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Contact: Judy Palnau (517) 241-3323

MPSC Authorizes Detroit Edison, Consumers Energy to Recover Retail Open Access Implementation Costs

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The Michigan Public Service Commission (MPSC) today authorized the Detroit Edison Company and Consumers Energy Company to recover costs incurred in implementing the retail open access program. The Commission had previously approved implementation costs for both companies on a conditional basis but had deferred final recovery of those costs, pending an additional review for prudence once the implementation projects were successfully completed. On April 1, the Michigan Court of Appeals found that the MPSC should not have deferred those implementation costs indefinitely.

In Case No. U-13738, the MPSC authorized Detroit Edison to recover \$19,873,303, including interest, for its 2002 implementation costs. The company elected to recover its implementation costs as part of its ongoing rate case.

Detroit Edison filed an application requesting authority to recover its 2002 retail open access program implementation costs on March 31. The company sought a 10 percent carrying cost and requested to use excess securitization savings to offset implementation costs. The MPSC approved a 7 percent carrying cost and did not authorize the use of excess securitization savings to offset implementation costs.

In Case No. U-11955 et al., the MPSC authorized Consumers Energy to recover \$87,633,000, including interest, for its implementation costs incurred for the years 1997 through 2001, on a service-rendered basis. The company elected to recover its implementation costs through surcharges.

Consumers Energy will recover the costs through the use of per kilowatt-hour (kWh) surcharges on all customer classes that begin, for large commercial and industrial customers, on July 1. The surcharges for other rate classes start when the current rate caps expire (Jan. 1, 2005 for small commercial and industrial customers and Jan. 1, 2006 for residential customers). The recovery period for each group is 36 months. Because the residential surcharge will not start until Jan. 1, 2006, the total recovery period will extend over five years.

The Commission directed Consumers Energy to file a reconciliation proceeding 90 days after the expiration of all the surcharges approved by today's order.

The MPSC is an agency within the Department of Labor & Economic Growth.

Cases Nos. U-13738, 11955 et al.

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