

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the application of  
The Detroit Edison Company seeking  
approval and authority to implement  
its proposed Advanced Metering  
Infrastructure Opt Out Program.

Case No. U-17053

Volume No. 3

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CROSS-EXAMINATION

Proceedings held in the above-entitled  
matter before Dennis W. Mack, Administrative Law Judge  
with MAHS, at the Michigan Public Service Commission,  
4300 Saginaw Street, Hearing Room 1, Lansing, Michigan,  
on Tuesday, January 15, 2013, at 9:00 a.m.

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1 appearing on behalf of Attorney General Bill Schuette.

2 MR. JANISZEWSKI: Good morning, your  
3 Honor. John Janiszewski, also appearing on behalf of  
4 Attorney General Bill Schuette.

5 JUDGE MACK: Thank you. Let's start.

6 MS. KURTZ: I'm sorry. Linda Kurtz  
7 appearing on behalf of myself.

8 JUDGE MACK: Thank you.

9 MS. EDWARDS: Cynthia Edwards appearing  
10 on behalf of myself.

11 JUDGE MACK: Thank you.

12 MR. HOLETON: John Holeton here,  
13 appearing on behalf of myself.

14 MRS. HOLETON: Colleen Holeton, appearing  
15 on behalf of myself.

16 JUDGE MACK: Thank you.

17 MR. CAROLAN: Richard Carolan appearing  
18 on behalf of Sharon Schmidt. I'm newly retained as  
19 counsel. I have an appearance to give to the tribunal,  
20 but I was just retained yesterday.

21 JUDGE MACK: O.K. Yes, if you could  
22 bring the appearance up. Do you have copies?

23 MR. CAROLAN: I have one copy. I did  
24 e-mail everybody yesterday.

25 JUDGE MACK: O.K. Thank you.

1 (Document was handed to Judge Mack.)

2 MR. SOLO: Sir, could you please restate  
3 your name?

4 MR. CAROLAN: Richard Carolan,  
5 C-a-r-o-l-a-n.

6 JUDGE MACK: Thank you, Mr. Carolan.

7 MS. SPRANGER: Karen Spranger,  
8 representing myself.

9 JUDGE MACK: Thank you. Any other  
10 appearances?

11 MS. BARONE: Your Honor, may I?

12 JUDGE MACK: I'm sorry, yes, Ms. Barone.

13 MS. BARONE: Patricia S. Barone,  
14 Assistant Attorney General, appearing on behalf of the  
15 Michigan Public Service Commission Staff.

16 JUDGE MACK: Thank you, Ms. Barone. Any  
17 other appearances? Hearing none, I would like to note  
18 that Mr. Meltzer has called my office today and indicated  
19 he is ill and will not be attending this proceeding.

20 With that, Mr. Solo, is the Company  
21 prepared to put on its case?

22 MR. SOLO: Yes, your Honor.

23 JUDGE MACK: Thank you.

24 MR. SOLO: The Company calls its first  
25 witness, Mr. Robert Sitkauskas.

1 R O B E R T E . S I T K A U S K A S

2 was called as a witness on behalf of The Detroit Edison  
3 Company and, having been duly sworn to testify the truth,  
4 was examined and testified as follows:

5 JUDGE MACK: Mr. Solo, the witness has  
6 been sworn. You may proceed.

7 MR. SOLO: Thank you, your Honor.

8 DIRECT EXAMINATION

9 BY MR. SOLO:

10 Q Good morning.

11 A Good morning.

12 Q Can you please state your full name and business address  
13 for the record.

14 A Robert Sitkauskas, One Energy Plaza, Detroit, Michigan,  
15 DTE Energy.

16 Q Thank you. Did you cause to be filed in this matter  
17 direct testimony that includes a cover sheet and 14 pages  
18 of questions and answers?

19 A Yes, I did, Mr. Solo.

20 Q Do you have any changes to that testimony that you need  
21 to make at this time?

22 A No, sir.

23 Q If I were to ask you those same questions today, would  
24 your answers be the same?

25 A Yes, sir, they would be.



1 Q Did you also cause to be filed exhibits associated with  
2 your direct testimony?

3 A Yes, sir.

4 Q And would those exhibits be Exhibit A-1, which is  
5 inclusive of Schedule 1, a single page exhibit; Schedule  
6 2, a single page; Schedule 3, a single page; Schedule 4,  
7 a single page; Schedule 5, a single page; Schedule 6, a  
8 single page; and Schedule 7, a single page?

9 A Yes. Those are the exhibits.

10 Q Do you have any changes to make to those exhibits at this  
11 time?

12 A No, sir.

13 Q Were those exhibits prepared by you or under your  
14 direction?

15 A Yes, sir, they were.

16 Q You also caused to be filed Exhibit A-2, which is a  
17 single page; is that correct?

18 A Yes, sir.

19 Q Do you have any changes to make to that exhibit?

20 A Again, no.

21 Q And that exhibit was prepared by you or under your  
22 direction?

23 A Correct.

24 Q Thank you. I also understand that you caused to be filed  
25 rebuttal testimony in this case; is that correct?

1 A Yes, I did.

2 Q And that rebuttal testimony includes a cover page along  
3 with 19 pages of questions and answers?

4 A Yes, sir, it does.

5 Q Mr. Sitkauskas, were you present earlier this morning  
6 when we had a discussion with regard to portions of your  
7 rebuttal testimony that related to witnesses in this case  
8 whose direct testimony has now been stricken?

9 A Yes, I was.

10 Q And within that cover sheet and 19 pages of testimony, I  
11 believe that starting on page 8, line 4 -- I may have  
12 said direct -- within the rebuttal testimony, page 8,  
13 line 4?

14 A Correct.

15 Q All the way up to page 13, line 23?

16 A Yes, sir.

17 Q Would you agree that that content is only rebuttal to the  
18 witnesses that have been stricken in this matter?

19 A Yes, sir.

20 Q So your rebuttal testimony then would also have that  
21 content stricken. Would you agree?

22 A Correct.

23 MR. SOLO: O.K. Your Honor, is the  
24 record clear enough, having handled it that way?

25 JUDGE MACK: I believe so, Mr. Solo. Mr.

1 Erickson, does that alleviate your concern?

2 MR. ERICKSON: I presume that there would  
3 just be a line-out in the copy for the Court Reporter,  
4 and then I have no further objection, your Honor.

5 MR. SOLO: Yes, sir.

6 JUDGE MACK: Is that the way you're going  
7 to proceed, Mr. Solo?

8 MR. SOLO: Yes, sir.

9 JUDGE MACK: Thank you. Mr. Solo, if you  
10 could hold off one second, please. I believe, did  
11 Mr. and Mrs. Cusumano come in?

12 MRS. CUSUMANO: Yes, your Honor.

13 JUDGE MACK: O.K. Could you note your  
14 appearance on the record, please.

15 MRS. CUSUMANO: Lillian Cusumano,  
16 intervenor.

17 JUDGE MACK: Thank you.

18 MRS. CUSUMANO: And Dominic is in the  
19 rest room for a moment.

20 JUDGE MACK: So Mr. Cusumano is here too.  
21 Thank you.

22 MR. SOLO: Your Honor, would you like me  
23 to proceed?

24 JUDGE MACK: Go ahead, Mr. Solo. Hold  
25 on. Mrs. HOLETON, you have a question?

1 MRS. HOLETON: He's kind of low. Can he  
2 speak up?

3 JUDGE MACK: Mr. Solo, if you could  
4 amplify your voice to the extent --

5 MR. SOLO: It'll be a first without a  
6 mike.

7 UNKNOWN SPEAKER: We're sorry. I can't  
8 hear either.

9 Q (By Mr. Solo): Am I correct that you do not have any  
10 rebuttal exhibits in this matter?

11 A Correct, Mr. Solo. I have no rebuttal exhibits.

12 Q O.K. You have no changes to make to the rebuttal  
13 testimony other than those sections that are subject to  
14 being stricken, correct?

15 A That is correct.

16 MR. SOLO: O.K. Your Honor, with that,  
17 the Company moves to bind in the direct and rebuttal  
18 testimony and moves for the admission of Exhibit A-1,  
19 including Schedules 1 through 7, and A-2, and hereby  
20 tenders the witness for cross-examination.

21 JUDGE MACK: Thank you, Mr. Solo. Mr.  
22 Solo, would you prefer that we take up the admissibility  
23 of exhibits after the witness is done with  
24 cross-examination? I'm never sure.

25 MR. SOLO: Sure. I'm fine with that,

1 your Honor.

2 JUDGE MACK: So we'll just take up the  
3 direct and rebuttal of Witness Sitkauskas at this point.  
4 I will go through and ask the parties if they have any  
5 objection to the entry of that testimony.

6 Mr. Cusumano, any objection?

7 MR. CUSUMANO: No.

8 JUDGE MACK: Mrs. Cusumano?

9 MRS. CUSUMANO: No, your Honor.

10 JUDGE MACK: Ms. Edwards?

11 MRS. CUSUMANO: She stepped out.

12 JUDGE MACK: Ms. Holeton?

13 MRS. HOLETON: No.

14 JUDGE MACK: Speak up.

15 MRS. HOLETON: No.

16 JUDGE MACK: Thank you. Mr. Holeton?

17 MR. HOLETON: No.

18 JUDGE MACK: Ms. Kurtz?

19 MS. KURTZ: No.

20 JUDGE MACK: Ms. Spranger?

21 MS. SPRANGER: I would object a little  
22 bit because I felt some of the relevancy --

23 JUDGE MACK: Excuse me. Can you stand  
24 up, please, and can you speak as loud as you possibly  
25 can.

1 MS. SPRANGER: As a customer relating to  
2 service for Detroit Energy, some of this information I  
3 feel is a little relevant on stretching the information  
4 to satisfy me as a customer in the case using service.  
5 So when he says he has expertise and he has background, I  
6 think some of that is if it's a true statement. If it's  
7 not, then it could be eliminated.

8 JUDGE MACK: Thank you. Mr. Solo, do you  
9 have any response to that?

10 MR. SOLO: Yes, your Honor. My first  
11 point would be that no valid motions to strike have been  
12 provided regarding either the direct or the rebuttal, and  
13 the ones in fact that were filed have been withdrawn in  
14 advance. Your ruling last week when we argued those  
15 motions clearly defined the scope of this case and  
16 determined the context which is consistent with the  
17 testimony that's been provided by the Company's witness.

18 JUDGE MACK: Thank you, Mr. Solo. I  
19 would agree. The evidence is or the testimony is  
20 admissible, so I will reject that objection.

21 Mr. Carolan?

22 MR. CAROLAN: No objection, your Honor.

23 JUDGE MACK: Thank you. Mr. Erickson?

24 MR. ERICKSON: No objection.

25 JUDGE MACK: Ms. Barone?

1 MS. BARONE: No objection, your Honor.

2 JUDGE MACK: Thank you. The direct  
3 testimony and rebuttal testimony of the witness is  
4 admitted.

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

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

Case No. U-17053

QUALIFICATIONS  
AND  
DIRECT TESTIMONY  
OF  
ROBERT E. SITKAUSKAS



**THE DETROIT EDISON COMPANY**  
**QUALIFICATIONS OF ROBERT E. SITKAUSKAS**

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1 **Q. What is your name, business address and by whom are you employed?**

2 A. My name is Robert E. Sitkauskas. My business address is: One Energy Plaza,  
3 Detroit, Michigan 48226. I am employed by The Detroit Edison Company (Detroit  
4 Edison, Edison or Company) as Manager of the Advanced Metering Infrastructure  
5 (AMI) group in the Major Enterprise Projects Organization.

6

7 **Q. On whose behalf are you testifying?**

8 A. I am testifying on behalf of Detroit Edison

9

10 **Q. What is your educational background?**

11 A. I graduated from the University of Michigan Dearborn in 1976 with a Bachelor of  
12 Business Administration. In addition, I received a Master of Business  
13 Administration degree from the University of Detroit in 1981.

14

15 **Q. What work experience do you have?**

16 A. In 1978, I joined Edison as computer programmer. During my early career I held  
17 positions in Information systems, General Purchasing, Stores and Transportation as  
18 well as Distribution Engineering. In 1989, I was appointed Supervisor in the  
19 Graphics and Computer Applications group exploring new technology for the  
20 company. In 1991, I was part of the team who installed the Voice Response Unit  
21 and subsequently was appointed Director of Communication Technology in the call  
22 center. With the onset of the merger between DTE Energy Company (DTE) and  
23 MCN Energy, I was assigned to lead the integration of the Customer Service  
24 organizations of both companies. Post-merger, I was the Director of Billing for the  
25 merged company. In 2006, I was appointed to lead the Advanced Metering

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1 Infrastructure (AMI) project.

2

3 **Q. What is your current position?**

4 A. In 2006 I was appointed Manager of the Advanced Metering Infrastructure  
5 Technology group. I am responsible for the development, administration and  
6 reporting of the AMI project (sometimes referred to as “AMI Meter”) for both  
7 Detroit Edison and Michigan Consolidated Gas (MichCon), including the  
8 negotiation and execution of the contract with main project vendor Itron Inc.  
9 (Itron).

10

11 **Q. Have you previously been involved in Detroit Edison’s recent general rate case**  
12 **filings?**

13 A. Yes, in 2007 I actively supported Edison’s general rate case (U-15244) witness with  
14 respect to the company’s proposal to implement the AMI pilot program. In 2009, I  
15 supported Edison’s witness in general rate case, Case No. U-15768, relative to the  
16 company’s ongoing AMI investments. Also, most recently I filed testimony in  
17 Detroit Edison’s rate case (U-16472) and MichCon’s rate case (U-16999) in support  
18 of their AMI project.

**THE DETROIT EDISON COMPANY**  
**DIRECT TESTIMONY OF ROBERT E. SITKAUSKAS**

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1 **Q. What is the purpose of your testimony in this proceeding?**

2 A. I will describe the Company's proposed AMI meter Opt Out program. This is an  
 3 optional program designed by Detroit Edison which addresses concerns expressed  
 4 by some customers during our AMI meter installations and I will also specifically  
 5 describe the pricing for those customers who opt out.

6

7 **Q. Are you sponsoring any exhibits in this proceeding?**

8 A. Yes. I am supporting the following exhibits:

	<u>Exhibit</u>	<u>Schedule</u>	<u>Description</u>
10	A-1	1	Summary of Initial and Monthly Charges
11	A-1	2	AMI Opt Out Field Service Hourly Cost
12	A-1	3	Cost of Billing System Modifications
13	A-1	4	Cost of Miscellaneous Reads
14	A-1	5	Cost of Opt Out Department
15	A-1	6	Calculation of Meter Reading Cost included in Revenue Requirement from Case No. U-16472
17	A-1	7	AMI Revenue Requirement Included in U-16472
18	A-2		Tariff – Original Sheet No. C-29.01

19

20 **Q. Were these exhibits prepared by you or under your direction?**

21 A. Yes, they were.

22

23

**AMI Background**

24 **Q. Can you summarize DTE's efforts since 2006 related to the AMI program?**

25 A. AMI has been under review in various forms for many years. The technology has

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1 evolved from a mobile reading solution venue (commonly known as Automated  
2 Meter Reading or AMR) to a two-way fixed communication network. AMI uses  
3 proven technology to automatically read, monitor and control meters instead of  
4 relying upon manual actions. AMI creates an intelligent grid which is more than  
5 "just a reading system"; it is a structure for meter reading, outage monitoring,  
6 power quality monitoring, remote disconnect/reconnect system load management  
7 and distribution asset optimization and design.

8

9 By early 2006, AMI had become increasingly more cost effective. Increased market  
10 maturity combined with technological developments have improved the cost  
11 effectiveness of AMI and made this deployment a prudent endeavor. In 2006, a  
12 team was assembled to review the possible deployment of an AMI system for both  
13 Detroit Edison and MichCon. This small team visited vendor sites, utilities with  
14 completed installations and attended various seminars and learning sessions within the  
15 industry.

16

17 After a detailed and thorough review, Itron was selected as the vendor. Itron is a  
18 leader in the AMI and meter industry. Itron's technology is trademarked as the  
19 Itron "OpenWay" system. A contract was signed on July 16, 2008 which engaged  
20 Itron for an initial pilot program entailing the installation of approximately 10,000  
21 meters (4,000 gas and 6,000 electric) in Grosse Ile, a community west of Detroit  
22 which is one of our "overlap" territories served by both Edison and MichCon.  
23 After the pilot, Detroit Edison continued with installation and to date has installed  
24 over 822,000 meters (electric) and modules (gas), primarily in Oakland County, and  
25 more recently we have begun installations in Washtenaw County. DTE expects to

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1 have approximately one million meters and modules installed by the end of 2013.

2

3 **Q. Can you explain the regulatory review that has occurred to date regarding**  
4 **Edison's AMI program?**

5 A. Yes. Edison first outlined its proposal to implement the AMI pilot program in  
6 general rate case No. U-15244. Subsequently Edison supported the implementation  
7 of its AMI program in general rate case Nos. U-15768 and U-16472, supporting the  
8 ongoing AMI investments and benefits of the AMI program. Those benefits  
9 included:

10 1) Meter Reading – automation of meter reading provides daily and on demand,  
11 accurate meter reads of each customer meter regardless of energy type. Detroit  
12 Edison has some 2.6 million electric meters to read every month of which about  
13 10% are located inside of facilities or homes. AMI will eliminate the need to  
14 gain access for inside meter reads and thereby reduce meter reading costs. AMI  
15 can provide customers with daily reads that will further enhance the customer  
16 experience by eliminating miscellaneous and off-cycle reading of customer  
17 meters. AMI will provide customers with actual reads every month. Once all  
18 meters are automated, customers with multiple homes will be able to combine  
19 sites onto one bill with the readings on the same day. Landlords will benefit  
20 from the system with the daily reads. These reads can be used to readily start  
21 and stop billing services with the actual reads and without the need for costly  
22 and appointment only field visits.

23 2) Bill Accuracy – customers benefit with a near elimination of estimated customer  
24 bills. Additionally, AMI eliminates transposition of numbers that could occur  
25 with manual entry of meter data as well as eliminates simple read errors that can

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- 1 occur with the existing meter read methodology.
- 2 3) Theft and tampering notice – the system notes tampering at the meter any time  
3 it occurs. As a result, we will be able to receive tamper events at any time on  
4 any day. This is a significant advantage over our current monthly meter  
5 reader site review. Additionally, the daily reads can be used to develop  
6 algorithms that will further help us to detect theft or unusual use situations.
- 7 4) OSHA recordable injury rate – at both utilities, we are always considering the  
8 safety of our employees and customers. Winter conditions create an increased  
9 risk of slips and falls for our meter readers. Dog bites, or as often happens,  
10 injuries due to trying to avoid dogs, are among the highest contributors to  
11 OSHA events for our meter readers. AMI essentially negates these issues.
- 12 5) Turn on/Turn off/Restore – this functionality allows Edison to reconnect  
13 customers remotely, speeding reconnections, a significant improvement in  
14 customer service; disconnections in accordance with billing rules can be  
15 impacted equally. The capability to remote disconnect and reconnect over the  
16 airwaves in minutes provides efficiencies to all involved.
- 17 6) Outage Efficiency – with the systems’ ability to report customer outages and  
18 restorations, the overall outage operation is enhanced tremendously. Although  
19 the system will not replace or fix customer outages, the ability to receive timely  
20 information will aid the process. The outage efficiency feature is most  
21 important at the end of a storm. We often complete a circuit problem and  
22 sometimes do not restore every customer on the circuit due to a lack of  
23 information. With AMI we will be able to “ping” the meters to determine their  
24 power condition. Line crews are able to ping the meters right from their truck  
25 computers. I want to emphasize that AMI does not replace the customer call but

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1 it will enhance the operation. AMI will only be able to tell us the condition at  
2 the meter and not the source of the outage. For example, AMI cannot determine  
3 if an energized wire is down in the area, it can only tell us that the meter is not  
4 energized for the customer. For this reason, customers will still need to report  
5 downed wires for effective storm operations.

6 7) Power Quality – AMI will also be able to record instances of voltage problems  
7 at customer locations. The ability to have this data available to Detroit Edison  
8 will enhance the engineering design process of the electric infrastructure.

9

10 On January 12, 2012 the Commission issued an Order in Case No. U-17000  
11 requesting the utilities and interested parties comment on electric utility's existing  
12 plans for the deployment of smart meters, including the potential for providing an  
13 opportunity for customers to opt out of having a smart meter. The Commission  
14 further directed the Commission Staff to issue a report that summarizes the filings  
15 in Case No. U-17000 and independently review the literature regarding smart  
16 meters, and identify any developments in other jurisdictions pertinent to its  
17 investigation.

18

19 On June 29, 2012, the Commission Staff issued its report finding that smart meters  
20 are an important component to the success of a much larger picture, an emerging  
21 smart grid. They recommended that the Commission continue to assess smart grid  
22 technologies as part of efforts to improve the efficiency and reliability of the grid.  
23 The Commission Staff also recommended that opt-out options are the best solution  
24 for customers who have concerns about smart meters and indicated that ratemaking  
25 for the opt-out provision should be based on cost of service and be accounted for as

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1 an additional charge to those customers choosing an opt-out or a discount for those  
2 customers with smart meters.

3

4

**AMI Opt Out Program**

5 **Q. Why is Detroit Edison offering its customers an opportunity to opt out of**  
6 **having a transmitting AMI Meter at this time?**

7 A. During the installation of approximately 800,000 meter and modules as mentioned  
8 above (through mid-July 2012), DTE had received approximately 1,100 concerns  
9 regarding our AMI Meters. Of the customers who have indicated to the Company  
10 the cause of their concern, the majority can be summarized as being related to data  
11 privacy and health impacts. As these numbers indicate, the overwhelming majority  
12 of our customers fully support AMI. However, in response to the small group of  
13 concerned customers, and consistent with the recommendation of the Staff in its U-  
14 17000 report, Detroit Edison felt it was an appropriate business practice to provide  
15 them with an option to opt out of having a transmitting AMI Meter.

16

17 **Q. Can you provide an overview of Detroit Edison's Opt Out program?**

18 A. Edison's AMI Opt-Out Program will provide an opportunity for individual  
19 residential customers who voluntarily request to have a non-transmitting AMI meter  
20 installed at their residential service address instead of the Company's transmitting  
21 AMI meter. Customers will be required to supply positive identification and  
22 information to an opt out Customer Representative to initiate the opt out procedure.  
23 Customers may opt out for any reason and will not be required to communicate the  
24 reason to the Company. Customer's electing to opt-out will be charged an initial  
25 fee of \$87 per site for the costs of special infrastructure changes and the metering



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1 changes required at the site. This charge is applied each time a customer at a  
2 premise opts out. In addition, a monthly fee of \$15 will be charged to cover the  
3 incremental costs of manual meter reading infrastructure and other services  
4 necessitated by maintenance of a manual meter system that would otherwise be  
5 avoided by AMI. Both of these charges are considered energy charges for purposes  
6 of applying the Michigan Public Service Commission billing rules and regulations.  
7 The monthly charge has been adjusted to eliminate costs already included in  
8 residential customers current rates associated with AMI infrastructure and meter  
9 reading. Customers electing to opt-out and who already have a transmitting AMI  
10 meter installed at their premise will have their meter changed to a non-transmitting  
11 AMI meter. Opt-out customers, who have not had their current meter replaced by a  
12 transmitting AMI meter at the time they request to opt out, will temporarily retain  
13 their current meter until such a time as AMI meters in their area are installed and  
14 subsequently will receive a non-transmitting AMI meter.

15

16 **Opt Out Initial and Monthly Charges**

17 **Q. Why is Detroit Edison charging customers to opt out of having a transmitting**  
18 **AMI Meter?**

19 A. Consistent with several other states who have proposed or adopted Opt Out  
20 programs such as California, Nevada and Maine, Detroit Edison is requiring  
21 customers to pay the costs associated with their decision to opt out. Detroit Edison  
22 developed a fee structure, consistent with those states, which reflect the actual cost  
23 of maintaining a non-transmitting AMI meter without causing incremental costs and  
24 expenses on the millions of customers not electing to opt out. The Company does  
25 not think it is appropriate for all customers to subsidize one segment of customers

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1 who request and receive a more expensive level of service. Such a scenario would  
2 be unfair and would contradict basic principles of cost causation. This is a  
3 voluntary program, thus customers concerned about the additional costs are not  
4 required to opt out.

5

6 **Q. Why should customers wanting to opt out pay a special monthly charge to**  
7 **have their meter read when today these charges do not exist?**

8 A. As I discuss below, customers are paying for meter reading costs in their current  
9 rates. For customers wanting to opt out of having a transmitting AMI meter, meter  
10 reading charges have been removed from the total costs of the opt out program so  
11 as not to double charge for meter reading. In its place, Detroit Edison must charge  
12 the opt out customers a cost for reading the meter. This will be a “special read”  
13 since in areas with AMI, the Company will not have meter readers in the  
14 community going house to house. Thus, the fee structure the Company has  
15 developed reflects this reality.

16

17 **Q. Can you describe the information displayed on Exhibit A-1, Schedule 1?**

18 A. Yes. This exhibit is divided into two sections. Section 1, Initial Fee (lines 1 – 4),  
19 shows the projected costs incurred to support customers who chooses not to have an  
20 AMI meter installed at their premises. Section 2, Monthly Fee (lines 5 – 11),  
21 provides the projected costs that Detroit Edison will incur on a monthly basis to  
22 support those customers who choose to not have an AMI meter installed at their  
23 premises. Both of these fees are based on our estimate that 4,000 customers will  
24 decide to opt out of having a transmitting AMI meter.

25

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1 **Q. What does the Company propose if the actual number of opt out customers is**  
2 **more or less than the estimate of 4,000?**

3 A. Actual customer participation may vary from our estimate. In its next general rate  
4 case filing, Detroit Edison may modify the fees accordingly.

5

6 **Q. Can you describe the Initial Fee costs that appear on Exhibit A-1, Schedule 1,**  
7 **(lines 1 – 4)?**

8 A. These costs reflect infrastructure expenses to train employees to modify the  
9 transmitter located inside the AMI meter, the modification of the transmitter inside  
10 the meter and information technology expenses associated with billing customers  
11 that choose to opt out of having an AMI meter installed at their premises. More  
12 specifically, line 1 is the hourly cost of field technicians (labor, benefits, and fleet)  
13 to turn off and turn on the transmitter located inside the AMI meter. Line 2 is the  
14 one time training cost of the field technicians. Line 3 is billing system  
15 modifications to create the opt out identifiers. Specific supporting information for  
16 lines 1 and 2 are reflected on Exhibit A-1, Schedule 2, and line 3's support is shown  
17 on Exhibit A-1, Schedule 3.

18

19 **Q. Can you describe the Monthly Fee costs that appear on Exhibit A-1, Schedule**  
20 **1, (lines 5 – 11)?**

21 A. These costs are for staff to support those customers that choose to not have a  
22 transmitting AMI meter installed at their premises, and the cost to have an  
23 employee manually read the meter of the opt out customer. Since the cost to read  
24 and maintain the AMI infrastructure is included in the rate the customer currently  
25 pays to Detroit Edison, those costs will removed in their monthly charges. More

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1 specifically, line 5 is the cost for a special meter read. Lines 6, 7, 8 are the costs  
2 (labor and benefits) for team members to support customers who choose to opt out.  
3 Line 9 is a credit that removes the meter reading cost included in the current tariff.  
4 Line 10 is a credit that removes the AMI costs included in the current tariff.  
5 Specific supporting information for line 5 is reflected on Exhibit A-1, Schedule 4;  
6 lines 6, 7 and 8 support is shown on Exhibit A-1, Schedule 5; line 9 support is  
7 reflected on Schedule 6; and, line 10 detail is shown on Schedule 7.

8

9 **Q. In the Michigan Public Service Commission's Staff report in U-17000**  
10 **(Deployment of AMI Meters by regulated electric utilities in Michigan), it was**  
11 **recommended that ratemaking for opt out provisions should be based on cost**  
12 **of service principals. Did Detroit Edison follow this recommendation?**

13 A. Yes. The initial and monthly charges were developed utilizing cost based  
14 ratemaking principles consistent with the methodology utilized in Edison's most  
15 recent rate case. Edison further reserves the right to propose modifications to the  
16 charges for the AMI Opt-Out Program in its next general rate case based on  
17 changes in costs and participation levels as stated above.

18

19 **Q. Are you aware of activities in other States in regard to opt out charges?**

20 A. Yes. Based on my knowledge there are several states which have experienced  
21 similar activity as we have in Michigan in regards to customers not wanting to have  
22 a transmitting AMI meter installed on their premises. To my knowledge,  
23 California, Nevada, and Maine have determined charges that customers who choose  
24 to opt out will incur. Only Vermont has chosen to defer the charges their customers  
25 pay until a report is prepared to show the cost savings by having an AMI Meter

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1 installed. Other states are in various stages of discussion regarding action to be  
2 taken with respect to opt out. Maine and California have approved the charges the  
3 three largest utilities can impose. In Nevada, the two largest utilities are waiting for  
4 their charges to be approved. The common theme among the states other than  
5 Vermont is that all have or have proposed an initial fee and a monthly fee.

6

7 **Q. Do you know what these other states are charging?**

8 A. It is my understanding that California's utilities charge an initial fee to residential  
9 customers of \$75 and monthly charges of \$10. Nevada's utilities have proposed a  
10 similar fee structure; \$99 initial fee, with an \$8 monthly charge (NV Energy) and  
11 \$108 initial fee, with an \$11 monthly charge (Sierra Pacific Power). Finally, based  
12 on my research, Maine has fees of \$40 (initial) and \$12 per month.

