

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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In the matter of the investigation, on the )  
Commission's own motion, into the electric )  
supply reliability plans of **CONSUMERS ENERGY** )  
**COMPANY, THE DETROIT EDISON COMPANY,** )  
and **INDIANA MICHIGAN POWER COMPANY** )  
for the year 2001. )  
\_\_\_\_\_ )

Case No. U-12702

At the November 2, 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**

For the past three years, the Commission has initiated investigations of the adequacy and reliability of the near-term electric generation capacity of Consumers Energy Company (Consumers), The Detroit Edison Company (Detroit Edison), and Indiana Michigan Power Company (I&M) to meet customer demand during periods of summer peak usage. In 2000, the Commission expanded the investigation to include the transmission capabilities of the companies and to examine how the companies' retail open access programs and their affiliate dealings will affect the availability of electric supplies provided by both the utilities and alternative electric suppliers.

Looking forward to the summer of 2001, the Commission has no assurance that the tight supply situation of the past few years has eased or that the reliability concerns have abated. Moreover, the recent upsurge in the prices of natural gas and other hydrocarbon fuels adds to these concerns. The enactment of the Customer Choice and Electricity Reliability Act, MCL 460.10 et seq.; MSA 22.13(10) et seq., enhances in some respects the Commission's oversight responsibilities with respect to generation and transmission capacity in Michigan.

The Commission therefore determines that it is appropriate to initiate an investigation and to require each utility to assess and report on its near-term electrical generation and transmission capacities, as well as those of its affiliates, as they affect the adequacy of supply and quality and reliability of service in 2001. Each utility should continue to address how its (and its affiliates') generation and transmission activities affect the Commission's retail open access program and how retail open access loads affect its plan for ensuring adequate service to bundled customers. The Commission adds that each assessment should explore how efforts to coordinate transactions with alternative electric suppliers and open access customers have affected the planning process. Each utility should identify the generation or transmission upgrades or capacity additions that it expects to become available for service in 2001.

The Commission further determines that the scope of the inquiry should be expanded in light of specific concerns that have come to its attention since the companies filed their capacity assessments for 2000. In providing a statutory framework for the transition to retail open access, the Customer Choice and Electricity Reliability Act recognizes the indispensable role that transmission capabilities will play. See, e.g., MCL 460.10v; MSA 22.13(10v). It would be a significant concern if the current transmission capabilities available to alternative suppliers and open access customers were to come under constraint, particularly at points that act as potential bottlenecks for

importing power from outside the state. The Commission holds the specific concern that some constraints may not be the result of physical limitations in available capacity, but that they may have been artificially induced by parties that have secured commitments of capacity for anticompetitive purposes. If that is so, the Commission would not tolerate those actions, but it would take all necessary steps to alleviate the constraints.

In order to act upon this possibility and to more fully assess the state's transmission capacity in 2001, the Commission directs the utilities subject to this investigation to respond to the following:

1. What amount of Michigan transmission capacity does the incumbent utility and its affiliates own or control?
2. What amount of import transmission capacity does the incumbent utility and its affiliates own or control by type? If the capacity has been purchased or reserved, identify the amount, type, path, and duration. (For example, 100 MW of firm point-to-point transmission on the AEP to MECS path for 11/1/00 to 10/31/01.) Provide a chronology of each request to purchase or reserve capacity, whether successful or not, including dates of initial request, confirmation, and status at the time of filing these answers.
3. Identify the amount of retail open access load recognized in the capacity planning process for 2001. For purposes of planning system operation and purchases, is the retail open access load assumed to be totally off of the incumbent's system or is the incumbent planning to serve this load under certain circumstances?
  - 4a. Identify the transmission resources that are available to serve bundled retail customers in the incumbent utility's service territory.
  - b. Identify the transmission resources that are available to serve the loads of retail open access customers (located in Michigan) of the incumbent's affiliates.
  - c. Identify the transmission resources that are available to serve all retail open access loads in the incumbent's service territory.
  - d. Provide the details of transmission transactions by the incumbent and its affiliates that affect the availability of transmission resources to non-affiliated alternative electric suppliers.

5. What effect does Section 10v of 2000 PA 141, MCL 460.10v; MSA 22.13(10v), have on the planning process for 2001?
6. If there are transmission system constraints, physical or otherwise, what actions has the incumbent utility taken, or does it plan to take, to alleviate those constraints and remove impediments to the ability of alternative electric suppliers to participate fully in Michigan's retail open access market?

The due date for Consumers, Detroit Edison, and I&M to file assessments of their generation and transmission capacity for 2001 and their plans for meeting the electric demand of all customers in their service territories is December 15, 2000. Each assessment must address all of the matters discussed in this order. Interested persons may file comments in response to the assessments by January 16, 2001.

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.; MSA 3.560(101) et seq.; and the Commission's Rules of Practice and Procedure, as amended, 1992 AACCS, R 460.17101 et seq.

b. Consumers, Detroit Edison, and I&M should each file an assessment of the generation and transmission capacity of the utility and its affiliates for 2001 and its plan for meeting the electric demand of all customers in its service territory.

THEREFORE, IT IS ORDERED that:

A. By December 15, 2000, Consumers Energy Company, The Detroit Edison Company, and Indiana Michigan Power Company shall each file an assessment of the generation and transmission capacity of the utility and its affiliates for the year 2001 and its plan for meeting the electric

demand of all customers in its service territory. The assessments shall fully address the matters discussed in this order.

B. Interested persons may file comments in response to the assessments by January 16, 2001.

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

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 November 2, 2000.

/s/ Dorothy Wideman  
Its Executive Secretary

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B. Interested persons may file comments in response to the assessments by January 16, 2001.

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By its action of November 2, 2000.

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Suggested Minute:

“Adopt and issue order dated November 2, 2000 requiring Consumers Energy Company, The Detroit Edison Company, and Indiana Michigan Power Company to file an assessment of the ability of the utilities and alternative electric suppliers to meet customers’ expected electric requirements in 2001, as set forth in the order.”