Facility start-up testing, the commencement of retail access service to the Rouge Complex customers and Detroit Edison's instant filing of an amended Distribution Interconnection Agreement reflecting the parties' resolution of many issues arising under the initial version of the Distribution Interconnection Agreement, are fully consistent with its good faith efforts to further the development of the DIG project.

7. Detroit Edison submits the revised Distribution Interconnection Agreement with this Amended Application in this case and requests that the revised Distribution Interconnection Agreement be substituted for the initial Distribution Interconnection Agreement and that the MPSC facilitate a timely resolution of the remaining issues.

8. The revised Distribution Interconnection Agreement is a Special Contract under Michigan law because it involves the provision of services not specifically covered by Detroit Edison's filed rules and rate schedules. The MPSC has the authority to approve Special Contracts pursuant to MCL 462.11 and R. 460.2031, which provides,

> When a special contract is entered into by a utility for the sale of its products or services in a manner or at a rate not specifically covered by the filed rules and rate schedules, an application for approval shall be filed with the commission. A conformed copy of such contract, as approved by the commission, shall be filed within 30 days after approval. (R. 460.2031).

9. In order to assure the appropriate recovery of securitization, stranded cost, transition, and distribution charges of the Company, and to facilitate the timely generation testing

desired by DIG in an efficient and expeditious manner, Detroit Edison respectfully requests that the MPSC review and approve the attached revised Distribution Interconnection Agreement between Detroit Edison and DIG, thereby assuring the appropriate recovery of Detroit Edison charges from DIG during the term of the revised Distribution Interconnection Agreement and facilitating an increase of independent, non-utility generation in Michigan.

10. Approval of the attached revised Distribution Interconnection Agreement will further certain fundamental purposes of 2000 PA 141, including,

> "To encourage the development and construction of merchant plants." [Sec. 10(2)(c)], and
>
> "[T]o promote financially healthy and competitive utilities in this state." [Sec. 10(2)(e)].

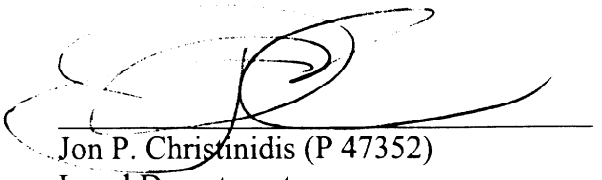
Further, the relief requested by Detroit Edison is consistent with the MPSC's February 5, 2001, order in MPSC Case No. U-12485 regarding the interconnection of merchant plants.

11. Approval of the revised Distribution Interconnection Agreement will not result in any increase in any rates or charges by Detroit Edison to retail electric customers and therefore may be accomplished without notice or hearing as provided for by MCL 460.6a.

WHEREFORE, The Detroit Edison Company respectfully requests that the MSPC approve in its entirety, on an *ex parte* basis, and give effect to, the attached revised Distribution Interconnection Agreement and facilitate a timely resolution of the remaining issues set forth in

Paragraph 5 of this Amended Application.

THE DETROIT EDISON COMPANY



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Dated: April 16, 2001