13

14 **Q. If customers elect to opt out, what benefits do you believe they are giving up?**

15 A. Customers who elect to participate in the AMI Opt-Out Program should be advised  
16 that they are giving up certain benefits attributed to the use of AMI at their service  
17 location including increased restoration capability, access to timely metering data  
18 and other benefits that promote the efficient operation of the electrical distribution  
19 as I discussed earlier in my testimony. Customers will also give up the opportunity  
20 to have access to their detailed energy usage information that could help them  
21 manage future energy costs and take advantage of energy efficiency products and  
22 services related to AMI meters. However, if customers still want to opt out for any  
23 reason, the Company has developed a program to accommodate them.

24

25 **Q. Can you explain Exhibit A-2?**

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No.

1 A. This is the proposed tariff language establishing the rules for Edison's residential  
2 only Opt Out program.

3

4 **Q. Does this complete your direct testimony?**

5 A. Yes, it does.

**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

REBUTTAL TESTIMONY

OF

ROBERT E. SITKAUSKAS

**THE DETROIT EDISON COMPANY**  
**REBUTTAL TESTIMONY OF ROBERT E. SITKAUSKAS**

Line  
No.

1 **Q. What is your name, business address and by whom are you employed?**

2 A. My name is Robert E. Sitkauskas. My business address is: One Energy Plaza,  
3 Detroit, Michigan 48226. I am employed by The Detroit Edison Company (Detroit  
4 Edison, Edison or Company) as Manager of the Advanced Metering Infrastructure  
5 (AMI) group in the Major Enterprise Projects (MEP) Organization.

6

7 **Q. Did you file direct testimony in this proceeding on behalf of the Company?**

8 A. Yes, I did.

9

10 **Q. What is the purpose of your rebuttal testimony?**

11 A. The purpose of my rebuttal testimony is to:

- 12 • Respond to Michigan Public Service Commission Staff Witness Mr. McLean with
- 13 respect to his forecast of Detroit Edison's customers who will Opt-Out.
- 14 • Respond to various issues addressed by Witness Mr. Holeton
- 15 • Comment on various customer testimonies relative to health impacts of the AMI
- 16 meter.
- 17 • Respond to issues addressed by Witnesses Mr. Wilson and Mr. Bennett
- 18 • Respond to various issues raised by Witness Mr. Melzter

19

20 **Rebuttal of Witness McLean's Testimony**

21 **Q. What is Staff's recommendation regarding proposed tariff regarding an AMI**  
22 **Opt out program?**

23 A. Staff's recommendation, which is shown on page 6 of Witness McLean's  
24 testimony, supports an initial opt out fee of \$67.20 and a monthly fee of \$9.80.  
25 These amounts are based on an estimated participation level of 15,500 customers,



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1 or 0.60% of Detroit Edison's electric customers. The Staff made no other  
2 adjustments to the Company's Opt Out fee calculations. The Company is  
3 forecasting a 4,000 customer participation level, or approximately 0.20%.

4

5 **Q. Do you agree with Staff's estimated participation level of 15,500, which**  
6 **impacts both the initial and monthly Opt Out fee calculations?**

7 A. No, I believe Witness McLean's estimate of participation levels is too high.

8

9 **Q. Why do you believe his forecast is too high?**

10 A. Witness McLean references on page 6 of his direct testimony, that Staff selected the  
11 0.6% rate since as a compromise between the Consumers Energy forecast, as well  
12 as other utilities and Detroit Edison's forecast. Although I do not know the  
13 specifics around the estimate provided by Consumers Energy in their recent rate  
14 case filing, I do know that they are on the front end of their AMI installation  
15 compared with other utilities. In order to better gauge potential customer response  
16 levels, Detroit Edison reviewed other state Opt Out programs that are further along  
17 in their process in order to base its forecast.

18

19 I obtained the following from the listed utilities:

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1

	<u>TOTAL METERS</u>	<u>ACTUAL OPT OUT CUSTOMERS</u>	<u>PARTICIPATION PERCENTAGE</u>
San Diego Gas and Electric	1,248,000	1,310	0.10%
Southern California Edison	4,400,000	19,000	0.4%
Sacramento Municipal	620,000	500	0.08%
Centerpoint, TX	2,200,000	38	0.002%
Detroit Edison	2,100,000	4,000	0.19%

2 As shown by the table above, Detroit Edison's forecast is within the range of the  
3 other utilities with more developed programs and nowhere near the 0.60% level  
4 proposed by the MPSC Staff.

5

6 **Q. Is it fair to base participation level estimates on other utilities?**

7 A. Yes. It is usually a fair barometer of activity expected, however it must be noted  
8 that each state regulatory agency and the utilities they govern, even in the same  
9 state, must be considered unique in that not every situation is the same. Thus, other  
10 state activity should not be the only factor considered.

11

12 **Q. What other factor did you use to develop the 4,000 estimate of participation  
13 level?**

14 A. As stated in my direct testimony (page 8), I based our estimate on the number of  
15 calls received by Detroit Edison at the time of filing in this docket (1,100) which  
16 expressed some concern with the installation of an AMI meter, compared to the

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1 total installs of AMI throughout our service territory.

2

3 **Q. Did all 1,100 customers request to Opt Out?**

4 A. No. They had various reasons for not wanting an AMI meter. However, for  
5 purposes of my estimate, I assumed they all would Opt Out when given an  
6 opportunity following the approval of our program. However, once approved, we  
7 predict less than the 1,100 customers will actually sign up to Opt Out.

8

9 **Q. Does this conclude your rebuttal to Witness McLean's testimony?**

10 A. Yes, it does.

11

12

**Rebuttal of Witness Holeton Testimony**

13 **Q. Can you summarize the testimony of Witness Holeton?**

14 A. Witness Holeton makes several inaccurate statements and allegations regarding  
15 time based rates; increased energy consumptions caused by smart meters; Michigan  
16 smart meter mandate; limiting customer voices; AMI subsidization; and conflicts  
17 with the Choice and Reliability Act. I will address each one of these issues  
18 independently.

19

20 **Q. What inaccurate statement does Witness Holeton make with respect to Detroit  
21 Edison's AMI program and Public Law 109-58 (section 1252)?**

22 A. Beginning on page 2, lines 27 thru line 40, Witness Holeton references Public Law  
23 109-58-Aug8, 205 Sec. 1252 Smart Metering, which requires utilities to offer time  
24 based rates to customers. He then states that "this makes smart metering a  
25 voluntary program." The connection that Witness Holeton makes between smart

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1 meters and time based rates is incorrect. Detroit Edison is fully compliant with  
2 Public Law 109-58-Aug8, 205 Sec. 1252 and has, for many years offered time  
3 based rates to customers on a voluntary basis. Detroit Edison has three time based,  
4 or time of use rates already in its tariff (D1.2, D1.4 and D1.8). Both D1.2 and D.1.4  
5 were rates developed by the Company 10 years prior to the installation of an AMI  
6 meter. Now with AMI, it enhances the ability of Detroit Edison to provide these  
7 types of rate choices in a more efficient manner. Prior to AMI, when a customer  
8 selected an optional time of use rate, it often required a physical meter change at the  
9 site to effect the rate change. Now, with the advanced meter and the AMI  
10 technology, when a customer requests a time of day use rate, the change can be  
11 implemented across the network without a customer site visit or service  
12 interruption.

13

14 **Q. On Page IJH-3, line 47 and 48, Witness Holeton asserts that the Itron digital**  
15 **meters are designed to glean more energy consumption than the old electrical**  
16 **mechanical meters. Is this true?**

17 A. No. The Itron digital meter is designed to measure electricity usage of homes and  
18 businesses with less energy loss resulting from the mechanical parts operating in the  
19 mechanical meter. The Itron digital meter does not measure more energy than is  
20 being used by the household or business.

21

22 **Q. In lines 49 thru 87 of Witness Holeton's testimony, he states that smart meters**  
23 **are not mandatory in Michigan, and thus customers should not have to accept**  
24 **an Opt Out program. Do you agree?**

25 A. No. While I agree that smart meters are not mandatory in Michigan as they are in

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1 other states, like California, I disagree with his conclusion. Customers wishing to  
2 take electric service will accept service through Detroit Edison's AMI meter unless  
3 they elect to participate in Detroit Edison's Opt-Out program once it is approved.  
4 The implementation of advanced meters, along with changes in customer service,  
5 distribution circuits and generating plants, all combine together to provide the  
6 customer affordable and reliable service. The Company has recognized that a small  
7 customer group does not want a transmitting AMI meter. To address these  
8 concerns, Detroit Edison has developed an Opt Out plan and associated fee  
9 structure that reflects actual cost of maintaining a non-transmitting AMI meter  
10 without causing incremental costs and expenses to those customers who choose not  
11 to Opt Out.

12

13 **Q. Beginning on IJH-6 (lines 99 thru 119); Witness Holeton speaks of numerous**  
14 **city or township resolutions surrounding the Detroit Edison AMI program.**  
15 **He claims many opportunities were denied because of Detroit Edison's efforts**  
16 **to "limit the voices". Do you agree?**

17 A. I do not agree that Detroit Edison's actions limited or denied anyone's right to  
18 propose further resolutions or speak up at city or township meetings. The  
19 resolutions that were passed by the city governments listed in Witness Holeton's  
20 testimony were most often the topic of a resolution suggested by a group of  
21 persons, sometimes not even from the represented city. The Company's actions and  
22 participation in the process was to inform, and provide its perspective on the issues  
23 while discussions were taking place in various towns and townships. Almost all of  
24 these city or township resolutions requested that the MPSC require an Opt Out  
25 program. Detroit Edison responded by proposing the Opt Out program detailed in

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1 this case.

2

3 **Q. On IJH-8 (lines 146 to 148) of Witness HOLETON's testimony, he states "Detroit**  
4 **Edison is demanding by their mandate that all consumers subsidize the new**  
5 **AMI program". Do you agree?**

6 A. No. All of Detroit Edison's costs of providing service to customers (power supply  
7 and distribution costs) are reviewed by the Michigan Public Service Commission  
8 and intervening parties before they are charged to customers through the  
9 Company's approved rates. The AMI program is being paid for by the customers  
10 receiving the benefit, thus there is no "subsidization". Further, the customers  
11 choosing to Opt Out will not be subsidizing other non-Opt Out customers since the  
12 Opt Out monthly fee includes a credit related to AMI costs and monthly metering  
13 reading. See Exhibit A-1, Schedule 1.

14

15 **Q. In lines 160 thru 166, Witness HOLETON references the Customer Choice and**  
16 **Electricity Reliability Act". Do you believe the Detroit Edison AMI program is**  
17 **in conflict with this act as Witness HOLETON asserts?**

18 A. No. The Customer Choice and Electricity Reliability Act addressed the customer's  
19 rights to obtain energy from different alternative electric suppliers. Detroit  
20 Edison's Customer Choice program is called Electric Choice, and is a statewide  
21 initiative giving customers the option to choose the company that supplies their  
22 electricity. Regardless of who supplies electricity, Detroit Edison continues to  
23 provide the distribution and metering services required to deliver power to homes.  
24 The Detroit Edison AMI program does not affect this act at all.

25

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1 **Q. Does this conclude your rebuttal to Witness Holeton's testimony?**

2 A. Yes, it does

3

4 ~~**Rebuttal of Witness' Ms. Kurtz, Ms. Edwards, Ms. Morr, Ms. Yoskovich,**~~

5 ~~**Mr. Ben Bassat, Ms. Strode and Ms. Panzica-Glapa Testimony**~~

6 **Q. You list 7 witness testimonies here. Will your rebuttal be the same for this**  
7 **group?**

8 A. ~~Yes, the witnesses listed here all have expressed similar issues related to their~~  
9 ~~health. In addition, I will rebut an issue brought up by Witness Ben-Bassat~~  
10 ~~separately.~~

11

12 **Q. Are all seven of these witness testimonies intervenors in Case No. U-17053?**

13 A. ~~No. Only Witness Kurtz and Witness Edwards are intervenors in this proceeding.~~  
14 ~~Witnesses Morr, Yoskovich, Ben Bassat, Strode and Panzica-Glapa appear to be~~  
15 ~~associates of Witnesses Kurtz and Edwards and as stated in their testimony, are~~  
16 ~~providing testimony on behalf of them.~~

17

18 **Q. What is your rebuttal with respect to these witnesses?**

19 A. ~~This proceeding is limited in scope to the review of Detroit Edison's Application~~  
20 ~~seeking regulatory approval of its proposed Opt-Out Program filed on July 31, 2012~~  
21 ~~in this docket. Detroit Edison is proposing to provide customers with the~~  
22 ~~opportunity to Opt-Out regardless of the reason. Accordingly, the information~~  
23 ~~provided in the testimony of Witnesses Kurtz, Edwards, Morr, Yoskovich, Ben-~~  
24 ~~Bassat, Strode and Panzica-Glapa is outside the scope of this proceeding. This case~~  
25 ~~is about the cost of an Opt Out program and not the alleged health impacts that may~~

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1 ~~or may not be due to radio frequency (RF) waves. In addition, the Commission~~  
 2 ~~initiated Case No U-17000, to among other things, address information concerning~~  
 3 ~~the safety of smart meters. In response to the Commission's Order in that case, The~~  
 4 ~~Staff reported that after careful review of the available literature and studies, the~~  
 5 ~~Staff has determined that the health risk from the installation and operation of~~  
 6 ~~metering systems using radio transmitters is insignificant. The Staff also added that~~  
 7 ~~some customers will continue to have concerns about AMI and therefore~~  
 8 ~~recommended that the utilities make available a cost based, Opt Out option for~~  
 9 ~~these customers. (See MPSC Order, September 11, 2012 Case No U-17000). For~~  
 10 ~~these reasons, the Company will not place judgment or diagnosis on anyone~~  
 11 ~~complaining of RF wave health impacts and will provide the ability for customers~~  
 12 ~~to Opt Out once the program is approved.~~

13

14 **Q. On page 7 of the testimony of Witness Ben-Bassat, he requests that an analog**  
 15 **meter be put back on his residence so he can read it himself. Is Detroit Edison**  
 16 **proposing an analog option?**

17 ~~A. No. As stated on page 8 of my direct testimony (beginning on line 18) Detroit~~  
 18 ~~Edison will provide an opportunity for customers to voluntarily have a non-~~  
 19 ~~transmitting AMI meter installed at their residential service address instead of the~~  
 20 ~~Company's transmitting AMI meter. The analog or electromechanical meter, is~~  
 21 ~~obsolete and currently not in production. Rule 460.115 of the Commission~~  
 22 ~~regulations does provide the customer with an opportunity to submit a meter read~~  
 23 ~~and not receive an estimated bill. However, Rule 460.115 does not reduce or~~  
 24 ~~eliminate the Company's need or right to read its meters. Detroit Edison attempts to~~  
 25 ~~read every meter every month.~~



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1 **Q. Does this conclude your rebuttal to Witnesses Kurtz, Edwards, Morr, Yoskovich,**  
2 **Ben-Bassat, Strode and Panzica-Glapa Testimony?**

3 A. ~~Yes, it does.~~

4

5 **Rebuttal of Witness Mr. Wilson Testimony**

6 **Q. Is Witness Wilson an intervenor in this proceeding?**

7 A. ~~No. Witness Wilson is testifying on behalf of Witnesses Kurtz and Edwards.~~

8

9 **Q. How can you summarize Witness Wilson's testimony?**

10 A. ~~Witness Wilson's testimony relates to the purported health impacts of smart meters~~  
11 ~~caused by electromagnetic fields and associated electromagnetic radiation.~~

12

13 **Q. Does Witness Wilson testimony refer to Detroit Edison's specific Opt Out**  
14 **proposal in any way?**

15 A. ~~No it does not.~~

16

17 **Q. Does Witness Wilson's testimony discuss or recommend a different approach**  
18 **to recovering the cost of Edison's Opt Out program?**

19 A. ~~No it does not.~~

20

21 **Q. Witness Wilson in his testimony addressed RF emissions and results of testing**  
22 **that he had conducted on specific homes in Michigan. Can you comment on**  
23 **this data?**

24 A. ~~First let me state that a typical Itron AMI meter transmits for about 100 seconds per~~  
25 ~~day which works out to 1.6 minutes over a 24 hour period. From my experience,~~

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~~1 the RF exposures (if any) related to the Itron meter is negligible. I base this  
2 statement on RF measurement investigations conducted at various homes  
3 throughout our service territory upon the customer's request. For example, my  
4 team recently tested a customer's home with the AMI meter in the socket and with  
5 the AMI meter out of the socket. The RF readings taken from inside the home were  
6 unchanged. As I mentioned above, this proceeding is limited in scope to the review  
7 of Detroit Edison's Application seeking regulatory approval of its proposed Opt-  
8 Out Program filed on July 31, 2012 in this docket. Accordingly, the information  
9 provided in the testimony of Witness Wilson is clearly outside the scope of this  
10 proceeding. This case is about the cost of an Opt Out program and not the health  
11 impacts that may or may not be due to RF waves. The reason Detroit Edison is  
12 proposing the Opt Out program is to give the customer their choice to Opt Out  
13 regardless of reason.~~

14

15 **Q. Witness Wilson in his additional testimony on page 9, line 21 states that there**  
16 **is great debate among health experts regarding safe levels of non-ionizing**  
17 **radiation, with a clear trend toward much lower levels of exposures. Can you**  
18 **please comment?**

19 ~~A. Yes. Detroit Edison regularly reviews standards to ensure products we employ  
20 fully comply with the standards as approved. The Itron Openway meter fully  
21 complies with FCC standards. Edison believes that AMI meters are safe and have  
22 been thoroughly studied. The RF emissions that occur when the meter is sending data  
23 are at very low levels. It should be noted that standards for RF emissions have been  
24 developed by the federal government and all of the smart meters that Edison is  
25 installing fall well below these federal government standards for RF emissions.~~

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15

**Q. Does this conclude your rebuttal to Witness Wilson?**

16

A. ~~Yes, it does.~~

17

18

**Rebuttal of Witness Mr. Bennett Testimony**

19

**Q. Is Witness Bennett an intervenor in this proceeding?**

20

A. ~~No. Although not specifically stated in his testimony, it appears Witness Bennett is submitting testimony on behalf of intervenor Mr. Dominic Cusumano as the electronic version of this testimony was filed by Mr. Cusumano.~~

21

22

23

24

**Q. How can you summarize Witness Bennett's testimony?**

25

A. ~~Witness Bennett's testimony relates to the purported health impacts of smart meters~~

Line  
No.

1 ~~caused by electromagnetic fields and associated electromagnetic radiation.~~

2

3 **Q. Does Witness Bennett's testimony refer to Detroit Edison's specific Opt Out**  
4 **proposal in any way?**

5 A. ~~No it does not.~~

6

7 **Q. Does Witness Bennett's testimony discuss or recommend a different approach**  
8 **to recovering the cost of Edison's Opt Out program?**

9 A. ~~No it does not.~~

10

11 **Q. What is your rebuttal with respect to this witness?**

12 A. ~~This proceeding is limited in scope to the review of Detroit Edison's Application~~  
13 ~~seeking regulatory approval of its proposed Opt-Out Program filed on July 31, 2012~~  
14 ~~in this docket and the Direct Testimony filed by the Company on September 12,~~  
15 ~~2012. Accordingly, the information provided in the testimony of Witness Bennett~~  
16 ~~is clearly outside the scope of this proceeding. This case is about the cost of an Opt~~  
17 ~~Out program and not the health impacts that may or may not be due to RF waves.~~  
18 ~~The reason Detroit Edison is proposing the Opt Out program is to give the customer~~  
19 ~~their choice to Opt Out regardless of reason.~~

20

21 **Q. Does this conclude your rebuttal to Witness Bennett?**

22 A. ~~Yes, it does.~~

23

24 **Rebuttal of Witness Mr. Meltzer Testimony**

25 **Q. Can you summarize the testimony of Witness Meltzer?**

Line  
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1 A. Witness Meltzer makes several inaccurate statements regarding customers' ability  
2 to self-report meter usage; costs included in our initial fee; Information Technology  
3 related costs to change our billing system; forecasting customer acceptance of an  
4 Opt Out program; customer communication; recovery of Opt Out cost from  
5 customer classes and cost effectiveness of the AMI program. I will address each  
6 one of these issues independently.

7

8 **Q. Witness Meltzer in his testimony on lines 56 thru 58 addresses customer**  
9 **reported meter readings asserting that Detroit Edison has not accounted for**  
10 **self-reported reads. He further states in lines 70 thru 72, asserting the use of**  
11 **credit ratings and or security deposit as alternatives to ensure reads are**  
12 **obtained. Do you agree?**

13 A. No. Customer self-reported reads are available to all customers who are concerned  
14 with estimated bills. As I stated earlier in response to Witness Ben-Bassat, Rule  
15 460.115 of the Commission's regulations provides the customer with an  
16 opportunity to submit a meter read and not receive an estimated bill. However,  
17 Rule 460.115 does not reduce or eliminate the Company's need or right to read its  
18 meters. Detroit Edison attempts to read every meter every month. The Opt Out  
19 pricing reflects the costs of performing this function. A Customer's provision of a  
20 self-reported read will not alleviate any of the costs included in the rate design for  
21 the Opt Out program. Further, demanding additional security deposits or additional  
22 use of credit ratings for Opt Out customers will not reduce the costs included in the  
23 Opt Out program rate design, and may in fact increase costs.

24

25 **Q. Witness Meltzer on line 78 through line 88 claims the Company is imposing a**

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1 **cost of the new non-transmitting AMI meter on the Opt Out customer and this**  
2 **makes up a good portion of the \$87 initial fee. Is the correct?**

3 A. No. As reflected on Exhibit A-1, Schedule 1, the initial fee has three components:  
4 (1) time and expense for the field visit to disable and enable the AMI meter  
5 transmitter, (2) training for field personal to perform the task, and (3) billing system  
6 modifications required with the Opt Out program.

7

8 **Q. Witness Meltzer questions the \$12,000 line item for information system changes**  
9 **to affect a customer letter. He suggests (lines 96 to 106), that the expenses are**  
10 **inflated. Do you agree?**

11 A. No. The estimates of system cost were provided by the Detroit Edison Information  
12 Technology group and are not inflated. The costs used for this forecast are standard  
13 and include full employee costs which incorporate an hourly rate and benefits  
14 totaling \$100 per hour. They estimate a breakdown of 80 development hours and  
15 40 testing hours. Our design is a complete solution to provide for the automation of  
16 various internal activities for a customer who elects to Opt Out. This automation  
17 includes creation of the letter, posted to the customer record and subsequently  
18 printed without further intervention by any employee processing the request. This  
19 cost includes the programming of the letter itself into our billing systems as well as  
20 the full testing to ensure compliance. The goal is to have the process become  
21 engrained in normal operations and not a one time work around process change.

22

23 **Q. In lines 109 through 120, Witness Meltzer questions the accuracy of the 4,000**  
24 **customer opt out level forecasted. How would Detroit Edison adjust its Opt Out**

Line  
No.

1           **pricing if the number of customers electing to Opt Out is different than**  
2           **anticipated?**

3       A.   First, to derive the 4,000 projected Opt Out customers, Detroit Edison took the  
4           number of customer concerns expressed to the Company during AMI installations  
5           at the time of filing in this docket (1,100); divided by the number of then current  
6           AMI installs (722,000), and multiplied this by the number of Edison customers (2.1  
7           million) to arrive at approximately 3,200. This number was rounded up to 4,000.  
8           Based on my knowledge of Opt Out activity in other states, this percentage seemed  
9           reasonable. Secondly, as stated on page 11 of my direct testimony, any variation  
10          from the initial estimate will be addressed in the Company's next general rate case.

11

12       **Q.   Witness Meltzer asserts on lines 121 through 133 that Detroit Edison has not**  
13           **communicated to its customers the ability to opt out via their websites or other**  
14           **communication media. How would you comment on this statement?**

15       A.   The outcome of this proceeding (Docket No. U-17053) sets into place the process  
16           for establishing and Opt Out program. To communicate an Opt Out program to its  
17           customers where the costs and parameters are yet to be defined and ruled upon,  
18           would be premature and a waste of Company resources. When a final program is  
19           ruled on by the Michigan Public Service Commission, Detroit Edison will properly  
20           notify customers of its availability.

21

22       **Q.   Witness Meltzer claims in lines 137 that the cost of an Opt Out is a canard, a red**  
23           **herring and a distraction as these costs should be absorbed by all Detroit Edison**  
24           **customers. Do you agree?**

25       A.   No. The costs of an Opt Out program should be assessed on the customers who

Line  
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1 request this option. This “cost/causation” approach is consistent with the way  
2 Detroit Edison allocates all of its costs. Witness Meltzer asserted that Detroit  
3 Edison should just absorb the costs as part of our operations. As part of being a  
4 regulated entity, all of Detroit Edison’s prudent expenses should be recoverable  
5 from customers. I would certainly support the fact that costs incurred for the Opt  
6 Out program are prudent. With respect to the recovery of Opt Out program costs  
7 review in Case No. U-17000, both the Company (on page 8 of its 3/16/12 filing),  
8 and the MPSC Staff in their Report to the Commission (page 27 of their 6/29/12  
9 submittal) recommended that ratemaking for the Opt Out provision should be based  
10 on cost of service principles.

11

12 **Q. Witness Meltzer infers on line 140 that the cost DTE spends on advertising and**  
13 **naming rights to the DTE Music Theater are recovered from customers like him,**  
14 **is this true?**

15 A. No. As I understand it, these costs are not recovered by utility customers and are  
16 considered promotional advertising that is paid for by DTE’s shareholders.

17

18 **Q. A large portion of Witness Meltzer testimony (lines 163 through 308), addresses**  
19 **the cost effectiveness of an advanced metering program, including statements**  
20 **from many outside references. Are these issues relevant to this proceeding?**

21 A. No, I don’t believe they are. This case addresses the cost and provisions of an Opt  
22 Out program only. As to the costs and benefits of the AMI program as a whole for  
23 both Detroit Edison and Michigan Consolidated Gas Company (MichCon), these  
24 issues have been, and are currently being addressed in other proceedings at the  
25 MPSC. Witness Meltzer spends a lot of time in his testimony quoting various



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1 outside references, most of which were not involved in any of the cases before the  
2 Commission, who opine on the lack of benefits of a smart meter program. As the  
3 Company's witness in both the recent Detroit Edison rate case (U-16472) and  
4 MichCon rate case (U-16999), I supported specific benefits and cost savings  
5 associated with our AMI program, some of which were included in my direct  
6 testimony in this proceeding (pages 5 through 7). In Case No. U-16472, the  
7 Commission adopted the position of the Administrative Law Judge and approved  
8 Detroit Edison's AMI program investment through March 31, 2012. Detroit Edison  
9 is required to support its cost and benefit calculations related to its AMI program in  
10 future rate case proceedings.

11

12 **Q. Does this conclude your rebuttal to Witness Meltzer?**

13 A. Yes, it does.

14

15 **Summary of Request and Recommendations**

16 **Q. Can you summarize your request and recommendations?**

17 A. Yes. The Company recommends that the Commission authorize its Opt Out  
18 program as submitted in our original request. Testimonies submitted cite many  
19 reasons for an Opt Out program, most often focusing on health impacts. The  
20 Company does not plan to diagnose or assess individual customer health issues.  
21 This is why we have offered the Opt Out program which allows customers to Opt  
22 Out without regard to reason.

23

24 In terms of costs, we believe the costs submitted are prudent and reasonable and  
25 reflect a program that allows the customer to make their own decision relative to

Line  
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1 their personal acceptance of Detroit Edison's advanced meter. Detroit Edison  
2 recognizes that the forecast of customers is an estimate. We have submitted a  
3 forecast of 4,000 customers. The Company suggests that this number be used to  
4 calculate the costs per customer, and be further evaluated as we move forward with  
5 more installations as recommend in my direct testimony on page 11.

6

7 We also agree with the Commission Staff that costs of the Opt Out should be re-  
8 evaluated as part of future rate case activity.

9

10 Q **Does this complete your rebuttal testimony?**

11 A. Yes, it does.

1 JUDGE MACK: Mr. Solo, I believe you  
2 tendered the witness for cross-examination?

3 MR. SOLO: I did, your Honor.

4 JUDGE MACK: So we are going to begin  
5 with you, Mr. Cusumano. Let's go off the record.

6 (Brief discussion was held off the record.)

7 JUDGE MACK: Back on the record. Mr.  
8 Cusumano, you may proceed.

9 CROSS-EXAMINATION

10 BY MR. CUSUMANO:

11 Q Good morning.

12 A Good morning, sir.

13 Q Your testimony that you had given to this hearing stated  
14 that the program was an optional program designed by  
15 Detroit Edison which addressed concerns expressed by many  
16 customers. Can you explain what your definition of  
17 "optional" is?

18 A If customers are requesting an opt-out who are the ones  
19 of customer record, that's what it's optional for, for  
20 those customers.

21 Q What are the options?

22 UNKNOWN PERSON: Can he speak up? I  
23 can't hear.

24 JUDGE MACK: I'm sorry. If I could ask  
25 if you'd raise your hand and I will acknowledge you.

1           It's very difficult for the Court Reporter if you just  
2           blurt that out. We're going to make every effort to  
3           hear, but this is the room we have. If you feel it's  
4           necessary to come up and move a chair over here or  
5           whatever it may be, I understand. But with that, please  
6           raise your hand, I'll acknowledge you, and we'll proceed  
7           on that.

8                         Mr. Cusumano, if you could speak as  
9           loudly as possible, I would appreciate it. Thank you.

