S T A T E   O F   M I C H I G A N

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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In the matter of the application of **THE DETROIT EDISON COMPANY** for ex parte approval to amend and extend its dispersed generation rider.	)))))	Case No. U-12251

At the March 14, 2000 meeting of the Michigan Public Service Commission in Lansing, Michigan.

PRESENT: Hon. John G. Strand, Chairman
Hon. David A. Svanda, Commissioner
Hon. Robert B. Nelson, Commissioner

ORDER APPROVING APPLICATION

On December 17, 1999, The Detroit Edison Company (Detroit Edison) filed an application for approval to amend and extend its dispersed generation rider (Rider No. 13) through December 31, 2002. The current rider expired December 31, 1999. Detroit Edison maintains that extending the rider and making it more flexible will attract more customer participation. Under the amended rider, the company and the customer will mutually agree on the prices, terms, and conditions for dispersed generation power. The payment terms will reflect the type of service including, but not limited to, energy only, capacity, and seasonal, hourly, daily, and monthly periods. There will be no minimum duration period.

On January 4, 2000, Attorney General Jennifer M. Granholm (Attorney General) filed a notice of intervention and request for hearing. The Attorney General maintains that Detroit Edison should have filed its application sooner. She also opposes the application because there is no guarantee that it will not result in a rate increase in the future. The Attorney General also contends that the increased availability of the rider to classes other than D6, D6.1 and E4 customers would double economic benefits for many interruptible customers by allowing them to receive a discount on service and to receive payments for dispersed generation constructed to avoid the risks of the discounted service. She says this action would result in increased power supply cost recovery (PSCR) charges to PSCR customers and additional base rate costs to other customers. She also says the increased flexibility would create a potential for preferences or discrimination. Moreover, she maintains that Rider No. 13 cannot be amended absent a hearing.

On January 25, 2000, Detroit Edison responded to the Attorney General's contentions. In so doing, Detroit Edison contends that it did not unduly delay filing the application for extending the expiration date of the tariff provision. It also states that the Attorney General's speculation about future rate increases is not relevant because recovery of the costs associated with Rider No. 13 is subject to a prudence review in a PSCR proceeding. It adds that operation of this rider may even result in lower PSCR costs. Further, Detroit Edison asserts that, while some customers under special contracts or on interruptible rates may take advantage of this rider, in no case will customers be given a double discount. According to Detroit Edison, customers with interruptible loads will still be required to meet their interruption obligations or be subject to any charges associated with a failure to comply with an interruption request. Only customers who can commit generation on a limited availability basis will receive payments reflective of less than firm service.

The Commission finds that amending and extending Rider No. 13 as requested by Detroit Edison is reasonable and in the public interest. The proposed amendment increases the likelihood of additional customer participation and will not result in an increase in the rates, charges, or cost of service to any of Detroit Edison's customers. The other issues that the Attorney General raises can be addressed in the PSCR proceedings.

The Commission FINDS that:

a. Jurisdiction is pursuant to 1909 PA 106, as amended, MCL 460.551 et seq.; MSA 22.151 et seq.; 1919 PA 419, as amended, MCL 460.51 et seq.; MSA 22.1 et seq.; 1939 PA 3, as amended, MCL 460.1 et seq.; MSA 22.13(1) et seq.; 1969 PA 306, as amended, MCL 24.201 et seq.; and MSA 3.560(101) et seq.

b. Detroit Edison's application is reasonable and in the public interest, and should be approved.

c. Ex parte approval of the application is appropriate.

THEREFORE IT IS ORDERED that:

A. The Detroit Edison Company's application requesting authority to amend and extend its dispersed generation rider is approved.

B. In accordance with the Commission's order in Case No. U-6300, Filing Procedures, The Detroit Edison Company shall file with the Commission, within 30 days, four sets of tariff sheets which incorporate this modification, as shown on Exhibit A attached to this order.

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; MSA 22.45.

MICHIGAN PUBLIC SERVICE COMMISSION

/s/ John G. Strand
Chairman

(S E A L)

/s/ David A. Svanda
Commissioner

/s/ Robert B. Nelson
Commissioner

By its action of March 14, 2000.

/s/ Dorothy Wideman
Its Executive Secretary

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MICHIGAN PUBLIC SERVICE COMMISSION

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<u>Suggested Minute</u>:

> "Adopt and issue order dated March 14, 2000 granting The Detroit Edison Company authorization to amend and extend its dispersed generation rider, as set forth in the order."