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January 30, 2015

Ms. Mary Jo Kunkle  
Michigan Public Service Commission  
7109 W. Saginaw Highway  
P.O. Box 30221  
Lansing, Michigan 48909

**Re: MPSC Case No. U-17689**

Dear Ms. Kunkle:

Attached for paperless electronic filing in the above referenced matter, please find the Submission for Administrative Law Judge's Report to the Legislature on behalf of Energy Michigan, Inc.

Thank you for your assistance in this matter.

Sincerely yours,

Laura A. Chappelle

c: ALJ  
Parties

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**STATE OF MICHIGAN**  
**BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION**

In the matter, on the Commission's own motion )  
to commence a proceeding to implement the )  
provisions of Public Act 169 of 2014; )  
MCL 460.11(3) *et seq.*, with regard to )  
**DTE Electric Company.** )  
\_\_\_\_\_ )

**Case No. U-17689**

**STATEMENT OF POSITION PURSUANT TO MCL 460.11(6)**  
**ENERGY MICHIGAN**

In accordance with the Administrative Law Judge's ("ALJ") "Ruling with Instructions for Submitting Information Identified in MCL 460.11(6)," issued on January 21, 2015, Energy Michigan submits that its Statement of Position is as follows:

- (c) ENERGY MICHIGAN makes the following cost allocation and rate design proposals:
1. *The method of allocating uncollectible expenses as a company-wide overhead, as previously approved by the Commission, should be retained.*  
  
In its application, DTE has proposed to change the method. However, uncollectibles are a company-wide overhead, independent of the electric use of rate classes, and should be allocated in a general and equitable way to all rate classes to be paid by all customers, as they are at present.
  
  2. *Uncollectible expenses allocated to rate classes should be separated within each class into a distribution component and a power supply component of the currently separate distribution and power supply rates.*

DTE's current practice is to include uncollectibles in only the distribution part of DTE's rates. This current practice requires customers who take only distribution service from DTE to compensate DTE for the uncollectibles of the power supply customers. The more equitable division is for all distribution customers to pay a fair share of uncollectibles in their distribution rates, and all power supply customers to pay a fair share of uncollectibles within their power supply rates. Distribution and power supply are separate services with separate costs and separate charges and the components of these charges should not be mixed.

(d) ENERGY MICHIGAN estimates the impact of each of the above proposals as follows:

1. (Proposal – No change in uncollectibles allocation method.) *Because there is no change in method, there will be no change in the amount of uncollectible expenses that each rate class is responsible for, and thus no impact on rate class revenues.*
2. (Proposal – Separate uncollectibles within each rate class by into distribution and power supply components.) *There will be no impact on the total charges that are recovered by each rate class. Part of the allocated uncollectibles amount will be recovered via distribution charges, and the remaining part will be recovered via power supply charges, and the parts will be determined by the overall ratio of distribution revenue to power supply revenue within the rate class.*

(e) ENERGY MICHIGAN describes the qualifications and impact of any proposed new rates as follows:

*Energy Michigan is not proposing any new rates, so there are no qualifications or impacts.*

- (f) ENERGY MICHIGAN describes the proposed definitions or methods that support affordable and competitive electric rates for all customer classes as follows:

*Retaining the present, Commission-approved method of allocating uncollectibles (Proposal 1) supports affordable and competitive electric rates for all customer classes because the cost of uncollectibles will be shared equitably among all customer classes. There will be no undue charges to, or subsidies among, any particular rate class.*

*Separating uncollectibles within a rate class into a distribution component and a power supply component (Proposal #2) supports affordable and competitive electric rates for all customer classes by ensuring that uncollectibles are divided equitably according to the services that each customer receives. Therefore, there will be no subsidies between distribution service and power supply service.*

Respectfully submitted,

Varnum LLP  
Attorneys for Energy Michigan, Inc.

January 30, 2015

By: \_\_\_\_\_

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**STATE OF MICHIGAN**  
**BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION**

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In the matter, on the Commission's own motion	)	
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provisions of Public Act 169 of 2014;	)	Case No. U-17689
MCL 460.11(3) <i>et seq.</i> , with regard to	)	
<b>DTE Electric Company.</b>	)	ALJ Sharon L. Feldman
_____	)	

**PROOF OF SERVICE**

STATE OF MICHIGAN     )  
  ) ss.  
COUNTY OF KENT        )

Barbara Allen, the undersigned, being first duly sworn, deposes and says that she is a Legal Secretary at Varnum LLP and that on the 30th day of January, 2015, she served an electronic copy of Submission for Administrative Law Judge's Report to the Legislature on behalf of Energy Michigan, Inc., upon those individuals listed on the attached Service List via email at their last known addresses.

\_\_\_\_\_  
Barbara Allen

**SERVICE LIST**  
**MPSC CASE NO. U-17689**

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