10                        MR. CUSUMANO: Usually my voice travels  
11           pretty far.

12                        JUDGE MACK: Everybody says that.

13       Q        (By Mr. Cusumano): So what is exactly your definition of  
14           optional? That's what my question really gets to. When  
15           you say it's optional, with the definition of option in  
16           the dictionary in comparison to option that we're seeing  
17           from Detroit Edison, they seem to have two different  
18           definitions. What is your definition of option?

19       A        My definition of option is for this case, the AMI opt out  
20           case, in this particular instance the customers where we  
21           are installing the AMI meter have the option to not have  
22           it installed via this opt out process. That's my  
23           definition in this particular case.

24       Q        So if they decide not to have it installed, the real  
25           definition of option is to do without, it's to option

1 out. In other words, to do without.

2 MR. SOLO: Objection to form, your Honor.

3 Q (By Mr. Cusumano): Is that correct?

4 JUDGE MACK: Hold on, Mr. Cusumano. Mr.  
5 Solo, you have an objection?

6 MR. SOLO: Objection to form, your Honor.  
7 With regard to the narrative associated with the  
8 question, he appeared in part to have corrected that with  
9 the last word, where he says "is that correct." I  
10 apologize if I jumped the gun in that regard.

11 JUDGE MACK: So you're withdrawing that  
12 objection?

13 MR. SOLO: I'm not sure what question  
14 actually stands. It sounded like a form problem as well  
15 as with regard to compound. If he could re-state the  
16 question?

17 JUDGE MACK: I would agree.  
18 Mr. Cusumano, could you re-state that question? And if  
19 possible, your questions as focussed as you can on not  
20 getting into all sorts of different areas.

21 MR. CUSUMANO: I realize that.

22 JUDGE MACK: Thank you.

23 Q (By Mr. Cusumano): Your definition of optional as you  
24 had spoke, as you had spoke earlier, was that you would  
25 allow customers to go without the meter if they chose to;

1 is that correct?

2 A It would be a non-transmitting radio meter.

3 Q So is it true that they really cannot opt out of the AMI  
4 program, they can only opt out of a certain particular  
5 type of meter that you want to put on their house?

6 A The meter we're going to, proposing to put on the house  
7 is a non-transmitting meter.

8 Q It's --

9 A Nothing different.

10 Q Is it an AMI meter?

11 A It would be enabled as an AMI meter once we turn the  
12 radio on, yes, sir.

13 Q Is the meter itself any different between houses except  
14 for the switch temporarily on or off?

15 A When AMI is fully installed, that would be the only  
16 difference, yes, sir.

17 Q So they're all the same?

18 A We're replacing all meters inside our system with the  
19 same meter, yes, sir.

20 Q Now, historically Detroit Edison has tried other systems  
21 for recording and reading meters. Is that correct?

22 A I don't know what you mean by other systems.

23 Q Was there such a system called an AMR?

24 A AMR is a type of technology that is out there, yes, sir.

25 Q What was that used for?

1 A It's most often used in a drive-by situation for  
2 different readings in the past.

3 Q And they -- what does it mean, AMR?

4 A Automated Meter Reading system is the normal terminology  
5 on it.

6 Q Was there a company that supplied Detroit Edison with  
7 this system?

8 MR. SOLO: Your Honor, I'd like to make  
9 an objection regarding the scope of these questions. In  
10 our proceedings last week you ruled on a series of  
11 motions to strike and on the record in this case  
12 described in detail precisely the limited scope of this  
13 proceeding, and this line of questions is going beyond  
14 that. Therefore, I object. I anticipated this being a  
15 concern so I thought it might be helpful to provide on  
16 the record a clarification of the limited scope of these  
17 proceedings, which also applies to cross-examination as  
18 well as it did for the limiting of direct testimony that  
19 was filed in the case.

20 JUDGE MACK: So it's your contention that  
21 the question regarding alternative or other earlier  
22 variations of meters is beyond the scope of this  
23 proceeding?

24 MR. SOLO: Yes, your Honor. And  
25 particularly other companies that have manufactured or

1 provided meters that have nothing to do with an opt out  
2 program in any regard.

3 MR. CUSUMANO: May I respond, your Honor?

4 JUDGE MACK: You will get a chance, Mr.  
5 Cusumano. What I need to do when I have an objection, I  
6 need to go through all the parties and get their  
7 position. But if we could keep your response on point, I  
8 would appreciate it so we can move this along.

9 Mrs. Cusumano, your response to that  
10 objection?

11 MRS. CUSUMANO: I would disagree with Mr.  
12 Solo in the fact that this goes to discovery on cost  
13 factors relating to the proposed opt out, and it's  
14 important to determine other aspects and cost variations  
15 that can be used for this opt out proposal, and we need  
16 to exercise those options to see how the cost factors  
17 vary.

18 JUDGE MACK: Thank you. Ms. Edwards? My  
19 notes may be -- Was Ms. Edwards here today?

20 MRS. CUSUMANO: Yes.

21 JUDGE MACK: Ms. Holeton?

22 MRS. HOLETON: Yes. Well, I agree. I  
23 believe it has a lot to do with it. I think we need to  
24 discover what's going on with this, with all of this.

25 JUDGE MACK: Thank you. Mr. Holeton?



1 MR. HOLETON: Yes, your Honor. I object  
2 to Mr. Solo trying to go ahead and strike this. I  
3 provided evidence in Exhibit A-3 that the Centron digital  
4 meter captures more energy consumption than was measured  
5 in the past by the old analog meter. There are many  
6 different types of meters out there, your Honor, that  
7 capture more energy consumption than the Itron meters.  
8 So the relevance of which meter Mr. Sitkauskas determined  
9 was to be put on each resident's home is vital in value  
10 to the cost factor of the AMI Opt Out Program they are  
11 submitting. Mr. Sitkauskas will admit that DTE owns the  
12 meter on your home and we have no choice on which meter  
13 we accept. This is his premise for this opt out  
14 procedure and the contract that he intends to impose on  
15 us with the opt out, \$87 down and \$15 a month.

16 JUDGE MACK: Hold on, Mr. HOLETON. You  
17 are now testifying.

18 MR. HOLETON: I'm sorry, your Honor.

19 JUDGE MACK: Let's just stick with: You  
20 believe this is relevant, correct?

21 MR. HOLETON: Yes, your Honor. I believe  
22 it's highly relevant.

23 JUDGE MACK: Thank you, Mr. HOLETON.  
24 Ms. Kurtz?

25 MS. KURTZ: It sounds to me like it's

1 relevant. They are trying to determine possible other  
2 ways to make this more cost effective to opt out.

3 JUDGE MACK: Thank you. Ms. Spranger?

4 MS. SPRANGER: I also agree it would be  
5 relevant.

6 JUDGE MACK: Thank you. Mr. Carolan?

7 MR. CAROLAN: I agree it would be  
8 relevant relating to the cost factor because there may be  
9 an alternative out there.

10 JUDGE MACK: Thank you. Mr. Erickson?

11 MR. ERICKSON: Your Honor, it sounds to  
12 me like the question doesn't ask about costs, it appears  
13 like the parties supporting a response to the answer are  
14 saying that it should be admitted conditionally because  
15 it can be connected to cost. But of course if it isn't  
16 connected to costs, there would be no relevance to the  
17 question.

18 JUDGE MACK: So?

19 MR. ERICKSON: So my feeling is, I would  
20 be willing to listen a little bit to see if it's going to  
21 be connected to costs. It's like when an attorney says  
22 I'm going to ask preliminary foundation questions and  
23 that therefore the foundation questions will be relevant.  
24 I'm thinking that what I have heard in the way of  
25 responses to the objection are that it will be connected

1 up, and I think that it's within your discretion that you  
2 could allow some questions in this area, but how many  
3 questions would be a matter of where we go. But at this  
4 stage, I am willing to agree to have the question asked  
5 and answered at this point. If we get too many questions  
6 along those lines, then I think you'd have to decide  
7 whether or not they remain relevant or there's been a  
8 connection.

9 JUDGE MACK: Thank you, Mr. Erickson.  
10 Ms. Barone?

11 MS. BARONE: Yes, your Honor. I think  
12 it's clearly outside the scope of this case to delve into  
13 which meter the company should or shouldn't have chosen.  
14 The Commission made very clear in its Order in U-17000  
15 that the issue of costs associated with the Company's  
16 meters should be dealt within a general rate case. And  
17 this is simply a question of given the meter that is  
18 being used by the Company, should we allow customers to  
19 opt out of having the transmitting function? If so, what  
20 should be the cost of opting out? The efficacy of the  
21 meters as an overall subject, that would be an endless  
22 source of discussion. And I think your ruling clearly  
23 envisioned that that type of question is outside the  
24 scope of this very narrow proceeding.

25 JUDGE MACK: Thank you, Ms. Barone.

1 Mr. Cusumano.

2 MR. CUSUMANO: I object to the objection  
3 for the simple reason that I am trying to lay down a  
4 foundation of how Detroit Edison takes the ratepayers'  
5 money and experiments basically with these new  
6 technologies that they have. And through continuous  
7 questions to Mr. Sitkauskas I'll be able -- I would like  
8 to get the information on this type of system and how  
9 historically this system was implemented, used, and  
10 ultimately discarded.

11 JUDGE MACK: When you say "this system,"  
12 are you saying the AMI or AMR?

13 MR. CUSUMANO: For the AMR.

14 JUDGE MACK: That was the question you  
15 posed. The objection was the AMR is not relevant in this  
16 proceeding.

17 MR. CUSUMANO: Well, it's relevant  
18 because it goes back to costs, because I have to continue  
19 my questioning and you'll see where I'm going with this.

20 JUDGE MACK: Well, I don't know if you  
21 want to stand on that. You may want to tell me where  
22 you're going.

23 MR. CUSUMANO: I'll tell you where I'm  
24 going with this is that this, the hexagram system was  
25 implemented by Detroit Edison as a system of -- I'm

1           testifying here, O.K.

2                         JUDGE MACK:   Just generally.

3                         MR. CUSUMANO:   This system was in a rate  
4           case and it was brought before the MPSC.   And the MPSC  
5           approved this case --

6                         JUDGE MACK:   Again this system, AMI or  
7           AMR?

8                         MR. CUSUMANO:   AMR.   Cost the ratepayers  
9           a lot of money and it was put into place.   The company  
10          went out of business, the company could not supply  
11          Detroit Edison with parts.   They could not continue that  
12          system any longer because of that.   And that was one of  
13          the reasons why they rolled into the AMI.

14                        JUDGE MACK:   O.K.   But how does that go  
15          to the cost of the AMI?

16                        MR. CUSUMANO:   Well, we already have  
17          these costs built into our bills, for the hexagram  
18          system.   It was never credited back after it was  
19          discontinued.

20                        JUDGE MACK:   And through this process you  
21          want to get a credit for the expenditures of AMRs?

22                        MR. CUSUMANO:   There should have been an  
23          offset when they stopped using those.   The other thing  
24          that I'm getting at is that the analog meters that were  
25          here before the AMRs and are here after the AMRs are

1 still operating at no extra cost.

2 JUDGE MACK: O.K. Thank you, Mr.  
3 Cusumano. I would note that the witness did testify  
4 briefly on page 4 regarding evolution of the technology  
5 and the processes involved. I will allow some  
6 examination on that point. However, we're going to have  
7 to be focussed and we're going to have to tie everything  
8 in to cost of service for AMI. And we're not going to go  
9 all through the cost and technologies of all the various  
10 meters.

11 MR. CUSUMANO: This isn't a meter.

12 JUDGE MACK: O.K. Again you're laying a  
13 foundation to get to your ultimate argument. So for that  
14 I will overrule the objection and -- Do you remember that  
15 question?

16 THE WITNESS: I would like to have it  
17 rephrased to make sure we are all on the same page, if I  
18 could, Judge.

19 Q (By Mr. Cusumano): You are familiar with the hexagram  
20 system?

21 A I'm familiar with the hexagram, yes, sir.

22 Q And the hexagram system was in a rate case. Do you  
23 remember when the implementation of that, what rate case  
24 that was?

25 A No, sir, I do not at all.

1 Q Do you remember when that was?

2 A No, sir. What I know of the hexagram system, it's a gas  
3 only system, designed primarily for reading meters from  
4 inside of homes. There's a module placed on the meter  
5 with a wire to the outside of the house with a receptacle  
6 that the reader does go to the house and does touch the  
7 receptacle with a wand to obtain that read. I think both  
8 the hexagram company, as you even stated, is out of  
9 business, I'm not positive, but I know obtaining parts  
10 both for the reading and the replacement module are  
11 virtually unobtainable.

12 Q Now, the AMR system that was implemented through Detroit  
13 Edison and through MichCon, basically, because you guys  
14 are with MichCon and you were using this system for  
15 reading what you said, of gas meters. What else would  
16 the AMR system do besides the reading of the gas  
17 consumption?

18 A It just --

19 MR. SOLO: Your Honor.

20 JUDGE MACK: Just a second. Hold on,  
21 Mr. Sitkauskas. Mr. Solo.

22 MR. SOLO: I appreciate it's important to  
23 give some latitude with regard to foundation, but I would  
24 like to renew my objection. This case is not about  
25 trying to rate base or get cost recovery for the AMI

1 meters at all. It's about the cost of the Opt Out  
2 Program. This is not a general rate proceeding as  
3 indicated by Ms. Barone. All of these questions are with  
4 regard to that issue that is not within this scope. I  
5 appreciate that the words about trying to address costs  
6 and impacts could be at issue, but only with regard to  
7 the cost associated with the AMI Opt Out Program, not AMI  
8 technology in general, because that is not part of this  
9 case, your Honor.

10 JUDGE MACK: Thank you, Mr. Solo. Mr.  
11 Cusumano, I think this objection is a little more  
12 focussed. You are trying to establish on this record  
13 that costs were incurred for AMR and should be refunded.  
14 Are we going beyond the evolution of the technology?

15 MR. CUSUMANO: No. Basically what I am  
16 trying to head towards is that Detroit Edison had put  
17 this hexagram system in place, and the ratepayers paid  
18 for it, paid for the implementation, paid for a new  
19 billing system, paid for all the whole system to put the  
20 thing into force. And when the company failed, they went  
21 to the AMI system like they are now.

22 And as Mr. Sitkauskas just testified  
23 earlier, it's optional whether or not you want to go with  
24 the AMI meter that's turned on or turned off. Maybe I'm  
25 getting this wrong. Are we -- No matter what, we are all



1 going to get the same meter; is that correct?

2 JUDGE MACK: Well, hold on. Don't ask  
3 any question.

4 MR. CUSUMANO: O.K.

5 JUDGE MACK: We're dealing with the  
6 objection to the pending question. Mr. Solo's concern  
7 seems to be we're going far afield from cost of service  
8 for AMI. And you seem to indicate what you need from  
9 this witness is I think what you have. They're proposing  
10 to put in this meter, it either transmits or doesn't  
11 transmit. Is that what you're trying to establish?

12 MR. CUSUMANO: Yes.

13 JUDGE MACK: I believe you have asked  
14 that and you got the answer.

15 MR. CUSUMANO: So I still don't  
16 understand how this is an option.

17 JUDGE MACK: Well, you asked him that  
18 question, and the fact that you don't agree with his  
19 definition of option is established on this record. But  
20 you can't use this process to try to convince him that  
21 it's not an option. He's just here to give you facts.  
22 So you've asked a question, he's answered it.

23 MR. CUSUMANO: O.K.

24 JUDGE MACK: I will, in that respect,  
25 sustain that objection, and you we will keep this on cost

1 of service principles for the AMI meter. So go ahead,  
2 Mr. Cusumano.

3 MR. SOLO: Your Honor, I apologize. I  
4 just want to make sure I'm clear here. I think we're  
5 getting stuck on terminology perhaps. Cost of service  
6 principles for AMI technology, in my mind, your Honor, is  
7 also outside the scope because that is -- the AMI meters  
8 have already been approved by the Commission in the  
9 general rate proceedings. We are here to discuss cost of  
10 service principles associated with the cost of the Opt  
11 Out Program.

12 JUDGE MACK: Opting out.

13 MR. CUSUMANO: I believe --

14 MR. SOLO: I believe that's what you  
15 intended, your Honor. I'm just trying to make sure we're  
16 clear because this can easily gets confusing for all  
17 involved.

18 JUDGE MACK: That is a good point, that  
19 it's the opt out for transmitting/non-transmitting.

20 MR. SOLO: Yes, your Honor.

21 JUDGE MACK: Again I allowed this line of  
22 question to a point because the witness testified  
23 regarding AMR. And the witness testified regarding the  
24 process leading up to where we are today. But your point  
25 is noted, Mr. Solo. Thank you.

1 MR. SOLO: Thank you, your Honor.

2 JUDGE MACK: Go ahead, Mr. Cusumano.

3 Q (By Mr. Cusumano): I still don't have any clarification.  
4 I'd like to have some clarification on this optional  
5 situation that you're referring to, that we're going to  
6 pay to opt out. If we're getting the same meter, we're  
7 opting whether or not Detroit Edison will give us the  
8 privilege of turning it on or turning it off?

9 A It is -- on the electric meter, it will be the same meter  
10 with the radio shut off as a non-transmitting meter.

11 Q And can you tell me what is the purpose of taking, if  
12 it's non-transmitting, what the purpose of switching the  
13 meter from an analog meter to a switched off AMI meter,  
14 since they're going -- since they're going to come out  
15 and read it anyways?

16 A Yes. We are switching to the non-- to the AMI type  
17 meter, open way meter, across the system. The analog  
18 meter we're not keeping in service. We are moving off  
19 the system as we move forward. So we are replacing all  
20 meters across the whole network of the electric system.  
21 Gas meters are not being changed.

22 Q I'm going to go in a different direction here now. Mr.  
23 Sitkauskas, when you and your team came to the conclusion  
24 to try the pilot program on Grosse Ile, why was that  
25 community selected?

1 A We really wanted a community that had both gas and  
2 electric with a more distinct geographic area so we could  
3 verify all systems were working in that area. But beyond  
4 that, it was just an area with gas and electric service.

5 Q So Edison services all the entire area of Grosse Ile with  
6 gas and electric both?

7 A Our two companies, DTE Energy is the parent company, and  
8 then we have DTE electric and DTE gas, or Detroit Edison  
9 and MichCon. They do service the customers of Grosse Ile  
10 with both products, yes, sir.

11 Q And does Grosse Ile have smart meters on their electric  
12 and their gas?

13 A Yes, sir. Now, smart meters again I must qualify. On  
14 the gas we did not replace the meter. We put a module on  
15 it to read the meter.

16 Q And in order to read the meter, the gas meter, how does  
17 that function with the transmitter?

18 A There is a communication link from that gas module to an  
19 electric meter which does then communicate to our network  
20 downtown.

21 Q In your testimony you gave numerous reasons why the AMI  
22 program was more beneficial to the ratepayers. One  
23 example you used was the amount of dog bites that, or the  
24 injuries sustained by trying to avoid dog bites. During  
25 your pilot program on Grosse Ile, before you went into

1 the pilot program on Grosse Ile, did anyone have a figure  
2 or a study done on how many dog bites were taking place  
3 on Grosse Ile or how many injuries were taking place on  
4 Grosse Ile?

5 A Again this was -- our OSHA record-ables I believe is the  
6 number you're referring to from my testimony, sir. It is  
7 a number that was calculated for the whole of an  
8 organization. In this respect it would be customer  
9 service who was responsible for meter reading that area.  
10 We do not keep specific individual location OSHA  
11 record-ables. So for Grosse Ile individually, I don't  
12 know of any individual instance that we had where there  
13 was an occurrence of an OSHA record-able.

14 Again, you spoke correctly that more  
15 often our OSHA record-able occurs not only from the dog  
16 bite, but from the running away from the dog is what  
17 often occurs.

18 Q And with that in mind, is it true that Detroit Edison  
19 hired one -- When Detroit Edison merged with MichCon, at  
20 that point in time were the actual meter readers that  
21 worked for Detroit Edison directly let go and a third  
22 party contractor was brought in to read all the meters?

23 MR. SOLO: Your Honor, objection for  
24 scope and relevance.

25 JUDGE MACK: How is that relevant, Mr.

1 Cusumano?

2 MR. CUSUMANO: It's relevant because the  
3 information that I'm going to be asking is if Mr.  
4 Sitkauskas knows how much they were paying those meter  
5 readers that were reading meters.

6 JUDGE MACK: For MichCon?

7 MR. CUSUMANO: No, the meter readers for  
8 Detroit Edison.

9 JUDGE MACK: O.K.

10 MR. CUSUMANO: And MichCon, both  
11 afterwards. But right now the meter readers that they  
12 had working for them, how much it was costing them to  
13 read the meters per meter and how many meters were they  
14 reading per day?

15 JUDGE MACK: Well, that's part of an  
16 exhibit. But your question goes back some years to the  
17 consolidated or whatever, the acquisition of MichCon.  
18 And how is that relevant today in this proceeding?

19 MR. CUSUMANO: Because the liability  
20 factors that Mr. Sitkauskas is talking about were handed  
21 off to a third party. They are not the responsibility of  
22 Detroit Edison after they hired the third party. Those  
23 people get injured, their workmen's comp will be taking  
24 care of the problem, not Detroit Edison's.

25 JUDGE MACK: I'll allow that objection.

1 I don't know if I agree with that. There's a law of  
2 agency. We're not going to get into workers comp.

3 MR. CUSUMANO: But I'm saying the  
4 liability factor there that was involved with the people  
5 getting hurt, when they were on their payroll they had  
6 to -- they had to put in to the rates the amount of  
7 liability factor that was going to occur.

8 JUDGE MACK: Well, just because you have  
9 a third party perform a function doesn't mean the  
10 liability goes away. It could be passed on. Again I  
11 don't know how this is relevant to the cost.

12 MR. CUSUMANO: To the cost, because the  
13 risk factors involved are not there anymore. O.K. And  
14 the actual meter readers that were being paid by Detroit  
15 Edison were to read a certain amount of houses per day,  
16 which is completely different than what the figures we  
17 have in here are. And the amount of money that were paid  
18 to read each meter is completely different than that we  
19 have in here.

20 JUDGE MACK: Well, then you should ask  
21 that question. That's --

22 MR. CUSUMANO: I haven't gotten there  
23 yet.

24 JUDGE MACK: But see, whenever you try to  
25 get there you're going to get an objection. Sometimes

1           it's better just to get there, just to ask the question.  
2           If you believe a number in an exhibit is not accurate,  
3           you can ask about that.

4                           MR. CUSUMANO:  O.K.  I follow you.

5   Q       (By Mr. Cusumano):  Mr. Sitkauskas, on section number 2  
6           of your exhibit, on A-1 where you have the operation that  
7           cost of Opt Out Program, meter reading costs, you have a  
8           dollar figure there?

9                           JUDGE MACK:  Hold on.  Do you have that,  
10          Mr. Sitkauskas?  Do you have that exhibit in front of  
11          you?

12  Q       A-1.

13  A       A-1.

14  Q       Schedule 1, line 5.

15  A       Schedule 1, line 5.

16  Q       Line 5.

17  A       O.K.  Thank you.  Yes, sir.

18  Q       That figure that's on that line, how does that compare to  
19          when -- how does that compare to the cost factors today  
20          that you have your meter readers through your contractors  
21          out on the road, what are you paying them now?

22  A       Well, first, that cost there is a cost per special read.  
23          That is not a cost per an everyday read where they might  
24          read upwards of 500 meters per route.  This cost of opt  
25          out again is for that individual read that we would have



1 to do with an unknown density and unknown geographics,  
2 generally spaced at about 40 meter reads per day is a  
3 number of our special reader. Again because we don't  
4 know where the individual read will be, it will have to  
5 be obtained.

6 Q How did you arrive at that? So in other words, you're  
7 saying there's some type of mathematical calculation that  
8 you have to make in order to up with an \$8 figure? What  
9 was the figure before? What's the figure today that a  
10 meter reader basically gets paid to read a meter on a  
11 house?

12 A I have to ask you to rephrase the question because we pay  
13 the customers -- we pay the meter readers in different  
14 fashions.

15 Q O.K.

16 A There's hourly pay and there is cost per route pay.

17 Q O.K.

18 A Quite a bit different than just an individual meter pay.

19 Q But you had stated a second ago that some routes, meter  
20 readers can read up to 500 meters per route?

21 A There are routes have up to 500 meters on them. It all  
22 depends on density of the meters in the area. An  
23 apartment building complex route is a much easier read  
24 than an individual farm house route, let's say.

25 Q So would you say that if I was to tell you that it could

1 cost 25 cents per meter to read the meters today, would  
2 you say that that's true or --

3 A That's your estimate. I cannot assert to that.

4 Q You don't have any idea what it actually costs Detroit  
5 Edison right now?

6 A Well, actually in our exhibits, if you actually go to A-1  
7 Schedule 6, you'll see the 45 cent credit there at the  
8 very bottom. That applies to also on my A-1 exhibit  
9 Schedule 1, line 9, that the meter reading costs  
10 currently in rates is being credited back to the customer  
11 of the Opt Out from the rates that are already in the  
12 rate base.

13 Q Was this monthly meter reading expense that you refer to  
14 in Schedule 6, was that taking into consideration the gas  
15 and the electric on the same house?

16 A That is what is in our rates for mass meter reading, yes,  
17 sir.

18 Q In your testimony about bill accuracy, you said that the  
19 customer would benefit with near elimination of estimated  
20 customer bills and that they would be more accurate.  
21 What is the current accuracy of the meter readers that  
22 you have out there today?

23 A The accuracy is a question that's a little bit different.  
24 Your asking how many estimated bills I have is a  
25 different question. The estimated bills --.

1 Q O.K. I apologize for that. As far as the accuracy of  
2 the meter readers, what is the percentage right now?

3 A I don't have individual percent of the errors being made  
4 by a meter reader. I don't have that, sir.

5 Q Who has those figures?

6 MR. SOLO: Your Honor, I'd like place the  
7 same relevancy and scope objection regarding this issue.  
8 This issue has nothing to do with the cost components of  
9 the Opt Out Program in any respect.

10 JUDGE MACK: Mr. Cusumano, you've got  
11 another objection that you're exceeding the scope.  
12 What's your response to that?

13 MR. CUSUMANO: I disagree. It goes to  
14 costs. I'm trying to figure out a cost, a true cost on a  
15 true record of what this really is going to impact the  
16 ratepayers. And if the average meter reader was out  
17 that's being paid 25 cents a meter to read, and now  
18 they're talking about \$8 to read the meter, we're talking  
19 about 24 times the amount.

20 JUDGE MACK: But your question was the  
21 accuracy rate of a meter read.

22 MR. CUSUMANO: Yes. The accuracy, the  
23 meter readers, I'm trying to figure out what the  
24 percentage and the accuracy of the current meter readers  
25 are so that I can go back to the idea of whether or not

1 it pays to opt out or not.

2 JUDGE MACK: I assume Mr. Solo's point is  
3 that's outside the scope of this proceeding. What we're  
4 dealing with is the initial fee and the monthly fee. And  
5 how would that question get to either of those fees? Any  
6 response, Mr. Cusumano?

7 MR. CUSUMANO: I think it's relative to  
8 costs, that's why it's being brought in.

9 JUDGE MACK: I understand that's what you  
10 believe. But I need some stated basis on this record how  
11 it goes to costs or else I'll have to sustain that  
12 objection.

13 MR. CUSUMANO: It goes to costs because  
14 the meter readers that are out there right now are  
15 getting 97 percent accuracy, from what I've seen. And  
16 that's why I was asking Mr. Sitkauskas for those figures.  
17 They're saying, Detroit Edison's contention is that  
18 they'll be able to get a more accurate reading, not only  
19 on the estimated but on the big picture, because it is  
20 transmitting 24/7 rather than transmitting once a month.  
21 And I'm not in to -- I'm going in a certain direction of  
22 this, and that's why it sounds a little awkward.

23 JUDGE MACK: O.K. I'll sustain that  
24 objection. Again, if you want to go somewhere, just go  
25 there. Sometimes the best way to get to where you're

1 going to is just to go there. So just ask the question.

2 Q (By Mr. Cusumano): With the Opt Out that you're  
3 referring to, could a customer call in their reading?

4 A Could a customer --

5 Q Rather than have a meter reader come out?

6 A My answer to the first part of your question is: Could a  
7 customer call in a reading? That is an option for a  
8 customer to call in their reading. But it is not a  
9 replacement of the actual read by a meter reader.

10 Q Could you define that better? I don't understand your  
11 answer.

12 A The billing rule on giving the customer the option or  
13 alternative, not alternative -- option to insert a read  
14 is based primarily on a situation where we were having  
15 trouble reading the meter originally causing the customer  
16 to unduly receive an estimated bill. So this particular  
17 ability for a customer to insert a read, be it from the  
18 web or whatever is the alternative, it does not negate us  
19 from the access to the meter, to read the meter on a  
20 regular monthly basis.

21 Q And how often are those meters read, these AMI meters  
22 transmitting? How often do they transmit?

23 A We do obtain reads from the AMI meter daily. We use the  
24 cycle read, which is the month end, whenever that month  
25 your particular read is, for billing purposes.

1 Q O.K. When you say you're getting a reading daily, is  
2 that one reading a day?

3 A Yes.

4 Q So if a meter that's an AMI meter that is currently  
5 installed on a house is transmitting all day, is it  
6 faulty?

7 A I don't know what you're asking in that respect. I can't  
8 ascertain what that question is.

9 Q Well, a lot of the -- well, the question is: You're  
10 saying that it only transmits once a day?

11 A The meter on the house will obtain the reads from that  
12 particular site's use on a regular basis. Once a day we  
13 will ask for the collection from that particular meter  
14 for the reads of that previous day.

