



Michael J. Solo, Jr.  
(313) 235-9512  
solom@dteenergy.com

July 31, 2012

Ms. Mary Jo Kunkle  
Executive Secretary  
Michigan Public Service Commission  
6545 Mercantile Way  
Lansing, Michigan 48909

Re: In the matter of the application and request of  
THE DETROIT EDISON COMPANY seeking approval and  
authority to implement its proposed Advanced Metering  
Infrastructure Opt Out Program  
Case: U-17053

Dear Ms. Kunkle:

Attached for electronic filing in the above-captioned matter is The Detroit Edison Company's Application Requesting Approval of it's Advanced Metering Infrastructure Opt-Out Program for Residential Customers.

Very truly yours,

Michael J. Solo, Jr.

MJS/lah  
Attachment  
cc: Paul Proudfoot

**STATE OF MICHIGAN**

**BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION**

In the matter of the application and request of )  
THE DETROIT EDISON COMPANY seeking )  
approval and authority to implement its )  
proposed Advanced Metering Infrastructure )  
Opt Out Program )

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MPSC Case No. U-17053

**APPLICATION**

THE DETROIT EDISON COMPANY (hereinafter “Applicant”, “Company” or “Edison”) files this Application requesting authority from the Michigan Public Service Commission (hereinafter “Commission” or “MPSC”) to implement an Advanced Metering Infrastructure (“AMI”) Opt-Out Program for residential customers. Edison’s program consists of an opportunity for its residential customers to voluntarily make an affirmative choice to participate in the program resulting in a non-transmitting AMI meter being installed at the Customer’s service location instead of a transmitting AMI meter and further subject the requesting customer to applicable charges as described herein. In support thereof, Applicant states as follows:

1. Edison is a subsidiary of DTE Energy Company, a Michigan corporation with its principal offices located at One Energy Plaza, Detroit, Michigan 48226. Edison is a public utility subject to the jurisdiction of the Commission and is engaged in the generation and distribution of electrical energy and other related services to approximately two million residential, commercial and industrial customers within the State of Michigan.

2. On January 12, 2012 the Commission issued an Order in Case No. U-17000 requesting the utilities and interested parties to comment on electric utility’s existing plans for the deployment of smart meters, including the potential for providing an opportunity for

customers to opt out of having a smart meter. The Commission further directed the Commission Staff to issue a report that summarizes the filings in Case No. U-17000 and independently review the literature regarding smart meters, and identify any developments in other jurisdictions pertinent to its investigation.

3. On June 29, 2012, the Commission Staff issued its report finding that smart meters are an important component to the success of a much larger picture, an emerging smart grid. They recommended that the Commission continue to assess smart grid technologies as part of efforts to improve the efficiency and reliability of the grid. The Commission Staff also recommended that opt-out options are the best solution for customers who have concerns about smart meters. They also believe that ratemaking for the opt-out provision should be based on cost of service and be accounted for as an additional charge to those customers choosing an opt-out or a discount for those customers with smart meters.

4. Edison hereby submits for Commission approval, its AMI Opt-Out Program. Edison's AMI Opt-Out Program will provide an opportunity for individual residential customers who voluntarily request to participate in the program to have a non-transmitting AMI meter installed at their residential service address instead of the Company's transmitting AMI meter. Customers will be required to supply positive identification and information to an Opt Out Customer Representative to initiate the opt out procedure. Customers may opt out for any reason and will not be required to communicate the reason to the Company. Customer's electing to opt-out will be subjected to an initial charge of \$87 for costs of special infrastructure charges and the metering changes required at the site and a monthly fee of \$15 to cover the incremental costs of manual meter reading infrastructure and other services necessitated by maintenance of a manual meter system that would otherwise be avoided by an AMI meter system. Customers requesting to "opt-out" will have their meter reads obtained manually and at least monthly according to the Public

Service Commission, Consumer Standards and Billing Practices for Electric And Gas Residential Service (R 460.101).

5. Customers who elect to participate in the AMI Opt-Out Program should be advised that they are giving up certain benefits attributed to the use of AMI at their service location including increased restoration capability, access to timely metering data and other benefits that promote the efficient operation of the electrical distribution system.

6. In support of this application, the Company is submitting the signed affidavit and exhibit of Mr. Robert E. Sitkauskas (Exhibit A), the Company's AMI Manager who attests to the accuracy of the facts set forth in this application, the identification of costs that were utilized in developing the applicable charges contained in this filing and the ultimate charges as reflected in the attached proposed tariff sheet.

