

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

* * * * *

In the matter, on the Commission's own motion,	)	
ordering THE DETROIT EDISON COMPANY to	)	
show cause why its retail rates for the sale and	)	Case No. U-14838
distribution of electric energy should not be	)	
decreased.	)	
_____	)	

At the May 25, 2006 meeting of the Michigan Public Service Commission in Lansing,
Michigan.

PRESENT: Hon. J. Peter Lark, Chairman
Hon. Laura Chappelle, Commissioner
Hon. Monica Martinez, Commissioner

OPINION AND ORDER

This order denies a motion for declaratory ruling filed by Energy Michigan while providing clarification about the matters subject to review in this case.

On March 23, 2006, because of its concern that ratepayers not be "required to pay rates that are no longer justified by current financial data, questionable sales projections, or outdated cost information," the Commission, on its own motion, ordered The Detroit Edison Company (Detroit Edison) to show cause why its retail electric rates should not be reduced. Order, p. 4. The Commission outlined the scope of the matters to be considered:

All traditional matters pertinent to rate case determinations, including the appropriate level of the company's authorized rate of return on common equity, will be reviewed in this proceeding, with the exception of the cost of service study methodology. For the purposes of this filing, the parties shall use the cost of service study methodology used in the Commission's December 22, 2005 order in Case No. U-14399. [Order, p. 5.]

At this time, the Commission's intention is to exclude the method for performing cost of service studies from this case. In the December 22, 2005 order in Case No. U-14399, the Commission noted that there was no consensus on the method for performing cost of service studies. However, the Commission did indicate its intent "to revisit this issue in the future when more information is available." December 22 order, p. 36. In any event, the Commission wishes to emphasize that this determination should not be interpreted as prejudging the issue of how any rate change should be allocated between rate classes.

The Commission FINDS that:

- a. Jurisdiction is pursuant to 1909 PA 300, as amended, MCL 462.2 *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, 1999 AC, R 460.17101 *et seq.*
- b. Energy Michigan's motion for declaratory ruling should be denied.
- c. Denial of Energy Michigan's motion for a declaratory ruling should not be interpreted as prejudging the issue of how any rate change should be allocated between rate classes.

THEREFORE, IT IS ORDERED that the motion for declaratory ruling filed by Energy Michigan is denied.

The Commission reserves jurisdiction and may issue further orders as necessary.

MICHIGAN PUBLIC SERVICE COMMISSION

/s/ J. Peter Lark

Chairman

(S E A L)

/s/ Laura Chappelle

Commissioner

/s/ Monica Martinez

Commissioner

By its action of May 25, 2006.

/s/ Mary Jo Kunkle

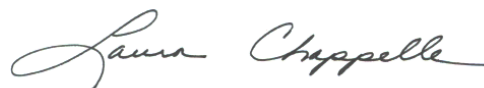
Its Executive Secretary

The Commission reserves jurisdiction and may issue further orders as necessary.

MICHIGAN PUBLIC SERVICE COMMISSION



Chairman



Commissioner



Commissioner

By its action of May 25, 2006.



Its Executive Secretary

P R O O F O F S E R V I C E

STATE OF MICHIGAN)

Case No. U-14838

County of Ingham)

Patricia A. Fronta being duly sworn, deposes and says that on May 25th 2006, A.D. she served a copy of the attached Commission order by first class mail, postage prepaid, or by inter-departmental mail, to the persons as shown on the attached service list.

Patricia
A. Fronta

Digitally signed by Patricia
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DN: CN = Patricia A.
Fronta, C = US, O = Case
Management, OU = MPSC
Date: 2006.05.26 14:42:31
-04'00'

Patricia Fronta

Subscribed and sworn to before me
this 25th day of May 2006

Gloria Pearl
Jones

Digitally signed by Gloria Pearl
Jones
DN: CN = Gloria Pearl Jones, C =
US, O = DLEG/MPSC, OU =
Executive Secretary
Date: 2006.05.26 13:15:54 -04'00'

Notary Public, Eaton County, Michigan
Acting in Ingham, County, Michigan
My Commission expires June 5, 2007

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P R O O F O F S E R V I C E

STATE OF MICHIGAN)

Case No. U-14838

County of Ingham)

April M. Arman being duly sworn, deposes and says that on May 25, 2006 A.D. she served a copy of the attached Commission orders via E-Mail, to the persons as shown on the attached service list.

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Digitally signed by April M. Arman
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O = Michigan Public Service
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April M. Arman

Subscribed and sworn to before me
this 25th day of May 2006

Gloria Pearl
Jones
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My Commission Expires June 5, 2007

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Tri-County Electric Co-Op

Consumers Energy Company

Consumers Energy Company

Edison Sault Electric

Edison Sault Electric

Exelon Energy

Exelon Energy Company

Upper Peninsula Power

Alger Delta Cooperative

Cherryland Electric Cooperative

Cloverland Electric

Cloverland Electric

Great Lakes Energy

Thumb Electric

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Michigan Electric Power Coord.

Escanaba Electric Department

Niles Utilities Department

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Alpena Power
Lowell Light and Power
City of Eaton Rapids
Wyandotte Municipal Services
Wyandotte Municipal Services
First Energy Solutions
Coldwater Board of Public
Hillsdale Board of Public
Clinton Board of Public
Holland Board of Public
Zeeland Board of Public Works

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