15 Q And then we go back to, define reads. What does it  
16 actually read? Define the read that you're referring to.

17 A It brings back the usage from that particular site in the  
18 sense of kilowatt hours used.

19 Q And as far as the tampering and the theft is concerned  
20 that you testified to, how often does the meter pick up a  
21 signal from -- how often does Edison or your company pick  
22 up a signal from each individual meter as far as some  
23 type of monitoring for tampering?

24 A If the AMI meter is transmitting, the meter, upon any  
25 sort of tampering, being an excessive shaking, pulling

1           the meter out, it will alarm us immediately through the  
2           system.

3       Q       So going back to my previous question, when you say the  
4           meter is transmitting, is it -- how often does it  
5           transmit? You said it transmits once a day?

6       A       We collect reads once a day. The meter is active. And  
7           if there is an alarm like a theft, it will promote that  
8           particular alarm back through the system for us.

9       Q       So it's transmitting 24/7?

10      A       It's not transmitting. It's available to send a message.  
11           Simple power outage notification when the meter loses  
12           power, it sends a message that says "I'm out of power" at  
13           that time.

14      Q       O.K. So once a day. I'm trying to get this clear. So  
15           once a day it broadcasts or it sends a message to Edison,  
16           and as far as the usage and any other information that  
17           it's collecting to Edison once a day?

18      A       Once a day we gather that information, yes, sir.

19      Q       And as far as anything else is concerned with tampering  
20           and all that, it's 24/7?

21      A       Those are considered alarms in the system, and they will  
22           promote when they occur.

23      Q       Are there any other caveats on this thing that we don't  
24           know about on this meter, like this alarm system that's  
25           24/7, or the -- was there any other hidden type

1 situations that the public is not aware of with the  
2 meter?

3 MR. SOLO: Your Honor, objection. The  
4 form of the question is vague and ambiguous.

5 JUDGE MACK: Mr. Cusumano, don't  
6 editorialize in your question; ask the question. If the  
7 question is "are there any other features", I'll allow  
8 it. But if you want to characterize it as hidden, I'll  
9 sustain. So let's strike that question and let's  
10 rephrase it, please.

11 Q (By Mr. Cusumano): Are there any other features that the  
12 meter has the ability to do that are not part of the  
13 tampering or the once a day retrieval of information?

14 A There are many benefits of AMI that are available through  
15 that system. The assertion that I'm not telling you  
16 something I disagree, because it does obtain meter reads,  
17 it does give the theft alarms, it will provide outage and  
18 restoration to us, notification. And we also do have  
19 remote disconnect and connect if we have to utilize  
20 those. And there is some information gathered on power  
21 quality from the site as well.

22 Q What is power quality?

23 A You're looking at the voltage at that particular house,  
24 if a customer has a concern, is the easiest answer on  
25 that one. I'm not an engineer to give you all the



1 insights of power quality statistics.

2 Q Are you familiar with voltage flicker or harmonics?

3 A No, sir.

4 Q Are you familiar with any IEEE Standard 519s as a  
5 standard for voltage and harmonics?

6 A I don't know what IEEE 519 is to tell you, no, sir.

7 JUDGE MACK: Mr. Cusumano, are you  
8 getting close?

9 MR. CUSUMANO: Yes.

10 Q (By Mr. Cusumano): In your testimony on the Opt Out  
11 Program you had stated of the customers who have  
12 indicated to the Company the cause of their concern, the  
13 majority can be summarized as being related to data  
14 privacy and health impacts. You had said that in your  
15 testimony that there was a number of complaints. We had  
16 asked in our interrogatories if we would be at all  
17 possible to see those complaints in order to be able to  
18 get a better idea of the amount of people that might want  
19 to opt out of your system. We were refused or basically  
20 the question was ignored. Could you tell me why?

21 A The answer on that one is --

22 MR. SOLO: Your Honor, objection to the  
23 extent that the question is requesting a legal opinion  
24 from this witness with regard to the legal objections to  
25 the interrogatories.

1 JUDGE MACK: Mr. Cusumano, if you had a  
2 problem with discovery, this is not the time to deal with  
3 discovery. This is the time to ask questions.

4 MR. CUSUMANO: Well, I'm asking him in  
5 his professional capacity.

6 JUDGE MACK: I understand that's what  
7 you're asking, that's why he's here, is in his  
8 professional capacity. All questions are in his  
9 professional capacity. But I am going to strike the  
10 question as it pertains to interrogatories. If you  
11 believe there was a deficiency in the discovery, there's  
12 a process for dealing with that, and that is not here.  
13 So if you want to ask him questions about his testimony  
14 concerning complaints, that's fine.

15 MR. SOLO: Thank you, your Honor.

16 Q (By Mr. Cusumano): How are these, how are these  
17 complaints handled by the Company?

18 A The complaints that we have received on AMI, or concerns,  
19 we record them as we get them from whatever source. Some  
20 are called, most are called or else a letter is sent to  
21 them where they are at in the install period, and they  
22 are recorded at that time, sir.

23 Q And who keeps records of those?

24 A My team does. A person under my direction.

25 Q Moving on to the Detroit Edison's Opt Out Program and

1           what in your testimony you stated that people or  
2           customers, ratepayers, who request to have a  
3           non-transmitting AMI meter installed on their residence,  
4           they have to supply positive identification and  
5           information to an Opt Out customer representative. These  
6           customer representatives that you're referring to, who  
7           are they?

8       A     They will be customer personnel inside our organization  
9           who will talk with that customer. And then positive  
10          identification, much as you do with most other companies,  
11          we want them to ascertain that we are talking to the  
12          customer of record, so there is a method to verify that  
13          it is you calling about your site.

14       Q     What type of identification is needed?

15       A     I'm not positive hundred percent, but often on our system  
16          the social security number or some aspects of the digits  
17          of the social security number, often the last four, are  
18          on the system. But we to have verify it is you as the  
19          customer of record.

20       Q     And can you explain to me what special infrastructure  
21          changes are?

22       A     In what respect? Where are you asking that from in my  
23          testimony?

24       Q     From the -- on page number 8 of your testimony, line  
25          number 25.

1 A The individual special infrastructure, in that case we  
2 are going to be shutting the radio off at that site, so  
3 it is a change to the infrastructure of that meter.

4 Q Would those meters you're referring to, do they come  
5 turned on?

6 A Yes. We buy them at the factory, because we buy a  
7 multitude with the radio on. So we will have to turn the  
8 radio off to make them work as a non-transmitting AMI  
9 meter.

10 Q So would it be true that if the meters were ordered from  
11 the company with the radio shut off, that would be an  
12 expense that wouldn't have to be incurred by the customer  
13 to send someone out to turn it off?

14 A Under a cost of service principle, it would still be a  
15 cost from the manufacturer for that, to have the radio  
16 shut off. I assume it would be applied to the charge  
17 here as a cost of service opt out.

18 Q Then moving on to page number 9, line number 5, in your  
19 direct testimony you refer to the incremental costs of  
20 manual meter reading infrastructure and other services  
21 necessitated by maintenance of the manual meter. These  
22 charges are considered energy charges for purposes of  
23 applying the MPSC billing rules and regulations.

24 Would those be considered energy charges  
25 or service charges? Since both of them are defined in

1 your testimony as services.

2 A These would be considered as energy charges under the  
3 specific billing rules that we have with the MPSC. So  
4 that's what they are, they would be considered energy  
5 charges, sir.

6 Q Would you consider the MPSC's rules pretty broad in  
7 stature?

8 A If you're asking me, I think the questions are broad. I  
9 would --

10 Q The rules, the regulations.

11 A I would tell you --

12 JUDGE MACK: Hold on, hold on. Don't  
13 speak over each other.

14 Q O.K.

15 JUDGE MACK: The question is: Would the  
16 witness consider the MPSC rules broad?

17 MR. CUSUMANO: Yes. Or broad by nature I  
18 said.

19 JUDGE MACK: Broad by nature. And the  
20 answer is?

21 A Broad is a different definition. I would tell you we  
22 have rules that we apply to, plus and minus those rules,  
23 but we apply to those rules, the billing rules of the  
24 Michigan Public Service Commission, and that's how we  
25 operate our utility in the State of Michigan.

1 Q (By Mr. Cusumano): In your testimony on line 12 of that  
2 same page 9, you're referring to the Opt Out customers  
3 who have not had their current meter replaced by a  
4 transmitting AMI meter will temporarily retain their  
5 current meter until such time as the AMI meter in the  
6 area is installed.

7 I would like you to define for me,  
8 because I still don't understand, why the analog meter  
9 can't be retained on that home and eliminate the cost  
10 factor of all of this going to take place? When you're  
11 willing to leave the meter on the house until you can get  
12 to it. What is the reason? Is there an underlying  
13 factor I don't see here?

14 A It's good question. Let me qualify those lines.

15 MR. SOLO: Excuse me. Your Honor, I want  
16 to object to the form of the question, particularly the  
17 narrative aspects of the question and the compound nature  
18 of it.

19 JUDGE MACK: Thank you, Mr. Solo. Mr.  
20 Cusumano, that was a compound question. Can you break  
21 that down?

22 Q (By Mr. Cusumano): O.K. There are customers that don't  
23 currently have an AMI meter on their home. Am I correct?

24 A Correct.

25 Q Detroit Edison plans on -- Does Detroit Edison plan on

1 taking that analog meter off their home and putting the  
2 AMI meter on their home?

3 A Yes, sir. We do. We plan on changing that meter out.

4 Q And the meter is -- Does the meter that's operating on  
5 their house right now give a good and accurate reading of  
6 what electricity or kilowatts are being used in that  
7 house?

8 A That is the purpose of this utility, to give an accurate  
9 read to every customer all the time, yes, sir.

10 Q O.K. Since it's your meter, that is your meter that is  
11 accurately recording the electricity in they house?

12 A Detroit Edison, DTE Energy does own the meter, yes, sir.

13 Q Thank you. You testified that it will temporary -- they  
14 will temporarily retain their meter until such time as  
15 the AMI meter in the areas are installed. What is the  
16 problem with leaving the analog meter on temporarily or  
17 permanently? That's what I was trying to get at, the  
18 underlying factor involved here of why an analog meter  
19 has to be switched out if it's going to be manually read  
20 the same way every month?

21 A So let me explain first that line you're questioning,  
22 line 12 of my testimony.

23 Q O.K.

24 A What that is speaking to is again the areas we have not  
25 installed -- and let's just say if a customer does ask to

1 opt out, we're leaving that meter there until such time  
2 we get towards the install. So the cost of service  
3 principle for opting out would be applied only at the  
4 time we make the meter switch, not prior to. That's what  
5 we're trying to qualify with that statement.

6 Your other questions about the analog  
7 meter, we are not proposing an analog meter. We are  
8 proposing that we are putting through the single meter,  
9 the open way meter with the radio shut off. The analog  
10 meters today are not on a production line for almost any  
11 vendor that I know of that we normally buy from. We  
12 ourself have not bought a meter since 2006, that's an  
13 electrical/mechanical meter. We have in fact have made  
14 the change to digital long before AMI as well. So we are  
15 sticking with, or our proposal is the non-transmitting  
16 AMI meter.

17 Q So you in your capacity at Detroit Edison -- and are you  
18 involved in the purchasing aspects of these meters?

19 A Of the AMI program, I am right now, yes, sir.

20 Q And in your capacity of investigating whether or not  
21 these meters, as you just testified are not available, in  
22 your capacity you are not aware of anyone that's  
23 manufacturing these anywhere in the world?

24 A I don't know about the world, but the manufacturers that  
25 we talked to, Itron, Lansing Gears, yes, sir. I'm not



1 aware that they're making analog meters.

2 JUDGE MACK: Mr. Cusumano, we've got a  
3 lot of people who want to do an examination. We've got  
4 to move this along. So, please.

5 Q (By Mr. Cusumano): O.K. Moving on, going to your chart  
6 Exhibit A-1 Schedule 1, could you show me where the  
7 savings are by switching to an AMI program for the  
8 average customer?

9 A On Schedule A-1, Exhibit A-1 Schedule 1, line 10 has a  
10 credit for AMI costs included in current rates, the 15  
11 cents. That is what is currently included in rate  
12 structure today. That's been credited from the cost of  
13 this Opt Out.

14 Q And how did you arrive at that figure?

15 A Exhibit 1 Schedule 7 gives you the methodology to be  
16 calculated to that 15 cents based on what was presented  
17 in Cases U-16472 and so put in those cases. The  
18 calculation comes through with depreciation, property  
19 taxes, O&M savings and such, to come out to the amount  
20 allocated to the residential customers, and finally a  
21 credit for the cost of that AMI to the customers in this  
22 case.

23 Q If the amount of people that decide to opt out is over  
24 the 4,000 figure that you have testified that you're  
25 using as your basis for this Opt Out, what would happen

1 with the next general rate case filing if it went up or  
2 down?

3 A I would tell you to respond to my -- my direct on page  
4 11, where this is in the next general rate case filing we  
5 will modify the fees accordingly, be it for customer or  
6 for costs. We will modify that rate case at that time.

7 Q And that would be, would be using the same basis as the  
8 charts exhibits that you gave us?

9 A I wouldn't say it would be the exact chart, but it would  
10 be very similar because it is a methodology for our  
11 calculation.

12 Q If at any time during the discussions of the amount of  
13 monies that was going to be paid for the Opt Out, did the  
14 discussion ever come up that the higher the amount, the  
15 less amount of people would be able to opt out?

16 A No, sir. We looked at what would be our cost of service  
17 principle for applying that against the customer base  
18 that we thought or expect to see based as 4,000  
19 customers.

20 Q On page 12, line 19, are you aware of activities in other  
21 states in regard to the opt out charges? You testified  
22 that to your knowledge California, Nevada, and Maine have  
23 determined charges that customers who opt out will incur  
24 as an opt out fee. Has any of those changed in your  
25 knowledge of it?

1 A From what I know about the opt out charges at that time,  
2 no, I don't see any -- I'm not aware of any changes at  
3 all.

4 Q So in California and Nevada and Maine there's still not  
5 allow -- their system or their programs, in your opinion,  
6 from your knowledge, they have not modified any of the  
7 original principles that the AMI program was put in place  
8 with?

9 A To my knowledge, I have not seen a correction on any of  
10 those utilities you that you mentioned in that statement.

11 Q And you also testified that Vermont had chosen to defer  
12 the charges their customers pay. Can you explain in your  
13 professional capacity how the Vermont utilities are able  
14 to do this?

15 A I am not at all privy to Vermont's regulatory process,  
16 nor the understanding of their rates or their fees, so  
17 I'll just tell you what I know, that there's been -- this  
18 particular state has taken a different route in that  
19 respect.

20 Q Was Vermont one of the states that you had visited with  
21 your team?

22 A No, sir, never did. Never visited that state at all.

23 Q Did you visit California?

24 A Yes, we did visit California.

25 JUDGE MACK: Mr. Cusumano, you're over an

1 hour into your cross. How much more do you have?

2 MR. CUSUMANO: I just have -- I only have  
3 one other question. It's kind of a sensitive question.

4 Q (By Mr. Cusumano): Michigan, being in the status that it  
5 is with the job factors and everything included going on  
6 here, we're all aware of it. The --

7 JUDGE MACK: Keep going.

8 (Persons indicating they can't hear.)

9 JUDGE MACK: You've got to keep your  
10 voice up, Mr. Cusumano.

11 Q (By Mr. Cusumano): O.K. Michigan, being in the economic  
12 status that it's in right now with the loss of jobs and  
13 the economy the way it is, everyone is basically  
14 struggling to find work and we have one of the highest  
15 unemployment rates in the country, as we all know. The  
16 majority of the meter readers that you have out reading  
17 meters right now for Detroit Edison, MichCon, what would  
18 you say the majority of them are in as far as minority is  
19 concerned?

20 MR. SOLO: Your Honor, objection to the  
21 form of the question. Objection to the narrative nature  
22 of the question, the testimony that's within that  
23 question, and object to scope based on the fact that the  
24 determination to utilize AMI in our service territory is  
25 not a part of this proceeding. That was the decision

1 made in the general rate proceeding and has nothing to do  
2 with the AMI Opt Out Program in any regard.

3 JUDGE MACK: Thank you, Mr. Solo. I'll  
4 sustain that on a narrative basis. You're testifying.

5 I'll sustain it on a compound basis.  
6 There's a number of questions in there.

7 What are you getting at with this  
8 question, Mr. Cusumano?

9 MR. CUSUMANO: Well, the majority of the  
10 meter readers that work for Detroit Edison are Afro  
11 Americans from the City of Detroit, and they are being  
12 laid off.

13 MR. SOLO: Objection, your Honor.  
14 Assumes facts not in evidence. Again this is testimony,  
15 not argument.

16 JUDGE MACK: I'll sustain that objection.  
17 There is no basis on this record for that assertion.

18 MR. CUSUMANO: O.K.

19 MR. SOLO: In fact, your Honor, I move to  
20 strike from the record the narrative content of his  
21 question.

22 JUDGE MACK: That question is stricken.

23 Mr. Cusumano, do you have anything else?

24 MR. CUSUMANO: No, your Honor. That's  
25 enough.

1 JUDGE MACK: Thank you. We are going to  
2 go off the record. We're going to come back at 10:45.  
3 And we will resume at 10:45, so if you're not here, I'll  
4 call your name and we'll just move on. But we can't wait  
5 for everybody. So let's go off the record.

6 (Brief recess from 10:30 to 10:45 a.m.)

7 - - -

8 JUDGE MACK: We're back on the record.  
9 Mrs. Cusumano, do you have any cross-examination?

10 MRS. CUSUMANO: Yes, I do, your Honor.

11 CROSS-EXAMINATION

12 BY MRS. CUSUMANO:

13 Q Mr. Sitkauskas, in your direct testimony in this case you  
14 indicated you were the manager of the AMI team. In your  
15 capacity and in rendering your decisions, does DTE own  
16 their own lines and are they responsible for the cost of  
17 those lines?

18 A I would ask you to make sure we understand what the lines  
19 mean, because there are transmission lines and there are  
20 distribution lines, and there is -- I don't know the real  
21 rules of the ITC company and how much they own in  
22 transmission lines.

23 Q O.K. Explain to me what are transmission lines.

24 A To the best of my knowledge they're the large again  
25 transmission from the power plants to our substation

1 areas, and then down from the substation to the  
2 distribution lines.

3 Q So the distribution lines are the lines that carry the  
4 line from the pole to the home, is that what you're  
5 saying?

6 A Carry power from the home backwards, yes.

7 MR. SOLO: Your Honor, I would make an  
8 objection regarding scope and relevance. They sound like  
9 they're foundational questions, but I'm struggling to  
10 understand to what end.

11 JUDGE MACK: Where are we going, Mrs.  
12 Cusumano?

13 MRS. CUSUMANO: We're going to where it  
14 relates to monthly service charges on everyone's bill.  
15 And Mr. Sitkauskas said it was a cost factor in his  
16 direct testimony.

17 JUDGE MACK: There is a variety of cost  
18 factors that Edison incurs.

19 MRS. CUSUMANO: I understand.

20 JUDGE MACK: Maybe just get to the cost  
21 factor.

22 MRS. CUSUMANO: I need to ask certain  
23 questions to understand that as a foundation.

24 JUDGE MACK: O.K. But the problem is,  
25 this process is not for your understanding. This process

1 is to create a record. And if you keep trying to develop  
2 an understanding, you're going to get an objection, and a  
3 valid objection.

4 When you asked the question between  
5 distribution and transmission, it raised a question in my  
6 mind. So with that, if you can get to where you have to  
7 go.

8 Q (By Mrs. Cusumano): Is Detroit Edison responsible for  
9 the lines from the pole to the house?

10 A Responsible for the lines from the pole to the house?

11 Q Yes.

12 A That's considered a service drop. And if it is in the  
13 respect of keeping it up, it would be a Detroit Edison  
14 charge, yes. I mean operation.

15 Q Is that an operational cost or a service charge?

16 A It's included in our cost of distribution and service  
17 charges. I can't tell you exactly what individual aspect  
18 is in there, but it is in those costs. Again -- that's  
19 enough.

20 Q So from what I understand, you're saying it is a  
21 distribution charge and a cost?

22 A Again, it is -- the cost of the lines is in our  
23 distribution service charges. I can't tell you exactly  
24 the form or the position that it is in those charges.  
25 But it is in the charge, it does go to the customer.



1 Q It is charged to the customer. O.K. Is DTE responsible  
2 for trimming the trees?

3 MR. SOLO: Objection, your Honor.

4 Q (By Mrs. Cusumano): For the lines to the house?

5 JUDGE MACK: Mr. Solo.

6 MR. SOLO: Objection, your Honor. It's a  
7 renewed objection for the same exact reason I previously  
8 stated, your Honor.

9 MRS. CUSUMANO: May I respond, your  
10 Honor?

11 JUDGE MACK: Yes.

12 MRS. CUSUMANO: It goes directly to cost,  
13 your Honor. Because if he says that they are charging  
14 the customer as a form of a distribution charge and it is  
15 being charged to the customer, then it's important to  
16 know who owns the line and who is paying for the repair  
17 to that line. If it directly goes to our bills, the  
18 customer is entitled to know how that works.

19 JUDGE MACK: Well, I don't dispute that,  
20 but how is that relevant here? How that does go cost of  
21 service principles in this case? Are you going to go all  
22 the way back to the system with the generation, to the  
23 purchase of coal?

24 MRS. CUSUMANO: No. My point was, your  
25 Honor, that where do the costs to service the customer

1           come in if the utility does not own the line? I need to  
2           know if they own the line, how is that cost related to  
3           our bills on a monthly basis. If they don't own the line  
4           and they don't service it from the pole to the home and  
5           we own the line, where are the distribution costs coming  
6           from that are on his spreadsheet?

7                         MR. SOLO: Your Honor, if I may respond?

8                         JUDGE MACK: Go ahead, Mr. Solo.

9                         MR. SOLO: That entire discussion and  
10           dialogue is related to a Detroit Edison general rate  
11           proceeding that would address the cost of operating the  
12           utility system, managing the utility system, distributing  
13           energy to the customer location, including the cost  
14           recovered from the meters. None of that content has  
15           anything to do with the AMI Opt Out Proposal, and that's  
16           the basis that it's relevant.

17                        I appreciate why somebody focussed on  
18           utility costs may be interested in the subject matter,  
19           but this is not the case nor the place for that  
20           discussion.

21                        JUDGE MACK: Mrs. Cusumano, response to  
22           that?

23                        MRS. CUSUMANO: Yes, your Honor. I  
24           disagree with Mr. Solo because the wireless lines that  
25           are being utilized on the AMI smart meter or digital

1 meter are utilizing -- I'm sorry. The meters are  
2 utilizing the lines. So even though he says it doesn't  
3 come to an opt out cost, he is suggesting or Detroit  
4 Edison is suggesting that there are cost factors related  
5 to an opt out fee. So in order to determine the  
6 distribution cost that is being rendered for the opt out,  
7 I'd like to know, how does that -- is it a bundled cost?  
8 Is it a generated independent cost? How does that play a  
9 role for us to be able to reduce our fees on an opt out?

10 JUDGE MACK: But there is a schedule here  
11 in this exhibit.

12 MRS. CUSUMANO: I understand.

13 JUDGE MACK: But you're going into  
14 forestry costs, you're going into distribution. You  
15 asked about transmission. And none of that is relevant.  
16 That is, as Mr. Solo indicated, that's a rate case. That  
17 is not this case. So if you want to ask the witness  
18 questions about his exhibits, I'll allow that to a point.  
19 But I'll sustain the objection.

20 MR. SOLO: Thank you, your Honor.

21 Q (By Mrs. Cusumano): Mr. Sitkauskas, was there a study of  
22 meter reading that was endorsed by your team for a cost  
23 basis?

24 A I don't understand what you're asking me for in that  
25 context of the question.

1 Q In other words, did you do studies of the meter reading  
2 cost to present to a member of DTE specifically?

3 A Again it's unclear to me as to what you're asking. I  
4 don't know what you're asking. We do studies all the  
5 time with cost of reads.

6 Q Well, how did you arrive at a cost factor? What was the  
7 factors, cost factors, that made you come to a conclusion  
8 that a certain assessed value should be charged based on  
9 your 4,000 people that you say you expected in the pilot  
10 program? Is that correct?

11 MR. SOLO: Objection, your Honor.  
12 Assumes facts not in evidence. That is not Mr.  
13 Sitkauskas's testimony.

14 MRS. CUSUMANO: But Mr. Sitkauskas had  
15 testified that they used the figure of 4,000 people from  
16 his own testimony, and that is the calculation that was  
17 used by his own testimony. So --

18 JUDGE MACK: Don't talk to Mr. Solo; talk  
19 to me.

20 MRS. CUSUMANO: I'm sorry.

21 JUDGE MACK: You're not arguing with Mr.  
22 Solo. He has objected.

23 MRS. CUSUMANO: Yes, your Honor.

24 JUDGE MACK: I believe his objection goes  
25 to the fact where you said it came from, the pilot

1 program?

2 MRS. CUSUMANO: Yes, your Honor.

3 JUDGE MACK: Is that your objection,  
4 Mr. Solo?

5 MR. SOLO: Your Honor, I also want to be  
6 careful not to testify, but for the sake of clarifying  
7 the testimony that's of record in this case, the 4,000  
8 number of anticipated individuals opting out is tied to  
9 the specific AMI opt out cost to divide into, not the  
10 general AMI infrastructure cost or the deployment of AMI  
11 costs. That's the distinction I was trying to draw, your  
12 Honor.

13 JUDGE MACK: I understand. O.K. So your  
14 question is what, Mrs. Cusumano?

15 MRS. CUSUMANO: I think I'm now confused.  
16 O.K.

17 JUDGE MACK: O.K.

18 MRS. CUSUMANO: I think my question is,  
19 your Honor -- If I may withdraw that? I'll come back to  
20 that.

21 JUDGE MACK: Go ahead.

22 Q (By Mrs. Cusumano): Do meter readers fall under union  
23 contracts?

24 A Our meter readers are under union contract as well as  
25 service contracts. They're mixed.

1 Q Are they part of the pipeline union?

2 A They're part of Local 223, Utility Workers Association.

3 Q Utility what, please?

4 A I'm pretty sure it's the Utility Workers Association.

5 I'm not very positive on that one. But I don't think  
6 it's the pipe-fitters.

7 Q If DTE is creating loss of jobs with a smart meter, the  
8 AMI system eliminates the meter readers, it can be  
9 construed if not the truth that DTE does not want the  
10 large amount of meters, meter readers on their payroll;  
11 isn't that true?

12 MR. SOLO: Objection, your Honor. And  
13 also move to strike that question as being narrative and  
14 testimony in the form of a question. In addition, it's  
15 outside the scope of this case, similar to the final  
16 question asked by Mr. Cusumano. Same objection, your  
17 Honor.

18 JUDGE MACK: That was, Mrs. Cusumano,  
19 that was a narrative, assumes facts not in evidence.  
20 Again, right now you're asking the witness questions and  
21 you're not testifying. So I'll sustain the objection.

22 MRS. CUSUMANO: Thank you, your Honor.

23 Q (By Mrs. Cusumano): As the issue of job loss is becoming  
24 known to the general public, Mr. Sitkauskas, isn't this  
25 presenting a bad customer image because they are

1 affecting the meter readers and loss of jobs?

2 MR. SOLO: Objection, your Honor. Same  
3 basis as previously mentioned.

4 JUDGE MACK: Mrs. Cusumano, response?

5 MRS. CUSUMANO: I think that it's very  
6 important for DTE to realize that there is a lot of  
7 dissatisfaction with the general public with regard to  
8 DTE and the way they operate, this being one of the many  
9 things I'm trying to show that DTE's position is that  
10 they just don't take the concerns of the customer into  
11 account, and this is one way to demonstrate that this is  
12 habitual.

13 JUDGE MACK: This is not the place --

14 MRS. CUSUMANO: O.K. Thank you, your  
15 Honor.

16 JUDGE MACK: -- to establish that point.  
17 That objection is sustained.

18 MRS. CUSUMANO: Thank you, your Honor.

19 MR. SOLO: Thank you.

20 Q (By Mrs. Cusumano): I need some clarification that  
21 Dominic had asked you before, and I am still a little bit  
22 confused. Throughout Michigan, how many meters on  
23 average does a meter reader read in a day?

24 A For the mass residential reading customer, which is when  
25 we're reading the routes once a month, the routes will be

1 engaged anywhere from a simple 200 up to even 700 meters  
2 per route. It all depends on density of the meters,  
3 proximity same as density, and the ability to get to that  
4 meter. Those are production mass unit reads.

5 Q When your meter readers go out and it's mass, do they  
6 read two meters, the gas and electric, as part of their  
7 contracts?

8 A For the meters that are under our responsibility, when  
9 they are at the site they will read all the meters at  
10 that site. I'm saying -- because it has to be a DTE gas  
11 meter and a DTE electric meter as well. We do not read  
12 Consumers meters in that respect.

13 Q So I'm not sure I understood. You say you read both  
14 meters?

15 A We will read all the meters of DTE Energy when we're at  
16 that site to read those meters.

17 Q Do you charge your customers for reading those meters?

18 A Again that's in our full distribution and service  
19 charges, and that's how they are charged across the  
20 board.

21 Q So is it fair to assume then that if you are charging the  
22 customer and you say you have 200 to 700, would you not  
23 multiply that times two to determine how many meters are  
24 actually read, and then it reduces your cost factor?

25 A I would say no. What it is is, it's all the meters



1           there, all the service, all the cost of labor reading,  
2           and so they do calculate out to this credit actually that  
3           we're putting on your bill, or the opt out, of the 45  
4           cents.