7. The specific terms and conditions regarding the proposed AMI Opt-Out Program are reflected in the proposed tariff sheet (Attachment to Exhibit A) and are incorporated herein by reference. In addition, the initial and monthly charges have been developed utilizing cost based ratemaking principles consistent with the methodology utilized in Edison's most recent rate case. (Attachment to Exhibit A) Edison further reserves the right to propose modifications to the charges for the AMI Opt-Out Program in its next general rate case based on changes in volume, costs and participation levels.

8. Edison is requesting that the Commission approve the voluntary AMI Opt-Out Program for its residential customers and approve the application of the charges identified herein as reflected in the attached tariff sheet adding Section C5.7 to Detroit Edison's Rate Book Original Sheet C-29.01.

9. Edison believes that granting the requested waiver is in the public interest and will be beneficial to their ratepayers and customers. This Application is being submitted to the Commission for approval. In the event that the Applicant's Application is not approved in its entirety by the Commission, or is modified in any way, this Application shall be withdrawn.

10. At this time, Edison is not requesting any change in the rates or cost of service to any customers other than those that voluntarily choose to participate in the AMI Opt-Out Program. For these reasons, the requests made herein may be granted without the expense and time consuming process of notice and hearing as provided by MCL 460.6a; MSA 22.13(6a).

11. Jurisdiction is pursuant to 1909 PA 106, as amended, MCL 460.551 et seq.; 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.

WHEREFORE, Applicant requests that the Commission:

- A. Accept this Application for filing.
- B. Enter an order approving Edison's Application and its attached tariff sheet.
- C. Grant Edison such further additional relief as the Commission deems appropriate.

THE DETROIT EDISON COMPANY

By: \_\_\_\_\_  
Attorney for the Applicant  
Michael J. Solo (P57092)  
One Energy Plaza, 688 WCB  
Detroit, Michigan 48226  
(313) 235-9512

Dated: July 31, 2012

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

In the matter of the application and request of )  
The DETROIT EDISON COMPANY seeking )  
approval and authority to implement its )  
proposed Advanced Metering Infrastructure )  
Opt Out Program )

Case No. U-17053  
(Paperless e-file)

**AFFIDAVIT OF Robert E. Sitkauskas**

STATE OF MICHIGAN )  
 )ss.  
COUNTY OF WAYNE )

Robert E. Sitkauskas, being first duly sworn, deposes and says:

1. I am the Manager of the Advanced Metering Infrastructure (AMI) group in the Major Enterprise Projects Organization. I have a Bachelor of Business Administration from the University of Michigan Dearborn and a Master of Business Administration degree from the University of Detroit.
2. As Manager of the AMI group, I am responsible for the development, administration and reporting of the AMI project for both Detroit Edison and Michigan Consolidated Gas (MichCon).
3. Detroit Edison is in the process of deploying an AMI system to lower its costs to serve and improve service to its customers. AMI uses proven technology to automatically read, monitor and control meters via wireless technology that transmits a signal from the meter, instead of relying upon manual actions. AMI creates an intelligent grid which is a structure for meter reading, outage monitoring, power quality monitoring, remote disconnect, system load management and distribution asset optimization and design.

4. With the application submitted along with this affidavit, Detroit Edison is seeking approval to implement an Advanced Metering Infrastructure (“AMI”) Opt-Out Program for residential customers. This filing includes a proposed tariff sheet along with a summary of Initial and Monthly Charges attached to this affidavit and incorporated herein.
5. Edison’s AMI Opt-Out Program will provide an opportunity for individual residential customers who voluntarily request to have a non-transmitting AMI meter installed at their residential service address instead of the Company’s transmitting AMI meter. Customers will be required to supply positive identification and information to an Opt Out Customer Representative to initiate the opt out procedure. Customers may opt out for any reason and will not be required to communicate the reason to the Company. Customer’s electing to opt-out will be subjected to an initial charge of \$87 for the costs of special infrastructure changes and the metering changes required at the site. This charge is applied each time a customer at a premise opts out. In addition, a monthly fee of \$15 will be charged to cover the incremental costs of manual meter reading infrastructure and other services necessitated by maintenance of a manual meter system that would otherwise be avoided by an AMI meter system. The monthly charge has been adjusted to eliminate costs already included in residential customers current rates associated with AMI infrastructure and meter reading.
6. The initial and monthly charges (see attached) have been developed utilizing cost based ratemaking principles consistent with the methodology utilized in Edison’s most recent rate case. Edison further reserves the right to propose modifications to the charges for the AMI Opt-Out Program in its next general rate case based on changes in volume, costs and participation levels.
7. Customers requesting to opt-out will have their meter reads obtained manually and at least monthly according to the Public Service Commission, Consumer Standards and Billing Practices for Electric And Gas Residential Service (R 460.101).

