

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter, on the Commission's own motion,	)	
of the investigation into methods to improve the	)	Case No. U-12270
reliability of electric service in Michigan.	)	
_____	)	

At the April 20, 2004 meeting of the Michigan Public Service Commission in Lansing,
Michigan.

PRESENT: Hon. J. Peter Lark, Chair
Hon. Robert B. Nelson, Commissioner

ORDER APPROVING WAIVER REQUEST

On January 29, 2004, the Commission formally adopted rules, pursuant to Section 10p(5) of 2000 PA 141 (Act 141), MCL 460.10p(5), governing service quality and reliability standards for electric distribution systems in Michigan. The rules address standards for service outages, distribution facility upgrades, repairs and maintenance, telephone service, billing service, operational reliability, and public and worker safety. See, R 460.701 et seq. The newly adopted rules went into effect on February 10, 2004.

On March 1, 2004, the Commission received a request for permanent waiver of the new rules from Bayfield Electric Cooperative, Inc. (Bayfield), located in Iron River, Wisconsin. Bayfield is an electric utility as defined in Section 2(d) of 1995 PA 30, MCL 460.562(d), and therefore subject to the newly adopted electric service quality and reliability standards. Bayfield is a rural electric cooperative serving approximately 8,100 members, 54 of which are located in Gogebic County,

Michigan. The utility cites several reasons for its request, including difficulty in separating Michigan customer calls from Wisconsin calls, federal oversight of its system outage hours on a monthly and yearly basis, the existence of an outpost in the general area of the Chaney Lake, Michigan to promptly service member-consumers in that area, the existence of a sophisticated mapping system for locating member-consumers' reporting problems, and a 24 hour, 7 days per week on-call standby policy.

Rule 51 of the newly adopted electric service quality and reliability standards, R 460.751, permits electric utilities to petition the Commission for a permanent waiver "when specific circumstances beyond the control of the utility render compliance impossible or when compliance would be unduly economically burdensome or technologically infeasible." R 460.751(1). The Commission may grant the waiver without notice or hearing. R 460.752(2).

The Commission notes that its regulation of Bayfield has historically been rather limited. Indeed, a review of the Commission's docket over the past 25 years shows that virtually all of its involvement with the utility has been approving requests for further indebtedness. See, Cases Nos. U-10841, U-8563, U-8527, and U-6665. The Commission has not undertaken any rate review, power supply cost recovery plan or factor review, or other regulatory oversight of Bayfield typically associated with electric cooperatives operating in Michigan. Instead, in the interest of regulatory efficiency, the Commission has relied upon the oversight of the Public Service Commission of Wisconsin, which has jurisdiction over the vast majority of Bayfield's service territory and member-consumers. The Commission determines that this approach has worked well for the utility and its Michigan member-consumers as evidenced by the lack of customer complaints.

Due to these unique circumstances, the Commission determines that it should grant Bayfield's requested waiver. The Commission, however, retains jurisdiction over this matter and reserves the right to rescind the waiver if circumstances change.

The Commission FINDS that:

a. Jurisdiction is pursuant to 1909 PA 106, as amended, MCL 460.551 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. Bayfield's requested waiver should be granted.

THEREFORE, IT IS ORDERED that Bayfield Electric Cooperative, Inc.'s, request for a waiver of the newly adopted electric service quality and reliability standards, R 460.701 et seq., is granted.

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.

MICHIGAN PUBLIC SERVICE COMMISSION

/s/ J. Peter Lark
Chair

(S E A L)

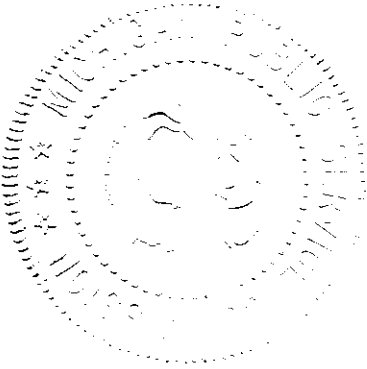
/s/ Robert B. Nelson
Commissioner

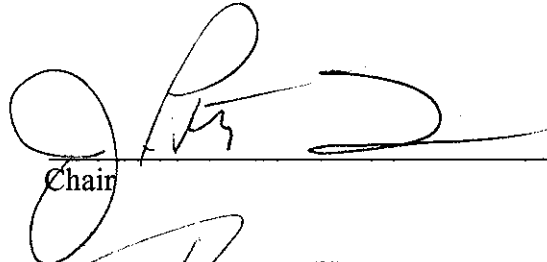
By its action of April 20, 2004.

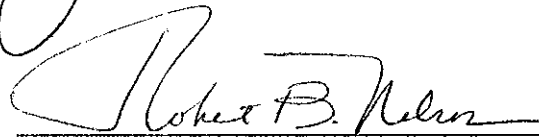
/s/ Mary Jo Kunkle
Its Executive Secretary

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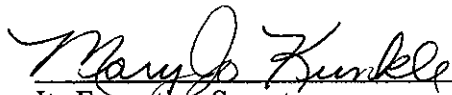
MICHIGAN PUBLIC SERVICE COMMISSION




Chair


Commissioner

By its action of April 20, 2004.


Its Executive Secretary

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

STATE OF MICHIGAN)

Case No. U-12270

County of Ingham)

Patricia A. Fronta being duly sworn, deposes and says that on April 21st 2004, A.D. she served a copy of the attached Commission orders by first class mail, postage prepaid, or by inter-departmental mail, to the persons as shown on the attached service list.

Patricia Fronta

Subscribed and sworn to before me
this 21st day of April 2004

Notary Public, Eaton County, Michigan
Acting in Ingham County
My Commission expires November 22, 2004

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