5       Q     You're using 45 cents for that?

6       A     For the credit for meter reading currently in the rates.

7       Q     When reading the meters, isn't it general practice for  
8           the meter reader to report leaks, corrosion, or damages  
9           to the meter?

10      A     The meter --

11                               MR. SOLO: Your Honor, objection again.  
12           These questions are outside the scope of this case.  
13           They're not relevant to this proceeding, they're not in  
14           any manner related to the AMI Opt Out Program or its  
15           associated costs.

16                               JUDGE MACK: Mrs. Cusumano.

17                               MRS. CUSUMANO: Your Honor, it goes  
18           directly to the cost of repairs and eventually to the  
19           general public.

20                               JUDGE MACK: I would tend to agree with  
21           you. If your question is: Do meters detect problems,  
22           meter readers detect problems that may impact cost, maybe  
23           a hidden cost that's not in this project, I'll allow  
24           that.

25                               So do you recall the question, Mr.

1 Sitkauskas?

2 THE WITNESS: Yes. Thank you, Judge.

3 A When our meter readers are at the site, or any employee  
4 is at the site, they go ahead and they do look for any  
5 unusual conditions. That can be again the reader or  
6 anybody, a field service man or lady, anyone who visits  
7 the site.

8 Q Under this new program that you are proposing for the  
9 digital meter, how are you going to be able to determine  
10 leaks from the units if you are going to get rid of the  
11 meter reader?

12 MS. BARONE: Your Honor, I'd object.  
13 It's not clear that what Mrs. Cusumano is referring to  
14 here, if she is referring to the tariff that permits a  
15 customer to opt out or whether she is referring to the  
16 Company's overall plan to use meters that are capable of  
17 transmission.

18 JUDGE MACK: I would agree. That's a  
19 very broad question. What are you trying to get at?

20 MRS. CUSUMANO: Well, my suggestion, your  
21 Honor, is that since they are there and they are under  
22 their employee agreement to read the meters and to report  
23 all the problems with the meters, the customer is going  
24 to absorb these costs. In so doing, if they do not have  
25 a meter reader, how are they going to determine this

1 cost, this leak issue, and they're charging the customer  
2 anyhow?

3 JUDGE MACK: What's the leak?

4 MRS. CUSUMANO: Well, not leak, your  
5 Honor. Say issues dealing with corrosion or damages or  
6 any kind of thing that they normally report back to  
7 their --

8 JUDGE MACK: O.K. Then that's the  
9 question you want to ask.

10 MRS. CUSUMANO: O.K.

11 JUDGE MACK: And ask that question.

12 Q (By Mrs. Cusumano): Mr. Sitkauskas, did you understand  
13 the form of that question?

14 A I'd like you to ask the question, make sure we answer it  
15 properly.

16 Q Sure. If you choose to enforce the public to take the  
17 AMI meter, how are you going to be able to determine if  
18 there are leaks, corrosion, or damages to the meter?

19 MR. SOLO: Your Honor, now I need to  
20 object to this question. This case is not about the  
21 determination by the Commission to adopt the AMI program.  
22 That has been decided in the last three previous Detroit  
23 Edison general rate proceedings. This case is about the  
24 Opt Out Program.

25 JUDGE MACK: I would agree, Mr. Solo.

1 You framed that question in such a way that you're  
2 bringing in that issue, which is beyond the scope of this  
3 hearing. If you're trying to ask this witness --

4 MRS. CUSUMANO: Yes, your Honor?

5 JUDGE MACK: -- is there any contingency  
6 or any plan for observing problems that meter readers may  
7 observe, that is the question you want to ask him. And  
8 please, stay away from "forcing" and things of that  
9 nature.

10 MRS. CUSUMANO: Yes, your Honor.

11 JUDGE MACK: You're a party to the  
12 proceeding. You're cross-examining the witness. Do not  
13 editorialize in your questions.

14 MRS. CUSUMANO: Thank you, your Honor.

15 JUDGE MACK: Go ahead.

16 Q (By Mrs. Cusumano): Mr. Sitkauskas, are you going to  
17 have people to go out to check the meters for repairs,  
18 leaks, corrosion, or damages?

19 A So the corrosion and leaks would be gas meters I believe  
20 you're speaking to. Again we're talking about electric  
21 opt out in this respect. But with respect to the  
22 programs that are there from our gas side of the house  
23 which requires we do certain inspections, we will  
24 continue to comply with whatever inspection is required  
25 by us.

1 Q So you still will have a cost associated with that; is  
2 that not correct?

3 MR. SOLO: Objection, your Honor. The  
4 costs associated with maintaining our, frankly, electric  
5 or gas distribution systems is not relevant to this  
6 particular case and is not related to the costs  
7 associated with the AMI Opt Out Proposal.

8 JUDGE MACK: I would agree, Mr. Solo.  
9 Ms. Cusumano, the answer you got pertained to gas. The  
10 witness did not testify that a cost will be incurred for  
11 electric meters. So you're assuming something that is  
12 irrelevant in this proceeding. It's gas.

13 Q (By Mrs. Cusumano): Mr. Sitkauskas, how many direct  
14 employees read meters for DTE?

15 A Truthfully, I don't know the individual exact number of  
16 readers. We contract for a lot of our services. We  
17 contract by route as opposed to by person. That's been  
18 going on for many years. Actually since 1995 that we  
19 have been contracting services. I think that was the  
20 year, it may have been before that. So again we contract  
21 with a service of meter reading routes. Our meter  
22 readers that we do have do a third, about one-third per  
23 year, the ones we did have.

24 Q I'm going to go back to your direct testimony.

25 A Thank you.

1 Q If your service customer wishes to opt out and the meter  
2 isn't placed on the building, isn't the area and the  
3 building and people in it still be affected by EMF  
4 covering the area?

5 MR. SOLO: Objection, your Honor. The  
6 discussion about EMF and emitting or not emitting from  
7 the meter has been previously determined by your Honor to  
8 be outside the scope of this case, consistent with your  
9 rulings associated with the direct testimony of many  
10 witnesses being stricken in this matter. This question  
11 is pursuing that same line, your Honor.

12 JUDGE MACK: Thank you. Sustained. My  
13 holding last week on the motions to strike control.

14 Q (By Mrs. Cusumano): How does the AMI smart or smart  
15 meter or digital meter talk to the terminal? What type  
16 of technology does it use?

17 A For the technology, the Itron employs a mesh technology  
18 using a 900-megahertz radio that talks to a collector.  
19 Or communicates with a collector instead of the word  
20 talk.

21 Q So with that in mind, as part of your AMI team and  
22 managerial team, as part of your visits to the sites,  
23 name the components in the wireless access network in the  
24 average geographic area covered by relays, routers,  
25 collector, towers, or antennas.

1 MR. SOLO: Objection, your Honor,  
2 relevancy, outside the scope of this case.

3 MRS. CUSUMANO: It goes to costs.

4 JUDGE MACK: Well, Mrs. Cusumano, --

5 MRS. CUSUMANO: Yes?

6 JUDGE MACK: I know you're going to say  
7 everything goes to costs.

8 MRS. CUSUMANO: Yes, your Honor.

9 JUDGE MACK: But you have to say why it  
10 goes to cost. That is a very broad question, so I will  
11 strike that question. It's much too broad.

12 Q (By Mrs. Cusumano): Are you the sole person in charge of  
13 making decisions relative to the AMI?

14 A No, ma'am.

15 Q Are you the sole person in charge of finalizing decisions  
16 relative to the AMI?

17 A No, ma'am.

18 Q Who is in charge of making those decisions and who is in  
19 charge of financing? Let's go to the making decisions  
20 first.

21 A I would have to have you clarify as to what the decision  
22 is that you're being -- that we're being asked to answer  
23 about.

24 Q Mr. Sitkauskas, as part of your cost to initiate your AMI  
25 pilot program, did you do health studies and costs

1 associated with adverse health effects from the  
2 deployment of the meter?

3 A No, we didn't.

4 MR. SOLO: Objection, your Honor.

5 JUDGE MACK: Same?

6 MR. SOLO: Relevancy, scope.

7 JUDGE MACK: Sustained. Health is not an  
8 issue in this proceeding. My rulings on the motions to  
9 strike control.

10 MRS. CUSUMANO: So your Honor, if I am  
11 understanding this correctly, if I were to ask that same  
12 question with regard to the safety and privacy, and these  
13 factors play a huge role in terms of liability, and cost  
14 associated, that does not have any merit in this hearing?

15 JUDGE MACK: No, ma'am. I am not going  
16 to make a determination on potential liability facing The  
17 Detroit Edison corporation for the deployment of smart  
18 meters. That is not an issue in this case. It is --

19 MRS. CUSUMANO: So it isn't --

20 JUDGE MACK: Don't interrupt me. It is  
21 not a cost of service principle.

22 Q (By Mrs. Cusumano): Mr. Sitkauskas, you said that you or  
23 your team did case studies from other states to examine  
24 what the other states were doing?

25 A You'd have to explain case studies of what for me to



1 answer that question.

2 Q What case studies did you examine in the State of  
3 Michigan to determine the cost burden or risks associated  
4 with deploying the AMI without a tariff?

5 A We did visit other utilities in the State of Michigan,  
6 Cherryland for one in particular, to see how they were  
7 rolling out their system. But that's the extent of the  
8 study.

9 JUDGE MACK: Let me note that the  
10 mechanical device -- whatever that is -- has come on, the  
11 mechanical device, so Mr. Sitkauskas, if you could just  
12 project that out. And Mrs. Cusumano, go ahead, please.

13 Q (By Mrs. Cusumano): Mr. Sitkauskas, who directed the Opt  
14 Out Proposal?

15 A Do you mean the tariff that we have submitted as a  
16 request here? It was a team of us, but under my  
17 direction.

18 Q So if a party chooses to opt out, is the meter's  
19 signature affixed to such an instrument for the opt out  
20 automatically signing a new tariff with your Company?

21 A I don't know what you're speaking to. Who is signing  
22 what?

23 Q The contract.

24 A Again --

25 Q And the ratepayer.

1 MR. SOLO: Objection to the form of the  
2 question. In addition, it's unclear and ambiguous with  
3 regard to what's being asked of the witness, your Honor.  
4 I was prepared to make an objection that it was asking  
5 for a legal conclusion, but I'm not prepared to make that  
6 at this juncture because I don't understand the question.

7 JUDGE MACK: Mrs. Cusumano, that had a  
8 number of fact sets, that question. You talked about a  
9 tariff, you talked about a contract, you talked about a  
10 customer. I assume you're talking about exhibit,  
11 proposed Exhibit A-2?

12 MRS. CUSUMANO: Yes, your Honor.

13 JUDGE MACK: O.K. So what is your  
14 question regarding that proposed exhibit?

15 Q (By Mrs. Cusumano): My question is: Under this current  
16 tariff -- The AMI program is not in the current tariff;  
17 is that correct?

18 A There is not a singular tariff for AMI. It is part of  
19 our distribution and service charges. And again, as we  
20 put in here, it's a credit for the customer on line 10 of  
21 my Exhibit A-1 Schedule 1, that's already in the rates.  
22 The 15 cents is being credited back to the customer who  
23 opts out.

24 Q I just asked a question, though. I just want to know:  
25 Is the current tariff as written, does not or does allow

1 the AMI smart meter or digital meter to be placed on a  
2 home?

3 MR. SOLO: Objection, your Honor, to the  
4 extent that the question is asking for a legal opinion  
5 about what the tariff does and does not permit. That's  
6 objectionable, your Honor, and Mr. Sitkauskas's testimony  
7 is not regarding the entire offering of tariffs for The  
8 Detroit Edison with regard to our service provisions.

9 JUDGE MACK: But he testified regarding  
10 this proposed tariff.

11 MR. SOLO: Granted, your Honor. But I  
12 believe that what she was referring to is all of the  
13 other tariffs other than the proposed Exhibit A-2, which  
14 is our proposed Opt Out tariff.

15 JUDGE MACK: I don't believe that asked  
16 for a legal conclusion. And if the witness is unaware or  
17 unable, he can certainly answer that. That question was  
18 compound.

19 But are you trying to ask this witness  
20 whether there is a tariff concerning opt out at this time  
21 that's been approved by the Public Service Commission?

22 MRS. CUSUMANO: Well, I'm trying to  
23 establish that there is not a current tariff, and they  
24 are proposing a new tariff.

25 JUDGE MACK: That's been established.

1           What they're proposing is proposed Exhibit A-2.

2                       MRS. CUSUMANO: Right, exactly. That's  
3 my understanding.

4                       MRS. CUSUMANO: So in so doing a  
5 proposal, and he says that he drafted the Opt Out  
6 Proposal, in order to do a tariff don't you have to have  
7 a hearing regarding the redefined --

8                       JUDGE MACK: Hold on. We're still  
9 dealing with the objection. And the objection was, your  
10 question was compound.

11                      MRS. CUSUMANO: O.K.

12                      JUDGE MACK: And what is your question  
13 now? We have got proposed Exhibit A-2, which is a tariff  
14 that the Company is seeking approval. So what is your  
15 question?

16 Q           (By Mrs. Cusumano): By signing the Opt Out Proposal,  
17 what rights is the taxpayer or ratepayer giving up?

18 A           Again I have to understand what you mean by rights.  
19 We're giving service to the customer. There are benefits  
20 of AMI that you would not get should you select the opt  
21 out.

22 Q           With your proposed tariff, you are utilizing the lines  
23 inside the home in order for a chip to talk to your end  
24 use device, correct?

25                      MS. BARONE: Your Honor, I'm going to

1 object.

2 JUDGE MACK: Go ahead, Ms. Barone.

3 MS. BARONE: I believe the witness again  
4 is arguing with the fact that the Company has these AMI  
5 meters and they're included in rates. And as your Honor  
6 has ruled, that's outside the scope of this case.

7 JUDGE MACK: Thank you, Ms. Barone. Mr.  
8 Solo?

9 MR. SOLO: That's essentially the same  
10 objection, your Honor, that I was making.

11 JUDGE MACK: I would agree with that,  
12 Mrs. Cusumano. And I guess I'm confused. I don't know  
13 what that question is getting to. So I'll sustain that  
14 objection.

15 Q (By Mrs. Cusumano): Does the utility company exercising  
16 the proposed opt out tariff have a right to change a  
17 meter any time it sees fit to upgrade without the owner's  
18 consent?

19 A The utility owns the meter, so with respect to us as a  
20 utility to provide you with the most efficient and  
21 affordable level of service, yes.

22 Q Now I come back to the question I originally started with  
23 about who owns the lines. I was trying to establish who  
24 owns the lines and what rights that is being granted to a  
25 utility company to utilize the lines. So when we first

1 started I was asking you about who owns what lines and  
2 how it works.

3 And I would like to understand or  
4 establish, if I can, when your end use device is on the  
5 home, is it capable of transmitting more than just the  
6 time of use or usage and does it collect other  
7 information?

8 MR. SOLO: Your Honor, I object to form.  
9 It's clearly a compound question of multiple parts,  
10 including some narrative. Perhaps if the question is  
11 only limited to the tail end of that, it may be  
12 permissible, if it was restricted.

13 JUDGE MACK: It is a compound question,  
14 Mrs. Cusumano. Again you're using, I believe, some exact  
15 terms that I don't know if we're all on the same page.  
16 You're talking about line and end use. Again maybe  
17 sometimes it's better to just ask a question, just as  
18 brief as it can be.

19 MRS. CUSUMANO: O.K. I'll try to do it  
20 this time.

21 JUDGE MACK: Thank you.

22 MRS. CUSUMANO: I'm sorry

23 JUDGE MACK: No, no.

24 Q (By Mrs. Cusumano): Mr. Sitkauskas, your meter that you  
25 put on the home, is it considered an end use device?

1 A No. It's a recording device of what power is being used  
2 at that site. I would never term it end use. You'd have  
3 to define end use for me first.

4 Q Well, end use, if I am allowed to request your  
5 understanding and my understanding, an end use is the  
6 device that gets attached to the home. It's on the home.  
7 And that device needs to speak to somebody, which is the  
8 routers, the collectors, and the receptors. Is that  
9 correct?

10 A For an AMI system, that meter at that site must  
11 communicate outward, a two-way communication system, yes.

12 Q To the routers, to the collectors, and to the receptors,  
13 correct?

14 A To the collection point, yes.

15 Q That is called your collections point. From that  
16 collection point it goes to your main terminal; is that  
17 correct?

18 A It communicates through our infrastructure to our  
19 downtown systems, yes.

20 Q Does the meter transmit to a hub meter in the  
21 neighborhood?

22 A This is a mesh technology, so there is a collector  
23 somewhere in the system that will engage that particular  
24 meter's data.

25 Q And can you kindly describe what a mesh technology is?

1 A Simply said, the meters talk to each other in their  
2 communication links and provide information out from a  
3 collector to the downtown billing system or whatever  
4 system we're gathering it from.

5 Q Mr. Sitkauskas, do you know what a wireless -- excuse me.  
6 Strike that.

7 Do you know what a wireless smart meter  
8 is in comparison to a wired coaxial smart meter system?

9 MR. SOLO: Your Honor, I'd like to renew  
10 an additional objection regarding scope and relevancy.  
11 I've been patiently listening, assuming these were  
12 foundational questions that were leading up to some type  
13 of relevant question. It appears that that is not in  
14 sight. Accordingly, I object for relevancy and scope on  
15 this line of questioning.

16 JUDGE MACK: How is that relevant, Mrs.  
17 Cusumano, this witness's knowledge of these types of  
18 meters?

19 MRS. CUSUMANO: Your Honor, it goes to  
20 the cost of options other than just the wireless smart  
21 meter. There's other options, like fiber optic, wired  
22 system, and things that will not generate that adverse  
23 health effects. So I'd like to understand, did he  
24 exercise other options other than a wireless smart meter,  
25 and what are the costs?



1 JUDGE MACK: How does that fit under my  
2 ruling earlier that health effects are not at issue in  
3 this case, that they have been decided by the Commission  
4 in U-17000?

5 MRS. CUSUMANO: Different options, your  
6 Honor.

7 JUDGE MACK: Different options. Go  
8 ahead, Mr. Solo.

9 MR. SOLO: Your Honor, if I may, and I  
10 have tried to articulate this clearly in prior  
11 objections. The type of meter, the decision to deploy  
12 AMI throughout Detroit Edison's service territory was a  
13 matter of controversy in prior rate cases, and that  
14 determination of what option or lack of options, if you  
15 will, if any, were addressed in those proceedings.

16 This case is simply about the approval of  
17 the Opt Out Program that assumes the type of meter was  
18 built into rates and part of our general rate process,  
19 and it's not related to this case in that respect.  
20 There's a continued discussion that it relates to costs  
21 and so forth. This case is narrowly limited to the costs  
22 that are utilized to build the Opt Out Program, not the  
23 broad AMI infrastructure program. That was part of the  
24 prior general rate cases. So I apologize for being so  
25 wordy, but I think it's important to reiterate that

1 distinction.

2 JUDGE MACK: So it's your argument that  
3 the type of meter has been determined or is not at issue  
4 in this particular proceeding.

5 MR. SOLO: Certainly, your Honor. But  
6 specifically that the costs associated with the recovery  
7 of the meters utilized throughout Edison's service  
8 territory were part of the general rate proceeding, not a  
9 part of this proceeding. We are not seeking the cost to  
10 recover our meter cost in this case in any regard. It's  
11 only the costs associated with the operation of the AMI  
12 Opt Out Program. And that's the distinction I'm trying  
13 to make, your Honor.

14 JUDGE MACK: And that's a point well  
15 taken. Mrs. Cusumano, is it your intent to attempt to  
16 establish through this witness that another type of  
17 technology should be used?

18 MRS. CUSUMANO: Yes, your Honor.

19 JUDGE MACK: How is that relevant in  
20 light of what Mr. Solo just argued?

21 MRS. CUSUMANO: Well, my question is:  
22 Did they compare different costs and, as to other states,  
23 as Mr. Sitkauskas has stated in his testimony, that they  
24 studied other states, other states as California,  
25 Vermont, Maine, Hawaii are using an analog meter.

1 JUDGE MACK: But that doesn't --

2 MRS. CUSUMANO: And to -- excuse me.

3 JUDGE MACK: I'm sorry, go ahead.

4 MRS. CUSUMANO: And so the options should  
5 be available to Michigan people to have that same  
6 opportunity to keep their analog meter and reduce their  
7 costs.

8 JUDGE MACK: I understand that's your  
9 argument.

10 MRS. CUSUMANO: O.K.

11 JUDGE MACK: But what I have got is an  
12 objection that it goes beyond the scope of this  
13 proceeding. And this proceeding is: What should the opt  
14 out fee be under the Commission's order in U-17000?

15 MRS. CUSUMANO: May I ask you one  
16 question, your Honor?

17 JUDGE MACK: No, you can't ask me  
18 questions. So again, your contention is other states are  
19 allowing an analog meter, so Michigan should do it?

20 MRS. CUSUMANO: Yes.

21 JUDGE MACK: O.K. My holding is that  
22 it's irrelevant. Mr. Solo accurately characterized the  
23 nature of this case. Prior rate cases dealt with those  
24 issues that you're attempting to ask this witness about,  
25 so I will sustain your objection. Go ahead, Mrs.

1 Cusumano.

2 Q (By Mrs. Cusumano): So Mr. Sitkauskas, were there any  
3 other type of meters that you gave the public as an  
4 option?

5 MR. SOLO: Your Honor, objection for all  
6 the same reasons we just discussed.

7 JUDGE MACK: That's the same question,  
8 Mrs. Cusumano.

9 MRS. CUSUMANO: Sorry, your Honor.

10 JUDGE MACK: That's sustained.

11 Q (By Mrs. Cusumano): Did DTE consider in its  
12 determination of the pilot program phase the entire State  
13 of Michigan in its calculations?

14 A Calculations of what?

15 Q Costs.

16 A For what?

17 Q Opt Out.

18 A For the Opt Out. We took our cost as put in my Schedule  
19 Exhibit A-1 for the Opt Out assuming we had 4,000  
20 customers opting out.

21 Q How did you arrive at a 4,000 customer base and how did  
22 you make that assessment?

23 A On page 16 of my rebuttal testimony, lines 3 through 7,  
24 is how we calculated the 4,000 customers based on what we  
25 knew at the time of customers that had requested

1           potentially to opt out.

2       Q       So are you saying that that was five years ago?

3       A       No, ma'am. This was June of -- March of this year.

4           Excuse me, June.

5                               JUDGE MACK: Maybe the record should be  
6       clear, your rebuttal testimony was filed on December 6 of  
7       2012.

8       A       Thank you. Yes.

9                               JUDGE MACK: So your answer is as of  
10      December?

11      A       As of December through my rebuttal testimony, yes, sir.

12                              JUDGE MACK: Thank you.

13      Q       (By Mrs. Cusumano): Mr. Sitkauskas, when you put your  
14      meter on the property as an end use device, as I used  
15      that language before, and to determine usage and rates,  
16      does the smart meter create harmonics or pulses into the  
17      structure of the property?

18                              MR. SOLO: Objection, relevancy.

19                              JUDGE MACK: Sustained.

20      Q       (By Mrs. Cusumano): How does the electrical lines talk  
21      to the appliances?

22                              MR. SOLO: Objection, unclear, vague,  
23      incapable of answering in the present form.

24                              JUDGE MACK: Mrs. Cusumano.

25                              MRS. CUSUMANO: Yes, sir?

1 JUDGE MACK: What are you asking?

2 MRS. CUSUMANO: They are proposing to  
3 take a time of use based on different appliances and  
4 items inside a home. In order for them to make that  
5 calculation, I am trying to determine how does that  
6 particular meter talk to that particular appliance? How  
7 does it read that appliance to determine its cost?

8 MR. SOLO: Your Honor, if may respond to  
9 that statement?

10 JUDGE MACK: No, no. We've got an  
11 objection. The basis of your question is the AMI meters  
12 communicating with appliances within the home?

13 MRS. CUSUMANO: Yes, your Honor.

14 JUDGE MACK: And again how would that go  
15 to cost of service?

16 MRS. CUSUMANO: Because we currently have  
17 an analog meter that gives us generated costs, but now  
18 they are taking an advanced meter structure that is no  
19 longer just giving you the same output of information,  
20 they're taking it and they're generating more costs to  
21 see where your use is going. So if they're doing that,  
22 I'd like to know why this is being implemented, how is it  
23 these costs are going to affect us? Because rates are  
24 going to go up and we have a very depressed economy.

25 JUDGE MACK: Mr. Solo, that line of

1 questioning, would you object to that?

2 MR. SOLO: Well, I certainly object. And  
3 it assumes facts not in evidence in this case, your  
4 Honor.

5 MS. BARONE: Your Honor, I'd also object,  
6 if I may, just on relevance.

7 JUDGE MACK: Yes. It assumes a lot of  
8 facts not in evidence. So I will sustain that objection.  
9 Go ahead, Mrs. Cusumano.

10 Q (By Mrs. Cusumano): Does the cell towers relay the  
11 information back to your collection point for data entry?

12 A There is a collection point that does relay the  
13 information back. As to where it's positioned, I won't  
14 say it's a cell tower.

15 Q To determine costs -- I'm not sure I asked you this  
16 question before -- has DTE or the utility company  
17 measured the routers, collectors, receptors, which the  
18 end user speaks to, to transmit information?

19 MR. SOLO: Objection, your Honor. The  
20 costs that she's referring to are related to the AMI  
21 infrastructure costs that are not a part of this  
22 proceeding. Those are costs associated with the matters  
23 at controversy in Edison's general rate proceeding.

24 JUDGE MACK: You have asked the question,  
25 Mrs. Cusumano, and I sustained the objection.

1 MRS. CUSUMANO: I'm sorry, your Honor. I  
2 wasn't sure.

3 JUDGE MACK: That's O.K.

4 Q (By Mrs. Cusumano): I'm just going to very briefly --  
5 and I mean briefly -- go over a few things that  
6 Mr. Cusumano had asked you, and that was relative to your  
7 U-16472 case where you alluded to that pilot program  
8 phase and to similar studies around the country. DTE  
9 said there were major benefits. One was auto meter  
10 reading. Does that report, the two meter status report  
11 gas and electric back to the utility company when there  
12 is a leak down as required?

13 A Could you ask the question at the end?

14 Q Your auto meter reading, your auto meter reading that you  
15 said was a major benefit. You say that it is a benefit  
16 because it reports back to your data center. Does that  
17 report show the two meter status report of gas and  
18 electric back to the utility company when there are leaks  
19 that are known as required?

20 MR. SOLO: Object to the form of the  
21 question, your Honor. It's compound as well as  
22 conclusory with regard to statements that are not in the  
23 record in this case. I apologize, I said that less  
24 artfully than I intended to.

25 JUDGE MACK: Would your objection also go



1 to the questions regarding gas meters? Are we  
2 considering gas meters in this case?

3 MR. SOLO: Not in this case. We are  
4 considering the Opt Out provisions and the costs  
5 associated with providing an Opt Out for the customers  
6 with regard to AMI. Gas is related to AMI to the extent  
7 that the gas modules speak to the AMI metering structure.  
8 So as a matter of explanation, that's where it ties in.  
9 But that issue has nothing to do with a customer's  
10 decision to opt out when costs that they would incur and  
11 the basis that we utilize to develop those costs in both  
12 the fixed and monthly charges.

13 JUDGE MACK: So the short answer, Mr.  
14 Solo, is gas meters are part of this?

15 MR. SOLO: Certainly not in the context  
16 of that question, your Honor.

17 JUDGE MACK: O.K. Mrs. Cusumano, I take  
18 it you're trying to get to the detriments of the project?

19 MRS. CUSUMANO: Yes, your Honor.

20 JUDGE MACK: The witness has testified to  
21 the benefits. You're trying to establish in some form  
22 the detriments. One of the detriments is, in your view,  
23 it does not report leaks, corrosion, things of that  
24 nature. Is that what you're trying to ask?

25 MRS. CUSUMANO: That is correct, your

1 Honor?

2 JUDGE MACK: I will allow that, if you  
3 ask that question. Just go ahead and ask that question.

4 Q (By Mrs. Cusumano): Does the AMI -- Does this AMI report  
5 the leaks?

6 A For the gas meters, AMI, the same as a current gas meter,  
7 does not in itself report a gas leak.

8 Q So you need a meter reader to establish leaks or someone  
9 who would call it in?

10 A We do -- on every leak we are really cautious to that in  
11 respect to the public safety. So if we do get any sort  
12 of call or visit by any one of our employees that says  
13 they do have a gas leak, we do respond accordingly.

14 Q With regard to your improved billing accuracy, there was  
15 a city council meeting that the mass media appeared at,  
16 that showed the coverage of inaccuracies of the smart  
17 meters that they had received. Is billing a hundred  
18 percent accurate?

19 MR. SOLO: Objection, your Honor. The  
20 accuracy of the smart meters is not relevant to this  
21 proceeding.

22 MS. BARONE: Your Honor, I'd also object.  
23 Mrs. Cusumano is testifying in her question.

24 JUDGE MACK: I will strike that question  
25 regarding the city council meeting and the mass media.

1 MRS. CUSUMANO: O.K.

2 JUDGE MACK: That is classic hearsay. So  
3 I guess I'll also sustain the objection.

4 MRS. CUSUMANO: Thank you, your Honor.

5 JUDGE MACK: Go ahead.

6 Q (By Mrs. Cusumano): Can you explain bundled service?

7 A Honestly, I can not.

8 Q Are some costs bundled together?

9 A Costs of what, is my question.

10 Q Your charges to the general public.

11 A Again we have distribution and service charges that do,  
12 through a general rate case, get put together as those  
13 couple lines on the bill. So in that respect, you could  
14 say yes.