8. Customers electing to opt-out and who already have a transmitting AMI meter installed at their premise will have their meter changed to a non-transmitting AMI meter. Opt-out customers, who have not had their current meter replaced by a transmitting AMI meter at the time they request to opt out, will temporarily retain their current meter until such a time as AMI meters in their area are installed and subsequently will receive a non-transmitting AMI meter.
9. The above charges will appear on the next bill cycle after receiving their non-transmitting AMI meter. All charges and provisions of the customers' otherwise applicable tariff shall apply.
10. Customers who elect to participate in the AMI Opt-Out Program should be advised that they are giving up certain benefits attributed to the use of AMI at their service location including increased restoration capability, access to timely metering data and other benefits that promote the efficient operation of the electrical distribution system.

The above representations are true and accurate to the best of my knowledge and belief.

Further Affiant sayeth not.

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Robert E. Sitkauskas

Subscribed and sworn to before me  
this 31st day of July 2012.

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Marilyn Y. Oliver, Notary Public  
Wayne County, Michigan  
My Commission Expires: 3-26-2015  
Acting in Wayne County



(Continued from [Sheet No. C-29.00](#))

**C5 CUSTOMER RESPONSIBILITY (CONTD)**

**C5.7 Advanced Metering Infrastructure (AMI) Opt-Out Provision (Residential Only)**

*Detroit Edison is in the process of deploying an Advanced Metering Infrastructure (AMI) system to lower its costs to serve and improve service to its customers. AMI uses proven technology to automatically read, monitor and control meters via wireless technology that transmits a signal from the meter, instead of relying upon manual actions. AMI creates an intelligent grid which is a structure for meter reading, outage monitoring, power quality monitoring, remote disconnect, system load management and distribution asset optimization and design.*

*On January 12, 2012 the Commission issued an Order in Case No. U-17000 requesting utilities and interested parties to comment on electric utility's existing plans for the deployment of smart meters, including the potential for providing an opportunity for customers to opt out from having an AMI meter. On \_\_\_\_\_, the MPSC approved the following AMI terms and opt-out charges for Detroit Edison residential customers that elect to not have a transmitting AMI meter:*

*APPLICABILITY: Available to individual residential electric customers at a specific site location who elect to not have a transmitting AMI meter(s) installed at their premises. Customers electing this Opt-Out Provision will have a non-transmitting AMI meter(s) installed at the customer's service location, have the meter read manually and be subjected to the following charges.*

*Rates: Initial fee: \$87.00 per opt out request*

*Monthly Charge: \$15.00 per month*

*Customers electing to opt-out and who already have a transmitting AMI meter installed at their premise will have their meter changed to a non-transmitting AMI meter. Opt-out customers, who have not had their current meter replaced by a transmitting AMI meter at the time they request to opt out, will temporarily retain their current meter until such a time as AMI meters in their area are installed and subsequently will receive a non-transmitting AMI meter.*

*Customers electing this provision will not have access to the benefits of having a transmitting AMI meter. All charges and provisions of the customer's otherwise applicable tariff shall apply.*

(Continued on [Sheet No. C-30.00](#))

Issued \_\_\_\_\_, 2012

D. G. Brudzynski  
Vice President  
Regulatory Affairs

Detroit, Michigan

Effective for service rendered on  
and after \_\_\_\_\_, 2012

Issued under authority of the  
Michigan Public Service Commission  
dated \_\_\_\_\_, 2012

In Case No. U-17053

**The Detroit Edison Company**  
 AMI Opt Out Program  
 U-17053  
 Summary of Initial and Monthly Charges

Line No.	(a) Particulars	(b) Cost	(c) Notes
<i>Initial Fee:</i>			
1	Time and Expenses to disable and enable AMI Meter Transmitter	\$61.00	Hourly cost of field technician (labor, benefits and fleet) to turn on and off transmitter
2	Training for Field Personnel to disable and enable AMI Meter Transmitter	2.00	One time training cost of field technicians
3	Billing System Modifications	<u>24.00</u>	Create opt out identifiers in billing programs
4	Total Initial Fee	<u><u>\$87.00</u></u>	
<i>Monthly Fee:</i>			
5	Operational costs of Opt Out Program - Meter Reading Costs	\$8.00	Cost per special meter read
6	One Supervisor - Meter Reading	2.00	Cost for Opt out team member
7	Two Billing Consultants	3.60	Cost for Opt out team members
8	One Route Coordinator	2.00	Cost for Opt out team member
9	Meter Reading Costs Included in Current Rates	(0.45)	Eliminate meter reading costs in current rates
10	AMI Costs Included in Current Rates	<u>(0.15)</u>	Eliminate AMI costs included in current rates
11	Total Monthly Fee	<u><u>\$15.00</u></u>	

Notes: Above costs are based on the assumption that 4,000 Detroit Edison customers request the Company's opt out program