15 Q How is a customer able to determine its accuracy?

16 MR. SOLO: Objection. The question is  
17 unclear and vague. With accuracy to what, your Honor?

18 MRS. CUSUMANO: He said records the  
19 meter. I'm asking how do you know, if it's bundled, if  
20 it's an accurate amount?

21 JUDGE MACK: Those are two different  
22 things. You're asking about a reading being accurate?

23 MRS. CUSUMANO: Yes, your Honor.

24 JUDGE MACK: How do you know if a reading  
25 is accurate? That's your question.

1 MRS. CUSUMANO: That's my question.

2 JUDGE MACK: As it stands now or under  
3 this?

4 MRS. CUSUMANO: At the moment. May I  
5 re-ask that question?

6 JUDGE MACK: Please.

7 Q (By Mrs. Cusumano): How do you know the meter is  
8 accurate?

9 A All of our meters are accurate. They do record the usage  
10 at the house.

11 Q How do you know that?

12 A With the meters that have been tested with a flow put  
13 through them, and then they do comply with our current  
14 technical standards of the MPSC and whatever other  
15 regulations for accuracy.

16 Q Do you have a known amount of meters that have ever been  
17 inaccurate?

18 MS. BARONE: Your Honor, I am going to  
19 object to the question. Again the questioner is going  
20 beyond the scope of this proceeding. It's not relevant  
21 to the cost of providing an Opt Out tariff and what that  
22 tariff, the amount the tariff should be.

23 JUDGE MACK: Mrs. Cusumano, if you were  
24 to establish a number of inaccurate meters, how does that  
25 play into this case, assuming this witness could give you

1 that?

2 MRS. CUSUMANO: I'm sorry?

3 JUDGE MACK: Go ahead.

4 MRS. CUSUMANO: With the analog meter it  
5 has to be UL-rated. The digital meters do not have any  
6 UL rating. So if they say that they have a standard they  
7 use, is it calibrated? How often is it calibrated? How  
8 do you know it's calibrated?

9 JUDGE MACK: O.K. How does that get  
10 around my holding that the type of meters is not at issue  
11 in this case. It's the Opt Out under the cost of service  
12 principles.

13 MRS. CUSUMANO: It goes to costs, your  
14 Honor. And I'm trying to establish that an AMI is not  
15 the only answer if a person wants to opt out, without  
16 feeling like they are being choked --

17 JUDGE MACK: O.K. Don't --

18 MRS. CUSUMANO: No, I won't go there.

19 JUDGE MACK: O.K. I will sustain the  
20 objection. We are here to determine the Opt Out rate and  
21 tariff under the cost of service principles. That  
22 question goes beyond that.

23 Q (By Mrs. Cusumano): With regard to your statement of the  
24 cost savings on theft and tampering, where does it show  
25 on your spreadsheets if it is a digital reader or not

1 digital?

2 A To which spreadsheet are you requesting?

3 Q Schedule S-1, Exhibit A-1. Is it on there?

4 A Again what was your question?

5 Q Regarding the cost savings on theft and tampering, where  
6 does it show on the spreadsheet if it is a digital meter?

7 A The AMI costs currently in rates are on this schedule,  
8 line 10, and that's the credit given back for the  
9 customer that is opting out.

10 Q Well, how do you determine if it is theft or tampered  
11 with? And how do you show those costs?

12 A Individually you won't see those costs on this particular  
13 schedule. That is part of the general rate case and how  
14 we recover our theft and tampering that do occur during  
15 the process.

16 Q With regard to your remote shutoff and your restoration  
17 capabilities, could a ratepayer enter employee abuse and  
18 inappropriate disconnection from their inappropriate  
19 rationale?

20 MS. BARONE: Your Honor, I object. Again  
21 this question is going to whether these meters should  
22 exist at all. And as it's been said repeatedly now, that  
23 is a question for general rate cases.

24 JUDGE MACK: Thank you, Ms. Barone. I'll  
25 sustain that objection. Mrs. Cusumano, we have been

1 about an hour into your cross-examination. We're getting  
2 close to the lunch hour. How much more do you have?

3 Q (By Mrs. Cusumano): Are the customers on --

4 JUDGE MACK: Mrs. Cusumano.

5 MRS. CUSUMANO: I'm sorry, your Honor.

6 JUDGE MACK: How much more  
7 cross-examination do you have of this witness?

8 MRS. CUSUMANO: I have about three  
9 questions.

10 JUDGE MACK: Thank you. Go ahead,  
11 please.

12 Q (By Mrs. Cusumano): Are the customers on Grosse Ile  
13 still paying the same monthly charges for service with  
14 the AMI meters installed as before?

15 A Again through the general rate case, we have got the AMI  
16 cost in there. So the cost is in the general rate case  
17 principles.

18 Q Have you exercised other options, like fiber optic  
19 systems, in your studies?

20 MR. SOLO: Objection, your Honor.  
21 Outside the scope, relevant objection.

22 JUDGE MACK: Sustained. Fiber optics are  
23 not at issue in this case.

24 Q (By Mrs. Cusumano): Mr. Sitkauskas, is the wireless  
25 system required?

1 MR. SOLO: Objection to the extent that  
2 that asks the witness for a legal conclusion regarding  
3 what's legally required.

4 JUDGE MACK: Is that what you're asking,  
5 is it legally required?

6 MRS. CUSUMANO: For service, your Honor.

7 JUDGE MACK: By the State of Michigan?

8 MRS. CUSUMANO: That's right.

9 MR. ERICKSON: Your Honor, I'd object to  
10 that question on the grounds it was asked and answered in  
11 the direct testimony where Mr. Sitkauskas specifically  
12 says it's not mandated. And therefore, this would merely  
13 be cumulative evidence. I don't know how many times we  
14 need to have that piece of evidence in there.

15 I believe that you will find -- let me  
16 give you reference to the page so that will assist Mr.  
17 and Mrs. Cusumano. That, I thought it was direct, but  
18 let me look. There is a point in his testimony where he  
19 specifically says that the program, AMI program, is not  
20 mandated. And therefore, and I know of no testimony from  
21 any witness, stricken or not stricken, that disagrees  
22 with that testimony.

23 And I also believe that, actually let us  
24 assume that it was mandated, that still wouldn't answer  
25 much of anything with regard to the Opt Out Program



1           because it would be sort of like saying is a person  
2           required to vote, and if they aren't required to vote,  
3           then somehow or other that casts out on the fact that  
4           they did vote.

5                         At this point I think whether there's a  
6           mandate for it would only go to question of do you have  
7           to stop for a traffic light? But if the question of do  
8           you have to go through an intersection, is it mandated?  
9           I just think that what we're doing is, we're getting into  
10          something that, one, is admitted, and two, is not really  
11          going to assist us in determining the reasonableness of  
12          the projected fees and charges in this case.

13                        JUDGE MACK: Thank you, Mr. Erickson. Do  
14          you have a cite to that testimony? Or does the witness  
15          recall?

16                        MR. ERICKSON: Let me look it up.

17                        THE WITNESS: Rebuttal testimony, page 5,  
18          starts on line 25, and goes into page 6 as well.

19                        JUDGE MACK: Thank you. Mrs. Cusumano,  
20          does that answer your question?

21          Q        (By Mrs. Cusumano): Does that mean that if you don't  
22          take the AMI you won't get service?

23                        MR. ERICKSON: That is a different  
24          question. My objection was simply that the prior  
25          question was asked and answered on the bottom of page 5

1 of the rebuttal testimony.

2 JUDGE MACK: Thank you, Mr. Erickson.

3 MRS. CUSUMANO: Thank you.

4 Q (By Mrs. Cusumano): Mr. Sitkauskas, what case number  
5 gave DTE legal authority and right to deploy the smart  
6 meter?

7 MS. BARONE: Your Honor, I'd object to  
8 the question to the extent that she is asking for a legal  
9 opinion from the witness rather than his general  
10 knowledge and expertise in his Company's rate making.

11 JUDGE MACK: Well, we do have testimony  
12 regarding the evolution of this process. Is there  
13 something beyond that that you're asking, Mrs. Cusumano?  
14 The witness testified.

15 MRS. CUSUMANO: No. I just would like to  
16 know what case number.

17 JUDGE MACK: I understand what your  
18 question is. He testified on page 5 of his direct.

19 MRS. CUSUMANO: I'm sorry, I don't know  
20 what that was.

21 JUDGE MACK: O.K.

22 MRS. CUSUMANO: I apologize.

23 Q (By Mrs. Cusumano): O.K. The pilot program was under  
24 the general case of U-15244. After the pilot program,  
25 what case number gave DTE the legal authority and right

1 to deploy the smart meter?

2 MR. SOLO: Your Honor, if it helps  
3 clarify, I believe your reference was to lines 6 and 7  
4 and 8 which speak of the subsequent rate cases. The  
5 pilot was the item listed on line 6 in the testimony.

6 JUDGE MACK: So 15244 is the Grosse Ile  
7 pilot program?

8 MR. SOLO: Yes, your Honor.

9 JUDGE MACK: Then subsequent rate cases  
10 dealt with AMI?

11 MR. SOLO: And that's indicated on line  
12 7, your Honor.

13 JUDGE MACK: Thank you.

14 Q (By Mrs. Cusumano): But your Honor -- excuse me.

15 But Mr. Sitkauskas, with regard to that  
16 general rate case we just covered and Mr. Cusumano just  
17 covered, all the questions relative to, which you  
18 considered --

19 JUDGE MACK: So Mrs. Cusumano, your  
20 question?

21 MRS. CUSUMANO: Yes. I'm sorry, your  
22 Honor. I just have a word...

23 JUDGE MACK: Again Mrs. Cusumano, we have  
24 a number of individuals who want to participate in this  
25 proceeding.

1 MRS. CUSUMANO: I understand.

2 JUDGE MACK: We're over an hour into your  
3 examination. Please, can you bring it to a conclusion?

4 MRS. CUSUMANO: I will. And thank you  
5 for your patience, your Honor.

6 JUDGE MACK: You're welcome.

7 Q (By Mrs. Cusumano): The major benefits -- O.K. I'm  
8 sorry. That was the question. That was the word,  
9 rather. We just covered in that 16472, all of the major  
10 benefits. And I indicated that I don't think they were  
11 benefits to the public. So I do not believe that we have  
12 covered a lot of factors pertaining to the deployment of  
13 this meter and the safety issues and whether or not an  
14 Opt Out should to be considered at this point.

15 MR. SOLO: Objection, your Honor. Move  
16 to strike. Narrative and testimony of the questioner.

17 JUDGE MACK: That is accurate. That  
18 statement is stricken.

19 MRS. CUSUMANO: Thank you, your Honor.

20 JUDGE MACK: No more questions?

21 MRS. CUSUMANO: No more questions.

22 JUDGE MACK: O.K. Thank you, Mrs.  
23 Cusumano. We will take a break. We will resume this  
24 hearing at 1:00 o'clock.

25 (At 11:58 a.m., the hearing recessed for lunch.)



1 A It is the same as Exhibit A-1 Schedule 1. Yes, it is.

2 Q That's it.

3 A I realize -- I see the label.

4 Q The first item on line 1, time and expenses to disable  
5 and enable an AMI meter transmitter, \$61. I understand  
6 that's described as the labor, benefits and fleet to turn  
7 on and off the transmitter. By "fleet," what is meant by  
8 that?

9 A The fleet line, which is on again Exhibit A-1 Schedule 2,  
10 the line says fleet, Other Indirect Support Expenses, is  
11 the vehicle costs of the guys that have vehicles.

12 Q O.K.

13 A Divided across them.

14 Q That's just the cost of having vehicles and maintaining  
15 them?

16 A The second line there, line 7, speaks to expenses. And  
17 that's the oil, gas, labor, maintenance of those  
18 vehicles.

19 Q How much does the field technician get paid by the hour?

20 A There is -- If you're asking how we got the hourly rate  
21 on this schedule?

22 Q Yes.

23 A Then again if you have Exhibit A-1 Schedule 2, you have  
24 the various jobs at the bottom of the page and the number  
25 of personnel that are inside of that labor range, and we

1 averaged them out to the \$31.65 before any in-directs or  
2 benefits added.

3 Q Now, how much -- Well, can you describe physically what  
4 happens when a technician disables an AMI meter? What do  
5 they do?

6 A They'll have to -- they'll trained, an hour of training.  
7 They'll actually be putting a probe into the meter or  
8 into the face of the meter, and it will disable, through  
9 the communication process, it will disable the radio  
10 transmitter inside that meter.

11 Q They put a probe in. How is that --

12 A It's a -- if you look at the face of our meter, there's a  
13 little, I'll say, silver shiny spot. That's where the  
14 guys put their probe in to. It's just like an attachment  
15 from their mobile data terminals.

16 Q How long does that take?

17 A Takes approximately 45 minutes to go through that  
18 process, the way I understand it.

19 Q That's physically there on the premises with the meter,  
20 not -- no travel time or any factored in expenses going  
21 there?

22 A Well, it's inclusive we're going to take one hour to  
23 de-commission the radio, so it does include some travel  
24 time to there, as well as the cost at the site to do it.

25 Q O.K. So basically it's a \$61 charge for one hour of time

1 to disable the meter?

2 A Correct.

3 Q And I'm confused by the word "enable." I assume, does  
4 that mean to turn on the meter?

5 A Yes. When we customer --

6 Q I'm sorry, I assume you have to turn on the transmitter?

7 A Yes.

8 Q Isn't it already turned on?

9 A This would be after the fact, after the Opt Out where a  
10 customer comes back to regular AMI reading. We have to  
11 go to that site because we can't do it over the air. We  
12 have no radio communication to enable that radio.

13 Q So would that \$87 fee be charged again after? If the  
14 meter were turned off, the charge would apply, and then  
15 if it were turned on again, that \$87 would be charged?

16 A To that same Opt Out customer?

17 Q Yes.

18 A No, sir.

19 Q You mentioned training. I think I heard a reference to  
20 one hour. Is that how much training these technicians  
21 get?

22 A For this particular aspect of the job. It would be a  
23 normal -- my experience has been it'll be an hour of  
24 training, with questions, answers, making sure everything  
25 is correct for the field service gentleman or field



1 person before they go into the field.

2 Q Is this a face-to-face type training within a room like  
3 this?

4 A It would be some level of group training, yes.

5 Q How many technicians are involved?

6 A Again from our list down below, we've got about 126  
7 potential persons involved. And again down below, excuse  
8 me, I should say A-1 in Schedule 2.

9 Q And has that training already taken place?

10 A No, sir.

11 Q Do you know how much the Company has spent on developing  
12 the training program to this point?

13 A No, sir.

14 Q How did that \$2 figure come about?

15 A If you look again on Schedule A-1 -- on Exhibit A-1  
16 Schedule 2, lines 10 through 16, it actually averages out  
17 to \$1.94 in this respect. But it was the total cost per  
18 hour to train persons, the one hour of training to the  
19 forecasted opt out customers, comes out to the cost  
20 there.

21 Q O.K. Regarding line 3, the item billing system  
22 modifications. It's \$24, I see. The note is that it's  
23 to create opt out identifiers in the billing programs.  
24 What's happening there? Physically or mechanically,  
25 what's going on?

1 A There are program changes we have to make to accommodate  
2 the knowledge base that a particular site is an opt out  
3 site. So we have to have the ability to let the customer  
4 representatives know that the customer is an opt out  
5 customer right at the onset of a phone call. We have to  
6 have the methodology to send field service personnel to  
7 the site to complete the task. We have to have  
8 notification to the customer that has asked to opt out.  
9 And then there are the other aspects of it as well when  
10 we go ahead and have a return to AMI. It knows it has to  
11 be done that way.

12 Q I recognize the reference to a phone call. So there's a  
13 phone conversation between the customer and someone at  
14 DTE. And then what happens?

15 A If this is under the approved Opt Out Program, that  
16 customer could call DTE. We would verify they are the  
17 customer of record. We have to do that first. They  
18 would then, the CSR would put an action in for us to have  
19 a field service visit to disable the radio meter,  
20 depending on what condition, what the status is at that  
21 meter. We would have that radio disabled.

22 Q So they would issue some memo or work order of some sort?

23 A They're -- in our billing system they're called events.

24 Q O.K.

25 A Each event has a different task for the field service

1 guys. This task would be: Disable the AMI meter.

2 Q And then it's somehow memorialized in the system  
3 somewhere that this customer is an opt out customer?

4 A That's very definitively we have to have that identifier  
5 in our system just to have a knowledge base for any other  
6 issues that might occur within or not an opt out.

7 Q That involves a few key strokes on a computer?

8 A I --

9 Q How does it happen? How does it get -- I assume that  
10 whoever does the intake on that memorializes that  
11 information does it on a computer?

12 A The customer representative will put that transaction  
13 through. So yes, there is code for them to put the  
14 transaction through and effect it. There is buildup of  
15 the code behind it to receive that event and process it  
16 through the system.

17 Q O.K. How long does that process take?

18 A Which process?

19 Q From the point of a telephone call to the point where the  
20 consumer is finally recognized in the system as an opt  
21 out customer?

22 A Honestly, that part of it, once programmed, should be  
23 relatively short. I don't know have a time whatsoever on  
24 that.

25 Q Less than an hour?

1 A Oh, yes, sir.

2 Q And the charge for that process is \$24, correct?

3 A The charge for the whole programming process to  
4 effectively have the opt out to customers, inclusive of  
5 the identifiers, the billing event, the letter, and the  
6 transactions to our field service organizations is  
7 calculated at \$24, yes, sir.

8 Q Next, regarding the monthly fees or monthly fee that's  
9 being suggested. I'd like to start near the bottom  
10 first. I see that you included a deduction of 45 cents  
11 per month associated with the present cost of reading a  
12 meter at current rates, correct?

13 A Yes, sir.

14 Q And does that involve the use -- well, obviously that  
15 would involve a meter reader, correct? The expense of  
16 the meter reader going out and reading the meter?

17 A It involves our meter reading expenses.

18 Q Does that include the expense of a meter reader?

19 A The labor would be involved in that calculation, yes.

20 Q Does it involve a supervisor?

21 A It would be supporting elements of the meter readings  
22 inside that cost, yes, sir.

23 Q Would those supporting elements include a supervisor?

24 A They often do, yes.

25 Q Does it include two billing consultants?

1 A The billing consultants that I prescribed here in the opt  
2 out are separate of any billing consultants we have  
3 inside the system.

4 Q O.K. But it does involve billing?

5 A There are billing personnel. I don't know if they're in  
6 the meter reading expense line. They are in our customer  
7 service cost in the general rate case plans or process.

8 Q I assume even with the analog meters right now you have a  
9 route coordinator?

10 A Route coordinators, yes, sir.

11 Q Basically is there any difference between what would  
12 happen for or what happens presently for a person having  
13 an analog meter read versus what will happen for an opt  
14 out customer under the use of the AMI system having their  
15 meter read? Is there any different process?

16 A The physical process of reading the meter you're asking?

17 Q Right.

18 A It would have to be inside a handheld for the guy or lady  
19 to read it. But the physical process of getting to the  
20 meter and actually doing the read is the same, sir.

21 Q And the expense associated with it, that DTE incurs with  
22 regard to paying for someone to read or paying for an  
23 analog meter to be read versus what it will take this,  
24 with the AMI Opt Out Program, are those costs that DTE  
25 incurs any different?

1 A Well, ask the question again to make sure I answer it the  
2 right way for you.

3 Q I understand the process is basically the same, so I'm  
4 assuming that for an opt out customer to have his or her  
5 meter read will be at no greater expense to DTE than it  
6 presently is for an analog meter customer to have their  
7 meter read. Is that correct?

8 A Generally. I think we have to make sure we understand.  
9 The opt out read is a special read, and the prior reads  
10 we talk about, the mass analog reads, is a general route  
11 read where you are getting multiple reads at one time.

12 Q I understand the economy of scale you're talking about.  
13 But in terms of the actual expense to have the meter  
14 read, there is no difference, correct?

15 A The actual operation?

16 Q Yes. And I was going to ask you about that. What is a  
17 special meter read?

18 A A special meter read is often a miscellaneous read, but  
19 it's outside of the normal route system, for the most  
20 part.

21 Q But if it were considered in the context of the present  
22 analog system, it wouldn't be special at all, would it?

23 A I would disagree. Because you're mixing -- I think  
24 you're saying the present analog system. I think you're  
25 mixing the word analog with just mass residential

1 reading. Because I have mass residential read digital  
2 meters today, too.

3 Q Sure, I understand that.

4 A In respect to the cost, it is the same operation when we  
5 physically get to the site, yes.

6 Q Now, to back up a little bit here. I assume that DTE is  
7 going to experience a savings once this AMI system is put  
8 into place completely in terms of its operational costs.  
9 Is that a fair assumption?

10 A Yes, sir.

11 Q Is that savings being passed on to any consumer?

12 A Again we put that through our general rate case  
13 principles, and that's where our costs and benefits are  
14 established. So you'll see it inside our general rate  
15 case process.

16 Q Well, maybe you can help me. If a person is paying \$100  
17 a month with an analog meter, are they going to see a \$90  
18 a month bill after the AMI meter goes in? Or is it going  
19 to be about the same price?

20 A I could not ascertain that price.

21 Q O.K. Well, I don't want an exact figure. I should maybe  
22 have spoken a little more clearly that way.

23 Are they going to see any reduction in  
24 their bill as result of the AMI system being put in  
25 place?

1 MR. SOLO: Your Honor, I'd like to place  
2 an objection regarding the limited scope of this case and  
3 relevancy. The impacts of the AMI deployment throughout  
4 the Company's service territory are a matter of  
5 controversy in Detroit Edison's general rate case,  
6 including the cost and benefits associated with that  
7 implementation. It is not a part of the determination of  
8 the specific AMI Opt Out Program.

9 MR. CAROLAN: Well, I think it should be,  
10 your Honor. Because if they realize a cost savings, if  
11 DTE realizes that, then there is less justification for  
12 there to be any costs associated with the opt out  
13 program, as other states have ruled. That, if they are  
14 realizing a benefit from this program, they shouldn't be  
15 imposing any penalty for someone who doesn't want to  
16 participate in it.

17 JUDGE MACK: So your theory is, while the  
18 rate case process is not the venue to address any Company  
19 savings as a result of this process, it would be through  
20 the fee, either the one time fee or the monthly fee?

21 MR. CAROLAN: Right. That it should not  
22 simply be imposed at all if they are realizing a benefit  
23 from the program itself. There is no justification for  
24 imposing that cost for the opt out.

25 JUDGE MACK: Mr. Erickson, you have any



1 position on this?

2 MR. ERICKSON: I do have a concern, your  
3 Honor. As your Honor may be aware or may not be aware,  
4 in Case U-15768 we have a remand from the Court of  
5 Appeals pending, and that remand specifically addresses  
6 benefits and costs of the AMI program itself. And my  
7 concern is that I don't want that issue of related  
8 benefits and costs decided in this case, where we have no  
9 record with regard to the quantification of the costs or  
10 the quantification of the benefits.

11 And furthermore, I believe that even if  
12 there are benefits -- and we know there will be costs --  
13 that those costs do not affect the costs, if any, of the  
14 opt out which is identified in Exhibit A-1. Therefore, I  
15 believe really an analysis of the benefits from AMI,  
16 which as I understand it are primarily future benefits  
17 and really not within the scope of this case, which is to  
18 determine what is the reasonable if any charge for the  
19 Opt Out Program. And so in that sense I believe that  
20 we're moving into an area that really belongs ultimately  
21 for determination in U-15768 and not in this case, and  
22 therefore I think probably trying to quantify benefits  
23 and costs in this case, since those benefits and costs do  
24 not drive the calculations in Exhibit A-1, are beyond the  
25 scope of this case.

1 MR. CAROLAN: Well, they do in a sense.  
2 There's two benefits that are included in Schedule or  
3 A-1, page 1 of 1, and those are the credits.

4 MR. ERICKSON: Well, your Honor, what  
5 that's doing is backing out costs in current rates. That  
6 does not have to do with addressing benefits and costs  
7 arising out of the AMI program. That is just -- Those  
8 two lines, lines 9 and 10, address costs the Commission  
9 has approved. If you look at Schedules 6 and 7,  
10 Schedules 6 and 7 identify the documents in the rate case  
11 upon which those amounts were identified. And those  
12 amounts were identified last in U-16472, and those  
13 amounts are being charged to ratepayers. And since opt  
14 out customers aren't going to get any benefits from AMI,  
15 what those lines are doing is backing out the charges in  
16 AMI. But that isn't backing out benefits arising out of  
17 the AMI, that's backing out charges of a price element  
18 out of AMI.

19 For that reason, I think lines 9 and 10  
20 are not benefits from AMI, they are reducing or  
21 offsetting costs being charged to the opt out customer  
22 while current rates are in effect. And I think that's  
23 different from using benefits from AMI as an offset to  
24 the opt out costs because the opt out costs are costs  
25 that, as I understand it, are stand alone. They will be

1 incurred if somebody opts out. They will not be incurred  
2 if somebody doesn't opt out. And therefore, I don't  
3 believe the benefits and costs of AMI itself, if any --  
4 which is being addressed in U-15768 on remand -- are  
5 within the scope of this case.

6 JUDGE MACK: Thank you, Mr. Erickson.  
7 Ms. Barone.

8 MS. BARONE: Another relevant  
9 consideration, I think, your Honor, that the Commission,  
10 when it set this March matter for hearing in Order 17000  
11 indicated that it wanted the utilities to submit  
12 proposals to allow for an opt out and to have the rate  
13 set on cost of service principles. And so while it might  
14 be a subject for a future rate case to determine whether  
15 the costs of opt out should be spread amongst all  
16 customers, in this particular docket I think the  
17 Commission's order indicated that its cost of service  
18 principles would, at least until the Company's next rate  
19 case, the opt out would be determined on that basis.

20 So in that sense I don't think that  
21 examining the entire AMI program, as is being done, as  
22 Mr. Erickson indicated in the remand case as well as will  
23 be done in future rate cases, is an appropriate subject  
24 here.

25 JUDGE MACK: Thank you. And Mr.

1 Erickson, just so I am clear, that remand has not gone to  
2 hearing, correct?

3 MR. ERICKSON: No, your Honor. I believe  
4 testimony -- well, the Company has filed testimony in  
5 that case.

6 JUDGE MACK: On the remand?

7 MR. ERICKSON: On the remand. And I  
8 believe that Staff and Intervenor testimony is due in  
9 February, and there will be hearings subsequent to that  
10 case.

11 JUDGE MACK: Thank you. Any of the  
12 intervenors care to weigh in on this issue? Mr. HOLETON.

13 MR. HOLETON: Yes, your Honor. I'm not  
14 clear. I understand that the Opt Out Program cost will  
15 stand alone, is significant, and the charges -- this is  
16 pretty convoluted here. There is a -- Mr. Erickson says  
17 that the AMI program has no benefit. And we've had  
18 objections about the AMI program all along. And we've  
19 had Mr. Solo here say that these are not mandated. So  
20 the clarity about the opt out costs standing alone is  
21 completely adhered to, the participation of the opt out  
22 customers and the ratio of the services and operational  
23 costs is what I want to say. I'm just trying to stumble  
24 along here.

25 JUDGE MACK: Well, really what I'm faced

1 with is an objection on a question of: Are there  
2 benefits from opting out, company-wide, and if so, is it  
3 relevant in this case? Should it be considered and  
4 factored into the determination of the rate?

5 MR. HOLETON: Yes, your Honor. This is  
6 the significant part that I would like to address, is  
7 that Mr. Sitkauskas claimed the benefit of the AMI  
8 program here, and as far as I know there are no benefits  
9 to the AMI program. I mean that's up for discussion.  
10 But the cost burden on the consumer being forced to go  
11 ahead and pay to opt out of the program, a product that  
12 we don't really need, is the crux of this matter, and the  
13 number of opt out participants relative to costs of  
14 service, and that is more important.

15 JUDGE MACK: Thank you, Mr. HOLETON.  
16 Anybody else? Go ahead, Mr. Cusumano.

17 MR. CUSUMANO: Yes, your Honor. On that,  
18 on the remand case, U-15768, myself and three others in  
19 this room applied for intervenor-ship on that case when  
20 it was re-opened and we were all denied. And we appealed  
21 with MPSC in order to get a true and factual record from  
22 the public on the record, and we were -- our appeal was  
23 denied.

24 JUDGE MACK: O.K.

25 MR. CUSUMANO: I just wanted it on there.

1 JUDGE MACK: All right. Well, thank you  
2 for that. Mr. Carolan, do you have a response?

3 MR. CAROLAN: Well, there's a whole lot  
4 to consider there. But I think the main thing --

5 JUDGE MACK: I'm sorry, Mr. Carolan, but  
6 we've got -- Go ahead back there, but you've got to speak  
7 up.

8 MS. SPRANGER: O.K. I'll speak you.  
9 Karen Spranger. For the one side is, I believe as a  
10 customer is it necessary to change what I have, is it  
11 going to be kind to me in my home, and there is there any  
12 truthfulness on exactly how it works and the savings?  
13 Because I'm not convinced that exists.

14 JUDGE MACK: Thank you, Ms. Spranger.  
15 O.K. Mr. Carolan, your response?

16 MR. CAROLAN: I think the main thing that  
17 I heard in the objections that I would like to address is  
18 that I'm not trying to quantify what exactly the benefit  
19 DTE is going to realize in terms if cost reduction. I'm  
20 simply -- I think it's already been acknowledged, they  
21 are going to realize a cost reduction.

22 My point is simply that given that cost  
23 reduction, how do you justify -- or my question is: How  
24 do you justify imposing any fees associated the AMI  
25 program, opt out, billing, anything that may be imposed?

1           Because the Company is already realizing the savings that  
2           should in fact be passed on. But we can't require that.  
3           All we can ask them at this point is to simply not raise  
4           any rates. And that's in effect what is happening with  
5           this tariff.

6                         JUDGE MACK: So you're not going to try  
7           to establish the Company savings?

8                         MR. CAROLAN: No.

9                         JUDGE MACK: You're just trying -- I  
10          agree you asked that question, will there be savings.  
11          The answer was yes, it'll be reconciled through the rate  
12          case or addressed through the rate case process.

13                        MR. CAROLAN: Right.

14                        JUDGE MACK: How much further are you  
15          going on that factual?

16                        MR. CAROLAN: No further. I think I'll  
17          stand with his answer that -- well, actually there was  
18          one question, simply: Will anyone see a reduction in  
19          their bill?

20                        JUDGE MACK: And I would assume that the  
21          objection to that question stands. Because it's not a  
22          full blown inquiry into what savings there will be, it's  
23          just will those savings be realized at some point in  
24          time. Do you want to set a point in time?

25                        MR. CAROLAN: Ever. Once the AMI system

1 is put in place, will there ever be any reduction in the  
2 consumer's bill as a result of the savings realized by  
3 DTE?

4 JUDGE MACK: Briefly, objection still  
5 stands on that question, that specific question?

6 MR. SOLO: Despite the simplicity of the  
7 question, your Honor, the answer is still not relevant to  
8 this proceeding.

9 MR. ERICKSON: Your Honor, my objection  
10 still stands because the question asks will there be  
11 benefits from the AMI program that will result in general  
12 base rate savings for customers. And I believe the  
13 subject matter of AMI benefits and AMI costs and changes  
14 in base rates are outside the scope of this case.

15 JUDGE MACK: Are properly addressed in  
16 U-15768?

17 MR. ERICKSON: Or as Ms. Barone put it,  
18 also in future rate cases they would be revisited.

19 JUDGE MACK: Ms. Barone, anything?

20 MS. BARONE: I have nothing further.

21 JUDGE MACK: Thank you. Mr. Carolan, I  
22 will allow you to ask that question. You can then argue  
23 the significance of it, but I think you have got an  
24 answer that there will be savings. And I think a logical  
25 followup to that is how will that be realized. So if



1           you'd like to pose that question to the witness.

2       Q       (By Mr. Carolan):  Sir, will the savings realized by DTE  
3           in its cost of providing this service by virtue of the  
4           AMI implementation be passed on to consumers in any way?

5       A       As we do each general rate case, costs and savings will  
6           be placed into that rate case for consideration.

7       Q       It will be considered?

8       A       Yes.

9       Q       I have to go back to something I neglected to ask you  
10           regarding that \$2 entry on line 2 regarding the training  
11           of field technicians.

12      A       Correct.

13      Q       Back away from this particular training, in general does  
14           DTE provide any training to its field technicians on a  
15           periodic basis, in-service type things?

16      A       Our field service personnel, there are some I'll say  
17           training and repetitive training on a regular basis, yes,  
18           sir.

19      Q       Is the cost of that training ever passed on to the  
20           customers as specifically as indicated in this exhibit?

21      A       They're inside of our general service distribution  
22           charges because that's a regular operating cost of  
23           service, employee training.

24      Q       That's spread across the field of all consumers, correct?

25      A       Yes, sir.

1 Q Is there any change to the AMI billing program as a  
2 result -- I'm sorry, to the billing program at DTE as a  
3 result of AMI installation? I guess I should ask: Will  
4 there be any change in the billing program?

5 A Could you describe billing program for me just to make  
6 sure we answer the same question.

7 Q I'm trying to use it the same way you use it on line 3.

8 A That billing program, there have been changes made for  
9 AMI already, they're inside of our submitted rate case  
10 prior times. And there were changes made, put in  
11 different aspects of the AMI operation.

12 Q What was that cost?

13 A I do not have that cost right here.

14 Q Has that already been passed on to the consumer  
15 population in general?

16 A Portions of it have been completed and were submitted in  
17 the individual rate cases that were done prior to this  
18 timeframe.

19 Q But I assume it's your position that this is not a second  
20 billing for the same changes, correct, line 3?

21 A No. This cost of service is a charge separate of any of  
22 that work and just for this aspect of the Opt Out  
23 Program, sir.

24 Q Does any state in this country, by your -- at least that  
25 you encountered in your research and analysis -- charge a

1 higher initial fee than what you are proposing?

2 A Yes, sir. There were some states that were higher.

3 Q What states were those?

4 A I think, one I do know of is, I would say in general,  
5 Oregon.

6 Q What's the initial fee, if you remember?

7 A I think -- I really don't remember the number directly  
8 but it's plus two hundred dollars.

9 Q Would you agree that \$87 as an initial fee is at the high  
10 end of the scale of what's being charged across the  
11 country?

12 A I would say that what we have submitted here is our cost  
13 of service, it is the cost it would take us to establish  
14 an opt out program inside the system. How it relates to  
15 other utilities is a separate opinion.

16 Q I really would like if you can just give me an answer,  
17 though. Is it on the high end?

18 A I've seen various, both ends, sir.

19 Q And there are states that require no fee be charged for  
20 an opt out, correct?

21 A I think the only state I know of that nature is the State  
22 of Vermont, and I do not know what they settled at  
23 finally.

24 Q The \$15 monthly fee, how does that compare to what you  
25 have seen across the country?

1 A I think it's pretty normal in the sense of special read  
2 costs.

3 Q It's not on the high end?

4 A No, sir, I would not say that.

5 MR. CAROLAN: Just a moment to confer  
6 with my client. I may be done.

7 JUDGE MACK: Sure.

8 (Mr. Carolan conferring with client.)

9 MR. CAROLAN: I have nothing more, your  
10 Honor.

11 JUDGE MACK: Thank you, Mr. Carolan.  
12 Let's go off the record.

13 (Brief in-place recess.)

14 JUDGE MACK: Let's go back on the record.  
15 Ms. Edwards, do you have cross-examination?

16 MS. EDWARDS: I do. I have several  
17 questions. I will try to keep it brief.

18 CROSS-EXAMINATION

19 BY MS. EDWARDS:

20 Q O.K. My first question is: In terms of the overall cost  
21 of the Opt Out, you stated earlier that there are 4,000  
22 anticipated opt out customers. When this number  
23 increases, how and when will DTE recalculate the Opt Out  
24 rates?

25 A In my direct testimony, Ms. Edwards, on page 11, we do

1 say in the next general rate case filing we will modify  
2 the fees according to the customer participations that do  
3 occur.

4 Q So then if more than 4,000, say, people opt out, will the  
5 cost be refunded to customers?

6 A I could not answer that. Under the rate case principles  
7 I wouldn't know how that would be handled.

8 Q So again if there are more than 4,000 people opting out,  
9 is there some kind of transparency around those numbers  
10 and resetting the costs so the DTE customers would know  
11 that that was happening? How would DTE let its customers  
12 know, or let me know as a user that indeed these numbers  
13 have increased so we're going to look at this so that it  
14 relates fair?

15 A At that general rate case submission we could establish  
16 those parameters in that rate case, which then it would  
17 be heard through the Commissions process. In the end it  
18 would make possibly a different tariff sheet than we have  
19 today.

20 Q How often does that happen?

21 A Rate cases?

22 Q Yes.

23 A In my position I have no idea when the next rate case  
24 will be out.

25 Q So there is no -- if we reach a certain amount of, say

1 4,000 was the estimated opt outs, for some reason it's  
2 six or eight or ten, what's the protocol, I guess I would  
3 ask, for handling that?

4 A So the general rate case is not just for opt out  
5 customers. It would be a whole bunch of items where all  
6 our capital investments and O&M costs go through the  
7 process. So other than us deciding to put through  
8 another rate case, that's all I could tell you would be  
9 the case.

10 Q Last question around that. Do DTE customers have access  
11 to find out the numbers of people that are opting out,  
12 like can you say? Can you tell me?

13 A Well, again we don't have an Opt Out Program yet.

14 Q Right. After this.

15 A So we need to have that established. This estimate, the  
16 4,000 customers is an estimate of some of the concerns we  
17 have seen. I do not know what the communication process  
18 would be post any tariff being established.

19 Q O.K. Let's see. Something that I have been wondering.  
20 This is related to like the larger pool of customer opt  
21 out participation. If businesses were included in this  
22 plan would the per customer opt out rate drop, the cost  
23 of the opt out rate drop? I know they're not included  
24 currently.

25 A Correct. I would just make sure you're aware of that,

1           it's just for residential customers. As much as you may  
2           assert business customers coming in, I don't know how  
3           many residential customers would stay in my calculation  
4           as well. So I would have to still wait to see what the  
5           calculation of whole is to make that determination.

6           Q     I'm not sure if I can ask this. I'll try.

7                                 JUDGE MACK: You can always try.

8           Q     You have to try. Why weren't businesses included? I'm  
9           really curious.

10          A     We have seen in our concerns that we have there, it's  
11          been dominantly residential customers that have asked for  
12          this.

13          Q     O.K. If business customers however did start expressing  
14          concerns, would DTE develop a program for businesses?

15          A     I think we'd have to take that issue up. I don't know  
16          how we would handle that.

17          Q     Currently the citizens in Michigan have the option to  
18          read our meters under that MPSC Rule 460. If I read my  
19          own meter throughout the year, you only have to send out  
20          a meter reader once a year, which would seem like it  
21          would lower your costs. Would you still be charging me  
22          for a meter reading for 12 months of the year even though  
23          I'm doing the meter reading for eleven months of the  
24          year?

25          A     That particular rule you speak of in -- I think it's

1 R460.115, I think is the exact number -- is meant to be  
2 as an alternative for customers who we have had trouble  
3 reading meters for consecutive estimates or some access  
4 issues. So we are still going to read your meter, and  
5 according to the Opt Out tariff, we would still be  
6 charging the \$15 per month.

7 Q I want to double check this because I wasn't sure that I  
8 heard it correctly earlier. Will customers who have a  
9 non-transmitting meter and later if they were to decide  
10 to have this, the transmitting meter, would they be  
11 charged for a field visit to turn the radio transmitter  
12 back on? I think you answered that and I didn't quite  
13 get the answer.

14 A For the same customer of record you're asking me?

15 Q Yes, yes.

16 A So you were an opt out customer who we charged a fee to.

17 Q To opt out?

18 A Then somewhere down the line you yourself, the customer  
19 of record, says no, come back and turn it on. Honestly,  
20 we haven't thought of that case.

21 Q O.K.

22 A We'd have to look at how to handle that.

23 Q O.K. Then kind of related to that, in a rental situation  
24 when a tenant changes, say I have opted out, I'm in a  
25 rental situation. The next person comes in and they want



1 to opt in. Then what are the costs there?

2 A There is no -- when there is a change of ownership and  
3 we're going to be using AMI, again there is no charge to  
4 that particular site because we are bringing the radio  
5 back on.

6 Q O.K. If I were to move to another location and still be  
7 a ratepayer, would I be charged again in my new location  
8 for opting out?

9 A If you were an opt out customer and then --

10 Q Originally?

11 A -- then you moved?

12 Q To a different house.

13 A You would be charged a second time the \$87 because then  
14 we have to go to the meter and disable the radio at that  
15 meter.

16 Q O.K. Let's see. I think this is the last question.  
17 What's the life expectancy of the smart meter, AMI smart  
18 meter?

19 A The meters we put in the system have an expected life of  
20 20 years, on depreciation in life.

21 Q And do you know what the expectancy of an analog meter  
22 is?

23 A Actually they are putting in there the same life, 20  
24 years.

25 Q All right. I believe those are my questions. Wait.

1 Might be one more.

2 Is Detroit Edison currently maintaining  
3 dual smart meter and non-smart meter back office systems?

4 You know the software, security, all that stuff that has  
5 to be there?

6 A Yes, we are. We have made changes for the AMI system  
7 with different encryptions and such, so that has been put  
8 in there. Until which time all meters have been  
9 addressed with AMI, we will have some dual operation and  
10 occurrence.

11 Q And then this is my last question. What are the  
12 additional backup charges that will be specific just to  
13 opt out customers?

14 A If you go to -- I think I'm going to answer your question  
15 with a schedule we have in front of us, that is the  
16 billing system modifications, that \$24 portion of the  
17 \$87, which is the modifications to the billing system to  
18 accommodate the opt out.

19 MS. EDWARDS: Those are my questions.  
20 Thank you.

21 JUDGE MACK: Thank you, Ms. Edwards.  
22 Just so we're clear. You were  
23 referencing, Mr. Sitkauskas, Schedule 3 to A-1, just so  
24 the record is clear?

25 MR. SOLO: I believe it's Exhibit A-1

1 Schedule 1.

2 A Exhibit A-1 Schedule 1, line 3. They combine the same.

3 JUDGE MACK: O.K. Thank you. And thank  
4 you, Ms. Edwards.

5 Ms. HOLETON. Mr. HOLETON, you may have  
6 to move the microphone over. Go ahead, Ms. HOLETON.

7 CROSS-EXAMINATION

8 BY MRS. HOLETON:

9 Q I only have a few questions. How many actual opt out  
10 people do you actually know of? How many people have  
11 actually written in? Do you have actual complaints? I  
12 know other people talked about it. Is there actually  
13 evidence of that? Can we get a copy of that?

14 JUDGE MACK: Well, hold on. We got to do  
15 one question at a time.

16 Q (By Mrs. HOLETON): Excuse me. I believe the first one  
17 was: Do you have an actual number of customers who have  
18 opted out?

19 A My answer would be we don't have an Opt Out Program, so I  
20 don't know how to answer that question.

21 Q Well, how many people have actually sent in complaints  
22 exactly about it?

23 A Again in my testimony we used this 1,100 customers that  
24 we have received notes, some sort of concern from.

25 Assume they all would opt out -- and they may not all be

1 for opt out, it could just be a can't get in access --  
2 and carried it through the calculation to a rounded  
3 number, there are upward to 4,000 customers.

4 Q I also have a question. Have you sent out literature to  
5 people about the opt out or anything about the benefits  
6 or anything?

7 A Again we don't have an Opt Out Program, so for me to  
8 communicate items about opt out or opt out costs in my  
9 opinion would be premature.

10 Q What I meant to say is: Are you sending out literature  
11 to people talking about the benefits of these meters and  
12 what kind of meters are going to be coming to their  
13 homes? Are you talking to people about this? That's  
14 what I want to know.

15 A Our website has information about AMI benefits, and we do  
16 talk with different customers about the benefits of AMI,  
17 yes, ma'am.

18 Q The total number of people you say are happy, what is  
19 that total number?

20 A Actually at the time of my testimony here, Mrs. HOLETON,  
21 there were about -- let me find the right page and give  
22 you the right number. In my direct testimony, page 8, we  
23 speak of the customers that we have, I'll say not heard  
24 from, so you take away the 1,100 against 800,000 we had  
25 installed, I'd say there is 798,000 positive answers.

1 Q Of all those people, did you send any type of literature  
2 about this?

3 A Every customer, when we go to install the meter, receives  
4 a letter that talks about us coming to install the meter,  
5 as well as they receive a brochure about AMI at the same  
6 time in the same letter.

7 Q That's correct. But that's just a time. I'm saying:  
8 Are you going to places and telling people about all this  
9 stuff? Because when I got my meter, I never got any of  
10 that. They just came up to my door and took it off.

11 MR. SOLO: Your Honor, objection to the  
12 form of the question. Argumentative.

13 MRS. HOLETON: Sorry.

14 MR. SOLO: Compound, assumes facts not in  
15 evidence, and it was a narrative booked into testifying.

16 JUDGE MACK: So Mrs. Holeton, you have  
17 asked how they're communicating, and the witness  
18 testified that they are sending out a letter and a  
19 brochure. And what more are you looking for?

20 MRS. HOLETON: Well, what I'm looking for  
21 is actual people knowledge of exactly what is coming on  
22 their home. And people don't know. Because wherever we  
23 go talking to people about these meters, they have no  
24 idea. And I have a problem with that, because people  
25 should be informed on what's coming on their homes, and

1           they're not. I wasn't. The gentleman just came up to my  
2           meter and just ripped it off, put the digital on it.

3                        JUDGE MACK: Well, again let's avoid the  
4           editorializing.

5                        MRS. HOLETON: O.K. Correct.

6                        JUDGE MACK: The descriptive terms. So  
7           what is your question? You've got the one question, and  
8           it was answered.

9    Q    (By Mrs. Holeton): I'm just saying: People need more  
10   information. And why aren't you sending more information  
11   out to people in regards to this, the benefits and all of  
12   the program, of the smart meter and the meter itself?

13   A    I'd like to address that. Number one, we communicate  
14   with communities about six months in advance of us coming  
15   to an area to install the meter. When we originally  
16   announced the program back years ago we did say we were  
17   going to replace all meters and we would tell those  
18   communities at that time. So we have, some of the  
19   communities you have been at, I have to say it's you  
20   because you said you spoke there, we are not planning to  
21   install that meter for a even a couple of years plus.

22                        So as we get nearer to the time of  
23   installation, we will execute our communication plan,  
24   which is to meet with the cities, as well as continue our  
25   sending of letters to the customers.

1 Q I'd like to ask a question about that. You specified the  
2 meter. Are you talking about a digital meter or the open  
3 way?

4 A We will specify that we are putting in the AMI meter.  
5 And we have been putting digital meters in for multiple  
6 of years. There is over a hundred thousand in service.

7 Q Correct. So you're saying you're going city to city  
8 telling them they're getting this new modified meters; is  
9 that what you're saying?

10 MR. SOLO: Your Honor, at this time I'd  
11 like to place an objection. I believe that these were  
12 foundational questions and I have given some latitude in  
13 advance to making my objection, but it doesn't appear  
14 that relevant content related to the Opt Out Program is  
15 in sight. And so according to that, I am objecting, your  
16 Honor.

17 JUDGE MACK: Ms. Holeton, where are you  
18 going with this?

19 MRS. HOLETON: Well, I am just -- the opt  
20 out, all of the money and all the money associated with  
21 this has got to do with all of the meters and coming to  
22 their homes. I think they should be notified exactly  
23 what's coming. That's what I'm trying to get out there  
24 so people will know what's happening.

25 JUDGE MACK: But how would that get to

1 the cost of service principles that are guiding us?

2 MRS. HOLETON: The costs and how things  
3 are going to change with their electricity bill. A lot  
4 of people are getting high bills and everything.

5 JUDGE MACK: But that's -- The cost of  
6 the electricity is not the issue here, it's the cost of  
7 opting out of that program. Is it your -- Are you trying  
8 to go to the point that if more people knew about this,  
9 the opt out number would be higher and thus the monthly--

10 MRS. HOLETON: Well, that's basically  
11 what I'm trying to say. There would be a lot more people  
12 probably here today if they knew what was going on, and  
13 they would change the whole factor of the meters and the  
14 price.

15 JUDGE MACK: O.K. And you have gone with  
16 communication, the community outreach. See, what we  
17 can't get into here, you're not going to argue with the  
18 witness. You're not going to convince -- you're going to  
19 file a written argument and you make those arguments.  
20 But right now you've got to ask him a question. So is  
21 there something beyond the answer you received regarding  
22 communications and community outreach?

23 MRS. HOLETON: No. I'd like to go to  
24 another area.

25 JUDGE MACK: O.K.



1 Q (By Mrs. Holeton): I'm concerned about disabled people  
2 and being able to afford this, being disabled myself and  
3 living on a certain income. How are people going to be  
4 able to afford this? What if they can't afford this?  
5 What will happen to them? Will you put them in a  
6 different category? Will you deal with them differently?  
7 How will that deal with the disabled people and low  
8 income in regards to the price?

9 MR. SOLO: Your Honor, I have an  
10 objection to the compound nature of that question. It's  
11 certainly inappropriate from that standpoint. I'm not  
12 sure if it needs to be dissected or the witness is  
13 capable of answering despite its compound nature.

14 JUDGE MACK: Are you trying to ask this  
15 witness whether any thought has been given to a different  
16 fee structure as it relates to income?

17 MRS. HOLETON: Yes, low income or  
18 disabled people like me and a lot of other people  
19 involved.

20 JUDGE MACK: No offense, and I understand  
21 disability, but that doesn't indicate an ability to pay  
22 the bill. But I think if you were to ask that question  
23 about was there some consideration given to low income or  
24 would that affect the opt out or anything, you could do  
25 that. I think where Mr. Solo is going is, your questions

1 contain a number of questions, so if you could just boil  
2 them down and just ask one question, we'll move through  
3 this.

4 Q (By Mrs. Holeton): Will DTE work with people in regards  
5 to the price in regards to disability, disabled people  
6 and low income people, in regards to the opt out?

7 JUDGE MACK: Mr. Solo, your objection  
8 stands?

9 MR. SOLO: Yes, your Honor. I mean, I  
10 appreciate that you're attempting to simplify, but one  
11 question at a time would be permissible and appropriate,  
12 and then I'll be able to not object and interrupt you so  
13 often.

14 Q (By Mrs. Holeton): Well, will the people, low income,  
15 will it be different for them, the pricing?

16 A The opt out cost of service principles that are  
17 established here does not ascertain any level of customer  
18 than a residential customer. So the price right now  
19 would stand as is.

20 Q O.K. How about multiple meters on a house, if a person  
21 has like air conditioning and a regular meter too, will  
22 there be a double charge? How does that go? Taken off?

23 A So you're asking how does the \$87 and \$15 apply to a home  
24 that has service from DTE Energy, both electric and gas?

25 Q No, like me. I have a meter on my home, and I have air

1 conditioning.

2 A So two electric meters?

3 Q Correct. Now how will that --

4 A It's a one time charge for having one field site visit.

5 So it's one \$87 charge.

6 Q So you are saying I could have both of them taken off and  
7 downsized?

8 A You could have both of them switched to a  
9 non-transmitting meter.

10 Q See, that's another thing I'd like to talk about too is,  
11 with the opt out we have to go to just the digital meter,  
12 correct?

13 A With what we are proposing in our opt out here is a  
14 non-transmitting AMI meter, yes, ma'am.

15 Q There is no way anybody can keep their analog meter?

16 A We are looking at a cost of ownership on the whole. The  
17 analog meters are really a meter that old by age and we  
18 are in a plan to replace them. They are not being  
19 manufactured by vendors anymore today. In fact, we  
20 haven't again bought an analog meter since 2006.

21 Q If there are places we can get analog meters, can we get  
22 them?

23 A From The Detroit Edison standpoint, we go through our  
24 supply chain, we buy the meters which are proper to the  
25 industry that meet all the testing specifications.

1           That's how we buy them.

2       Q     Last question.  If I decide I didn't want to go with the  
3           program, would you shut my electricity off because I  
4           don't want this digital?

5       A     As a condition of service, we are going to be replacing  
6           that meter, so it would fall under general rules, and it  
7           has the potential -- you are liable for shut-off in some  
8           respect.

9                           JUDGE MACK:  Is that it, Ms. Holeton?

10                          MRS. HOLETON:  Yes.

11                          JUDGE MACK:  Thank you.  Mr. Holeton.

12                          MR. HOLETON:  Good afternoon, your Honor.

13                                       CROSS-EXAMINATION

14       BY MR .HOLETON:

15       Q     Mr. Sitkauskas, is it true that DTE owns the meter on the  
16           home?

17       A     Yes, sir, DTE Energy owns the meters at the home.

18       Q     Everything else belongs to the homeowner; is that true?

19       A     I think you have to describe what everything else is.

20       Q     Everything else electrical that's for the energy  
21           consumption in the home belongs to --

22       A     Inside the home?

23                           JUDGE MACK:  Hold on, Mr. Sitkauskas.

24                          Don't talk over each other.

25                                       So everything else, Mr. Holeton, is there

1 a point you wanted to go to there?

2 MR. HOLETON: Yes, your Honor. I tend to  
3 speak to the DTE as the ownership of the service brought  
4 to the homeowner and the meter that they're putting on  
5 the home, and I'll move on from there.

6 JUDGE MACK: O.K.

7 Q (By Mr. Holeton): Mr. Sitkauskas, is it true that the  
8 only thing that, as far as the energy consumption in the  
9 home, that is relevant to DTE is the meter that measures  
10 the amount of energy consumed in that home is the new  
11 open way or the digital meter or analog meter?

12 A We own and service up to and including the meter, yes,  
13 sir.

14 Q I could ask this one question, O.K., about the open way  
15 meter. As far as inspection, now we understand that with  
16 the open way meter and the digital meter there will be no  
17 longer be service representatives coming out to the  
18 residential consumer. Is that true?

19 A The service representatives, they're in the field all the  
20 time. So I would say that's false.

21 Q Well, let me clarify that then. Normally once a month a  
22 DTE representative goes around and reads the analog  
23 meter. With a radio frequency meter, controlled meter,  
24 there will not be someone coming to a resident's home to  
25 check to see whether a tree has fallen on the meter or

1           whether there is debris, whether there is access to the  
2           meter, whether there is any possible damage to that  
3           meter, because you would no longer have somebody going  
4           around once a month to do that. Is that not true?

5                       MR. SOLO: Your Honor, I'd like to make  
6           an objection to scope and relevance. We made it clear by  
7           a number our objections today with regard to the general  
8           application of the AMI infrastructure and its agreement  
9           in general rate cases. In the particular Opt Out  
10          Program, the record is clear that a special read will  
11          occur and a meter reader will go out to these sites that  
12          have radio transmission capability turned off. So a  
13          discussion about our business activities with regard to  
14          general infrastructure and general distribution  
15          operations are not relevant to this case, your Honor.

16                      JUDGE MACK: Well, I believe the question  
17          pertained to the transmitting meters.

18                      MR. HOLETON: Yes, your Honor. It is not  
19          to the analog meter and it is not to the opt out meter,  
20          O.K. I'm talking about the reasons for people requesting  
21          to opt out of the meter, and that is what I consider  
22          pertinent to the question, is that part of that issue  
23          with the new smart meter is that the services that were  
24          before will no longer be the services after there is an  
25          opt out. And so this is where I'm going with the

1 question, your Honor.

2 JUDGE MACK: So again, Mr. Solo, the  
3 question is: With the transmitting meter there will no  
4 longer be a meter read once a month where one of your  
5 agents/employees is out there to observe the conditions.  
6 You object to that under the --

7 MR. SOLO: Well, for what it's worth, I  
8 agree that that statement is true. But the issue  
9 regarding that aspect is related to the approval of the  
10 AMI program that was approved by the Commission in the  
11 general rate case. The program that we're seeking  
12 Commission approval here would result in a meter reader  
13 going out to the site.

14 JUDGE MACK: Or not.

15 MR. SOLO: To a customer who selected an  
16 opt out. So the question --

17 JUDGE MACK: The other side of that coin  
18 is, meter readers wouldn't go to those that participate.

19 MR. SOLO: I'll try to be more precise,  
20 your Honor. The question of whether it's good or bad  
21 that a meter reader will not be going to a home every  
22 month is a question related to the general approval of  
23 AMI in the general rate cases, not with regard to the AMI  
24 opt out. Because in fact, the AMI Opt Out Proposal is  
25 that we would continue to have a meter reader come to the

1 site on a monthly basis.

2 JUDGE MACK: Mr. Holeton, where would you  
3 fit that into cost of service principles?

4 MR. HOLETON: Well, your Honor, my whole  
5 basis of my testimony is about cost of service and a  
6 basis that they use for the cost of service upon the  
7 customer being able to accept an AMI open way meter or  
8 request the opt out. I believe the whole basis for their  
9 presentation here is flawed due to the number of people  
10 complaints. So people have to make an informed, educated  
11 decision on the cost of the opt out and the safety of the  
12 opt out, the benefits that Mr. Sitkauskas tends to go  
13 ahead and say AMI program are in question. And the  
14 benefits of the AMI Opt Out Program are in question.  
15 This is not there yet.

16 I believe that this whole thing about the  
17 rates and the people being able to make a reasonable  
18 decision about the cost of this program is imperative to  
19 this here meeting. That's where I intend to go with  
20 this.

21 JUDGE MACK: Just so we're clear, this  
22 isn't a meeting, it's an evidentiary hearing.

23 MR. HOLETON: Yes, your Honor.

24 JUDGE MACK: A contested case, sworn  
25 witnesses, and Rules of Evidence apply. So I would tend



1 to agree with Mr. Solo. I think you're making a point  
2 that would go beyond the cost of service principles and  
3 that is, meter readers won't go out and observe the  
4 conditions they do now, and I don't see how that fits  
5 into the cost of service. So I'll sustain that  
6 objection.

7 MR. SOLO: Thank you, your Honor.

8 Q (By Mr. Holetton): Mr. Sitkauskas, I'm going to go right  
9 to the crux of the matter. On your page 8, I'm going to  
10 go to there. I have made a short note here. It's my  
11 understanding that you used the complaints of 1,100 as  
12 your basis for the whole Opt Out Program to come to  
13 figures for all the services and charges. Is that true?

14 A On page 8 of my direct testimony, yes, we have received  
15 1,100 concerns. We use that as our basis for calculating  
16 forward.

17 Q I have heard testimony earlier, but I'd like to have you  
18 clarify it. On what valued evidence, documentation, have  
19 you come up with that 1,100 complaints?

20 A Customers have in some mannerism contacted us, via  
21 through a phone call or through a letter or through a  
22 customer care representative.

23 Q So basically you took the 1,100 complaints and subtracted  
24 it from the 800,000 and you say that 6,900 -- excuse me,  
25 690,000 are content AMI meter consumers. Is that true?

1 A I have no number of 690,000.

2 Q If we took the math and subtracted the 1,100, we'd have  
3 900,099? You can do the math. O.K.

4 A 798,000.

5 Q But what I'm saying is, you have approximately --

6 A The remainder of --

7 JUDGE MACK: Hold on. We're talking over  
8 each other.

9 MR. HOLETON: Yes, your Honor.

10 JUDGE MACK: No, actually you were okay  
11 on that. Mr. Sitkauskas, wanted to answer that question.  
12 So your question is pertaining to page 8 of the witness's  
13 testimony, 1,100 concerns, and that is the basis from  
14 which they extrapolated out the number for Opt Out costs?

15 MR. HOLETON: Yes, your Honor.

16 JUDGE MACK: And you got the answer, he  
17 said yes, that did form the basis. So what's next?

18 MR. HOLETON: Yes, your Honor. That's  
19 the basis for the rest of my testimony.

20 JUDGE MACK: Questions.

21 Q (By Mr. Holeton): The question was: Was that the basis  
22 for the whole Opt Out Program which you used?

23 A That was the basis for our estimation of 4,000 customers,  
24 yes, sir.

25 Q And let me take a moment. I don't want to rattle on.

1                   We have met on numerous occasions across  
2                   the state. Have the resolution and moratorium had any  
3                   effect on the Opt Out Program being here today?

4       A       We have addressed them in the respect of saying we are  
5                   presenting an opt out, because we had heard that voice.  
6                   So we are presenting this tariff for an opt out for the  
7                   customers, which is what that -- what most of the  
8                   resolutions you speak of asked for.

9       Q       Like I said, I got a ton of paperwork. I keep getting  
10                  lost in my paperwork. I believe I'll go through some  
11                  cities where you were. You were at Sterling Heights when  
12                  they passed a resolution?

13      A       I was at Sterling Heights for a community meeting. I  
14                  don't know if I was there the day they passed --

15      Q       Wasn't there a presentation there?

16      A       I was --

17                   JUDGE MACK: Hold on, we're speaking over  
18                  each other again. Were you at a city council meeting at  
19                  the city of Sterling Heights?

20                   MR. HOLETON: Yes, your Honor.

21                   JUDGE MACK: And he indicated -- the  
22                  witness indicated he was there. So what's next?

23      Q       (By Mr. HOLETON): Were you at Dearborn Heights, Mr.  
24                  Sitkauskas, for the resolution -- present your AMI  
25                  benefits program?

1 A Yes, sir.

2 Q Were you in Livonia to go ahead and present your AMI  
3 benefits?

4 A Yes, sir.

5 Q Were you in Dearborn Heights to go ahead and present your  
6 AMI benefits for the program?

7 A I think you just asked that, but yes, sir.

8 Q Then were you in Brighton, City of Brighton to present  
9 your AMI program benefits?

10 A I was at the City of Brighton, yes.

11 Q Were you in Rochester Hills to present your AMI program  
12 benefits?

13 A Yes, I was.

14 Q In each one of these communities I mentioned, there's  
15 probably a few more, I lost my paperwork, all these  
16 cities and townships including Shelby Township, passed a  
17 resolution after you presented all the benefits of the  
18 AMI program. Is that not true?

19 A There were resolutions passed at those city council  
20 meetings that contained multiple items in them.

21 Q What I am intending to get at, Mr. Sitkauskas, is that of  
22 the 22 cities and townships that we have been to, that  
23 passed resolutions and moratoriums, and the two counties,  
24 Oakland and Macomb, that passed resolutions, O.K., about  
25 the AMI Opt Out Program, the number of people is

1 significant. If you pitted that number against the  
2 800,000 that you are saying is your basis for the math of  
3 1,100, Oakland and Macomb County resolutions would exceed  
4 the 800,000, O.K., you listed as comparison and would  
5 nullify your whole basis for your opt out. Is that not  
6 true?

7 MR. SOLO: Your Honor, objection to the  
8 form of the question. It's a narrative response,  
9 assuming facts not in evidence, testifying in the form of  
10 a question. And in addition, it's compound.

11 JUDGE MACK: Mr. Holeton, it is all of  
12 those things. What I get a sense is, you're trying to  
13 establish that there have been numerous local units of  
14 government who have passed resolutions, and those are  
15 indicative of more than 1,100 concerns that forms a basis  
16 here. Is that what you're trying to get at?

17 MR. HOLETON: Well, your Honor, what I am  
18 trying to get at, they took a significant, a minute  
19 fraction of the possible complaints and used that as a  
20 negative against their 800 meters installed, and came up  
21 with a figure that they used for the whole computation of  
22 the Opt Out Program.

23 Now, if you just simply took, as Mr.  
24 Sitkauskas had said, that majority of the resolutions and  
25 moratoriums that represented people who wanted the Opt

1 Out Program, you're talking about 800,000 people that  
2 could possibly go ahead and register a complaint because  
3 they wanted an opt out program. This is the significance  
4 of this whole issue. Mr. Sitkauskas -- I don't want to  
5 elaborate -- I don't want to run on.

6 JUDGE MACK: Yes, you're getting close to  
7 testifying. You know, Mr. Solo, I believe this is all  
8 going to the line on page 8 of the witness's testimony  
9 that in response to the small group of concerned  
10 customers and consistent -- I think is where it's going.  
11 But what you're trying to establish is, there are going  
12 to be more people opting out than is proposed in this  
13 project?

14 MR. HOLETON: Yes, your Honor.

15 JUDGE MACK: O.K. And what you have to  
16 avoid is asking that in multiple forms and sticking to,  
17 you have established this basis for 1,100 concerns. So  
18 if you want to expand on that and be very focussed, you  
19 can.

20 MR. HOLETON: Thank you, your Honor.

21 Q (By Mr. Holeton): It has been my experience going from  
22 city to city, over approximately 30 cities, talking  
23 various communities, that neither -- here I go. Neither  
24 the council or the population of that community knew  
25 anything about smart meters. I believe it's because --

1 here I go again. Let me rephrase that. I'm sorry.

2 JUDGE MACK: Watch your beliefs.

3 MR. HOLETON: Here I go.

4 JUDGE MACK: I know you're catching  
5 yourself. You're objecting to your own questions, which  
6 I appreciate.

7 Q (By Mr. Holeton): Let me skip along to -- I'm trying to  
8 get something on the fly.

9 Mr. Sitkauskas, how many employees have  
10 you put forth in regards to informing the communities  
11 about smart meters?

12 A Could you describe what you mean by informing? I'm just  
13 trying to make sure I understand the question before I  
14 answer.

15 Q Well, like I said, we had personal experience going from  
16 community to community trying to go ahead and educate and  
17 make, inform people about all the aspects of the smart  
18 meters, good and bad. And it is my understanding that  
19 you have sent out letters to all these, over 300  
20 communities, espousing the benefits of smart meter, AMI  
21 program. Is that not true?

22 A Our regional relations personnel regularly communicate  
23 with communities. And yes, they did send a letter  
24 talking about AMI to all 300 communities. Again my  
25 communication plan for AMI installation was to be in

1 front of those communities approximately six months in  
2 advance of the plan for that area, so I give them good  
3 information as to what they would see in their community  
4 at that time.

5 Q Yes, Mr. Sitkauskas. But like I said about the numbers  
6 of the people that are willing to opt out, I have an  
7 e-mail that I received through a FOIA request from Ron  
8 Chriss, one of your employees. Is he one of your  
9 employees, Ronald Chriss?

10 A There is a Ronald Chriss in DTE Energy, yes, sir.

11 Q He sent an e-mail to Shelby Township, "I believe the last  
12 few paragraphs are most important for you at tonight's  
13 meeting. I recommend you read the paragraphs I  
14 highlighted in RED to the audience tonight..."

15 I didn't know that you took, DTE took a  
16 special interest in exactly what supervisors and mayors  
17 and council members spoke at meetings. Is this a normal  
18 proceeding for DTE?

19 A I don't know what --

20 MR. SOLO: Object to the form of the  
21 question. Again it's compound. It seems to assume facts  
22 not in evidence, and offering a narrative to characterize  
23 beyond what the proposed exhibit describes.

24 JUDGE MACK: Your e-mail is not in  
25 evidence at this point. You want to try to put that



1 e-mail in?

2 MR. HOLETON: I would like to try to put  
3 that e-mail in evidence.

4 JUDGE MACK: O.K. That was attached to  
5 your --

6 MR. HOLETON: Exhibit A-9.

7 JUDGE MACK: And do you have a copy for  
8 the witness?

9 MR. HOLETON: Yes, I do, your Honor.

10 JUDGE MACK: You may approach and give  
11 him a copy. Let's go off the record. Let's take a break  
12 till 2:30.

13 (Brief recess was taken.)

14 - - -

15 (Document was marked for identification by the Court  
16 Reporter as Exhibit No. I-JH-9.)

17 JUDGE MACK: We are back on the record.  
18 While we were off the record Mr. Holeton has provided the  
19 witness with a copy of his proposed exhibit. We have  
20 gone through some re-markings in his original filing of  
21 his direct testimony. This was marked as Exhibit A-9, it  
22 is now marked as Exhibit I-JH-9.

23 Mr. Holeton, are you offering this into  
24 evidence?

25 MR. HOLETON: Yes, your Honor.

1                   JUDGE MACK: Thank you. Mr. Solo, any  
2 objection beyond your motion to strike?

3                   MR. SOLO: Your Honor, perhaps by point  
4 of clarification, I did move to strike this exhibit as  
5 being inadmissible hearsay, and then also made arguments  
6 with regard to the authentication process for the  
7 document, making note that it includes several documents,  
8 including e-mails from people other than the witness who  
9 is sponsoring that, now the person that is introducing it  
10 through Mr. Sitkauskas. But I understand that you have  
11 ruled on those objections.

12                   What wasn't clear to me is that at some  
13 level you did expect that we would re-discuss this at the  
14 time of moving for admission. So for those reasons, I  
15 will renew my objection. And I'd also like the record to  
16 note that there is pages 1 through 9, but they actually  
17 include a series of documents, including a couple of  
18 letters that are actually letters that the Company  
19 drafted. And then others are e-mails from people other  
20 than Company representatives. I would suggest, your  
21 Honor, that they have a different view regarding  
22 appropriateness from a hearsay perspective.

23                   I'll note, and I apologize for not having  
24 the transcript handy in advance of this hearing, but my  
25 recollection is part of your ruling you indicated that

1 corporate documents and letters that were sent by the  
2 Company are the type of document that are commonly relied  
3 on in these type of proceedings. So your Honor, with  
4 respect to that ruling, I would agree that that would  
5 apply to the attached letters in Exhibit I-JH-9,  
6 beginning on page 2 of 9, but also note that there is  
7 extraneous material beginning on page 1 of 9 that  
8 references some type of e-mail correspondence from people  
9 that aren't testifying today.

10 JUDGE MACK: Thank you. So your  
11 objection is it's hearsay and it's not the type of  
12 information that reasonably prudent people rely on in the  
13 course of their affairs.

14 MR. SOLO: At least in part. I  
15 understand your ruling with regard to the letter content  
16 that appears in complete form with the DTE Energy  
17 letterhead on it, despite the fact that the author of  
18 that is not Mr. Sitkauskas, and in fact if he's  
19 questioned on that, even though he's not the author, I  
20 would understand that. But my understanding is that was  
21 the spirit of your ruling, if I remember correctly, your  
22 Honor.

23 JUDGE MACK: That is my understanding of  
24 how I ruled, too.

25 MR. SOLO: Thank you.

1 JUDGE MACK: But your main concern is  
2 with the first page, first three pages which is this  
3 string of e-mails.

4 MR. SOLO: Yes, your Honor. At least on  
5 my copy it looks like some type of copying and pasting  
6 was going on here with regard to the font change and bold  
7 or differing print quality. I'm not sure what it is from  
8 an authentication of official document, best evidence  
9 standpoint.

10 JUDGE MACK: O.K. Thank you. Mr.  
11 Erickson.

12 MR. ERICKSON: I am unclear as to the  
13 exact -- I know I have a copy of proposed Exhibit I-JH-9.  
14 I guess I would ask that you withhold a ruling on the  
15 admissibility of that document until we have heard the  
16 cross-examination of Mr. Sitkauskas so that we can see  
17 what we have with regard to the foundation for the  
18 document. It might be good, it may -- there may not be  
19 foundation. I agree that in administrative proceedings  
20 the hearsay rule isn't strictly enforced but I'd just  
21 like to hear more before you actually rule on the  
22 admissibility of this nine-page document.

23 JUDGE MACK: Thank you. Mr. Cusumano,  
24 position on admissibility?

25 MR. CUSUMANO: I think the nine-page

1 document should be admitted.

2 JUDGE MACK: Thank you. Mrs. Cusumano?

3 MRS. CUSUMANO: I agree it should be  
4 admitted, your Honor.

5 JUDGE MACK: Ms. Edwards?

6 MS. EDWARDS: I think it should be  
7 admitted.

8 JUDGE MACK: Mrs. HOLETON?

9 MRS. HOLETON: Yes.

10 JUDGE MACK: Ms. Kurtz?

11 MS. KURTZ: No opinion.

12 JUDGE MACK: And Ms. Spranger?

13 MS. SPRANGER: Yes.

14 JUDGE MACK: Ms. Schmidt?

15 MS. SCHMIDT: Yes.

16 JUDGE MACK: And Ms. Barone?

17 MS. BARONE: I would concur in the  
18 Attorney General's remarks. I'm not sure who this Lisa  
19 Suida is. But I mean in terms of the hearsay, if it's a  
20 document from Edison, since they're a party, I think the  
21 hearsay would apply. But it would apply to Lisa Suida,  
22 S-u-i-d-a. That portion would be hearsay.

23 JUDGE MACK: Thank you. Mr. Erickson, I  
24 would agree. Let's see where we go with this and let's  
25 see what sort of foundation and what sort of answer we

1 get.

2 So Mr. HOLETON, what we're going to do is  
3 provisionally allow you to ask the witness questions  
4 about this document. And then we'll revisit the  
5 admissibility of the document.

6 MR. HOLETON: Thank you, your Honor.

7 Q (By Mr. HOLETON): Mr. Sitkauskas, I have before me  
8 I-JH-9, and it is a reference from Lisa Suida, the clerk  
9 at Shelby Township, Michigan, where you had your  
10 presentation on benefits of the AMI smart meters. I did  
11 a FOIA request. She submitted this to me via e-mail.  
12 The relevance of this is how DTE personally tried to  
13 influence the Shelby Township supervisor in the  
14 presentation of your benefits and possibly the Opt Out  
15 Program later on. So I requested you to identify that  
16 Ronald Chriss was one of those people that sent on out  
17 e-mails and correspondence to different cities  
18 communicating the benefits of the AMI program. Is that  
19 not true? Excuse me. Is that true?

20 MR. SOLO: Objection, your Honor, to the  
21 question for the narrative content, the testimony within  
22 what's purported to be a question, a characterization and  
23 the coloring of the document that assumes facts not in  
24 evidence in this case.

25 JUDGE MACK: Thank you, Mr. Solo. That

1 was a long question, Mr. Holeton.

2 MR. HOLETON: I'm sorry, your Honor.

3 JUDGE MACK: That's O.K. Let's see if we  
4 can break it down.

5 Mr. Sitkauskas, Mr. Chriss works for DTE?

6 A Yes, sir.

7 JUDGE MACK: Does he work for you?

8 A No, sir.

9 JUDGE MACK: O.K. And his position is  
10 Regional Manager, Macomb County and Thumb Region?

11 A Correct.

12 JUDGE MACK: Do you have any knowledge of  
13 this e-mail that was indicated he sent on March 6, 2012?

14 A Not of the e-mail none whatsoever.

15 JUDGE MACK: O.K.

16 MR. HOLETON: Your Honor? Excuse me.

17 JUDGE MACK: And is this -- Do you have  
18 any knowledge that the Company was sending out e-mails to  
19 municipalities or communicating with municipalities in a  
20 manner similar to this?

21 A The answer, yes. We regularly communicate with  
22 municipalities. And to that extent, the rest of this,  
23 where there is an individual letter to the rest of this  
24 exhibit, where there is an individual letter to a mayor  
25 or two along the way, that is regular communication by

1 our regional manager personnel to the communities of  
2 anywhere in DTE Energy territory.

3 JUDGE MACK: O.K. Thank you. So  
4 Mr. Holeton, where do you want to go with this?

5 MR. HOLETON: Your Honor, I'd like to go  
6 ahead and withdraw that question and discuss another  
7 piece of evidence that will clarify that evidence.

8 JUDGE MACK: O.K. You withdrew it, so go  
9 ahead.

10 MR. HOLETON: O.K. I'll just withdraw  
11 that question.

12 Q (By Mr. Holeton): Mr. Sitkauskas, during all of my  
13 discovery, I requested The Detroit Energy provide me with  
14 a list of the names of DTE employees who sent out those  
15 letters to different communities, approximately 300, and  
16 I have that list before me. And the names are (phonetic)  
17 Casin, Chriss, Gantz, Lupert, Coy, Pachesko, Williams,  
18 and Gribbs. Are any of those names relevant to you?

19 A They're all different regional relations managers for DTE  
20 Energy who communicate with communities on a regular  
21 basis.

22 Q And in my discovery, like you said, I have approximately  
23 the formatted letters that each one of them sent on out  
24 to approximately 300 communities in the Detroit metro  
25 area that talk about the same subject matter that I gave



1 in evidence earlier, that I didn't quite finish  
2 describing. Do you know about those letters, the format  
3 the basic same they sent out to those different  
4 communities?

5 A I'm aware that those letters numbering about 300 were  
6 sent to the individual public leaderships or government  
7 leaderships in those areas, and the letters that I can  
8 see were exactly the same.

9 MR. HOLETON: Take a moment. Excuse me a  
10 minute, your Honor.

11 JUDGE MACK: Go ahead.

12 MR. HOLETON: Your Honor, I'd like to go  
13 ahead and submit this one-page document as evidence of  
14 the names I have mentioned about participants from DTE  
15 sending out those letters to 300 different communities.

16 JUDGE MACK: Before you get to that I  
17 suggest that we address I-JH-9, which is still pending.  
18 Are you done asking the witness questions regarding that  
19 document?

20 MR. HOLETON: No, your Honor. Now that I  
21 have brought the relevancy of those names to the Court  
22 about the Mr. Ron Chriss being one of those  
23 representatives that Mr. Sitkauskas agreed to, that he is  
24 one of those representatives, I'd like to finish  
25 discussing that document, I-JH-9.

1 JUDGE MACK: O.K. Go ahead.

2 Q (By Mr. Holeton): Ron Chriss, whose last name is on page  
3 3 of 9 of that document, sent on out this e-mail. I'm  
4 going to read the one paragraph. There's two paragraphs  
5 highly pertinent in this list that reference the 1,100  
6 people.

7 JUDGE MACK: Well, Mr. Holeton, if you  
8 could avoid reading.

9 MR. HOLETON: Yes, your Honor.

10 JUDGE MACK: If you just want to indicate  
11 what portion of that document you're referring to.

12 MR. HOLETON: Yes, your Honor.

13 Q (By Mr. Holeton): On page 1, Mr. Chriss says, I  
14 highlighted in RED to... "I believe the last few  
15 paragraphs are most important for you at tonight's  
16 meeting. I recommend you read the paragraphs I  
17 highlighted in RED."

18 On the second page there is a paragraph  
19 highlighted in red, it talks about misinformed advocates,  
20 extremely -- it is an extremely emotional issue for them,  
21 their presence in municipal buildings typically outside  
22 their own communities, they are generally disruptive to  
23 the normal course of business in those communities.

24 JUDGE MACK: And that's the paragraph  
25 that begins "Recently we have seen."

1 MR. HOLETON: Yes, your Honor.

2 JUDGE MACK: O.K. Go ahead and ask him a  
3 question about that.

4 Q (By Mr. Holeton): Mr. Sitkauskas, do you know about  
5 Mr. Chriss and trying to inform cities and townships  
6 about misinformed advocates who are extremely emotional  
7 about the smart meter issue, their presence at municipal  
8 meetings typically outside of the communities that are  
9 disruptive to the normal course of business?

10 MR. SOLO: Your Honor, objection to the  
11 form of the question. In addition, it's  
12 mischaracterizing the document that's being sought for  
13 admission in the record. By his form of paraphrasing,  
14 the document says that this is an extremely emotional  
15 issue. It does not characterize the individuals in the  
16 way described by Mr. Holeton.

17 JUDGE MACK: Yes. You know, Mr. Holeton,  
18 the document speaks for itself. What are you trying to  
19 elicit from this witness regarding it?

20 MR. HOLETON: Well, your Honor, what I am  
21 trying to elicit from this witness is that he had missed  
22 that he has employees in DTE that are trying to go ahead  
23 and persuade communities not to go ahead and address the  
24 objections to the AMI smart meter program and who may  
25 wish to become an opt out customer who would increase

1           those numbers from 1,100 to approximately 800,000, that  
2           would cancel out any cost ratio to be discussed here at  
3           this table. And the issue of the smart meters and the  
4           smart Opt Out Program would be irrelevant. That's where  
5           I'm intending to go with it, your Honor.

6                         JUDGE MACK: O.K.

7                         MR. HOLETON: There are too many  
8           customers at DTE that have not had their voice heard.  
9           According to the MPSC guidelines for rate recovery,  
10          they're supposed to be reasonable rates. And a  
11          reasonable person would look at this and say lo and  
12          behold, DTE is prejudicial, trying to limit the freedom  
13          of speech, which is not an issue here because rate  
14          recovery --

15                        JUDGE MACK: Hold on. You're talking  
16          argument now.

17                        MR. HOLETON: Yes, your Honor. I  
18          apologize.

19                        JUDGE MACK: So your contention is this  
20          proposed exhibit goes to an effort to limit the number of  
21          opt outs.

22                        MR. HOLETON: Yes, your Honor.

23                        JUDGE MACK: Without that, there would be  
24          more out opts?

25                        MR. HOLETON: Yes, your Honor.

1 JUDGE MACK: Then that would change, of  
2 course --

3 MR. HOLETON: The whole dynamics of the  
4 cost related program with the service upfront costs. The  
5 whole thing is based on the 1,100 complaints. And by the  
6 DTE sending out these --

7 JUDGE MACK: O.K. I know. Now you're  
8 arguing. We're just dealing with the admissibility at  
9 this time.

10 MR. HOLETON: Yes, your Honor.

11 JUDGE MACK: So I've got an offer of the  
12 proposed exhibit. Anything to add besides what we've  
13 already argued on that? Mr. Solo, anything?

14 MR. SOLO: Other than a renewal of my  
15 argument that that particular line of questioning in an  
16 of itself assumes facts that are not in evidence with  
17 regard to his belief that a higher number would exist.  
18 This document says what it says and it takes a whole lot  
19 of non-record evidence to draw the conclusions that he's  
20 proposed be a part of this document here.

21 JUDGE MACK: Well, that's weight. Do you  
22 contend it's inadmissible? Do you maintain it's hearsay  
23 and it's not the type of information reasonably prudent  
24 people rely on in the course of their affairs?

25 MR. SOLO: I would argue that the first

1 sections are. I would agree or I would live with your  
2 prior ruling with regard to the formal document that has  
3 DTE's letterhead on it. However, this discussion and  
4 argument doesn't provide appropriate foundation for  
5 entering that through this witness, your Honor.

6 JUDGE MACK: Thank you. Mr. Erickson,  
7 you have heard what Mr. HOLETON intends to offer this  
8 for.

9 MR. ERICKSON: And you're asking with  
10 regard to my position on admissibility of this exhibit?

11 JUDGE MACK: Yes.

12 MR. ERICKSON: Well, your Honor, I'm a  
13 bit confused because I understand from talking with Mr.  
14 Janiszewski, this exhibit in the form of A-9 attached to  
15 Mr. HOLETON's prefiled testimony was addressed, and you  
16 concluded that you weren't going to admit any evidence  
17 pertaining to perceived subterfuge. If that's the  
18 purpose of this document, then I guess it wouldn't be  
19 relevant to the case.

20 If on the other hand we're talking about  
21 admission only in terms of hearsay, I believe that it  
22 certainly is clear that pages 4 through 9 of proposed  
23 Exhibit I-JH-9 are not hearsay because they are official  
24 documents from the records of The DTE Energy Company. So  
25 that I guess I find myself kind of on the fence here in

1 the sense that I think a hearsay objection, at least to  
2 pages 4 through 9, is no longer valid. But I am  
3 concerned about the possibility that they're being  
4 offered for a purpose that you previously ruled would not  
5 be within the scope of this proceeding.

6 JUDGE MACK: Thank you, Mr. Erickson.  
7 Ms. Barone, anything?

8 MS. BARONE: Staff has no objection to  
9 that.

10 JUDGE MACK: Thank you. Mr. Holeton, you  
11 get the last shot.

12 MR. HOLETON: Your Honor, I'm going to  
13 have to take a brief moment. Under MRE 404(b)(1), the  
14 evidence is admissible and not prejudicial if it is  
15 presented for its proper purpose and limited to an issue  
16 of fact of consequence at a trial and is sufficiently  
17 probative to outweigh the danger of unfair prejudice.

18 I'm not a legalese, your Honor, but I do  
19 believe it's highly relevant to how many customers would  
20 opt on out to this issue. It is not -- When we, I'm  
21 talking about we the people, go to these meetings and all  
22 that, we expect people to be forthright, to be a  
23 reasonable person. I believe a reasonable person would  
24 honestly believe that council members would not be  
25 listening to a corporate entity about what should be

1 discussed and not discussed at a meeting. I honestly  
2 believe that those 300 communities, had we had the  
3 opportunity and the money and benefit that DTE could put  
4 forth, having employees come to those meetings, like Mr,  
5 Sitkauskas, and sending out these e-mails, we would have  
6 a lot more opt out consumers available if we had the same  
7 opportunities as he does being paid by the ratepayers who  
8 are here today to give this testimony.

9 JUDGE MACK: O.K. Thank you, Mr.  
10 Holeton. I am going to maintain the ruling I made last  
11 week. It's my reading of these documents that they are  
12 government documents or from a party, they have some  
13 level of reliability that would allow it to come in.  
14 It's the type that reasonably prudent people would rely  
15 on in the course of their affairs.

16 I am also going to reiterate that it is  
17 not being admitted to establish some subterfuge on behalf  
18 of the Company. It is merely to go to Mr. Holeton's  
19 argument that the 1,100 meters, the 1,100 customers that  
20 Edison used as a baseline is faulty, and so therefore it  
21 is relevant cross-examination of this witness.

22 So with that, I will admit Exhibit  
23 I-JH-9. What's next, Mr. Holeton?

24 MR. HOLETON: Thank you, your Honor.  
25 Take a moment. I'm amazed I won that argument.



1 JUDGE MACK: Off the record.

2 (At 3:00 p.m., a brief in-place recess was taken.)

3 JUDGE MACK: Back on the record. Mr.  
4 HOLETON, do you have further cross-examination of the  
5 witness?

6 MR. HOLETON: Oh, yes, your Honor.

7 JUDGE MACK: O.K.

8 Q (By Mr. HOLETON): On RES-9 and -10 of your direct  
9 testimony, Mr. Sitkauskas, it talks about the Company  
10 does not think it is appropriate for all customers to  
11 subsidize one segment of customers who request and  
12 receive a more expensive level of service. Such a  
13 scenario would be unfair and would contradict basic  
14 principles of cost. This is where -- excuse me, here I  
15 go again.

16 Do you think that the number of opt out  
17 customers could go ahead, an increase of opt out  
18 customers would completely erase or contradict the basic  
19 principles of cost? I'm reaching for words.

20 A I have to ask you what the question is.

21 Q O.K. Let me go past that and go to line 3. You state  
22 this is a volunteer program, thus customers concerned  
23 about additional costs are not required to opt out. Do  
24 you think that this is a voluntary program as -- Did you  
25 think this is a voluntary project? That's the one

1 question at a time.

2 A The Opt Out Program?

3 Q Yes.

4 A It is a voluntary program, yes, sir.

5 Q But do you think that limiting the consumers to the AMI  
6 open way meter and a Centron meter is not a DTE mandate?

7 I refer -- go ahead. That's a question.

8 A Again if you're asking me under Michigan law is there a  
9 mandate to put this meter in, no. But under our  
10 utility's goal, as a matter of efficiency and reliability  
11 from the power plant through and including the meter, it  
12 is required to receive service from DTE Energy.

13 Q It has been my understanding, and you said this at Shelby  
14 Township during the meeting, that the meter on a  
15 resident's home is the asset of DTE Energy. Is that  
16 true?

17 A Correct. DTE Energy owns the meter.

18 Q And so this Opt Out Program, my whole basis for all this  
19 is the confusion, because there is no federal, state  
20 mandate. You admitted to that. And DTE is mandating we  
21 take the open way or the Centron open meter, and we do  
22 not have any other choices. And that's confused me.  
23 That's why I am here. Why is it that this is, this DTE  
24 mandate is not unlawful?

25 MR. SOLO: Your Honor, objection to form.

1 And objection to the extent the question requests a legal  
2 opinion from this witness.

3 JUDGE MACK: The form is a failed basis  
4 for the objection in that it was a compound question.  
5 Mr. Holeton, can you narrow that down?

6 MR. HOLETON: Yes, your Honor.

7 Q (By Mr. Holeton): I always speak of the reasonable  
8 ability of people to comprehend. I have spoken to the  
9 Attorney General about consumers not being able to go  
10 ahead and file a complaint to go ahead and eliminate the  
11 confusion, misrepresentation about costs, cost  
12 effectiveness, authority of the AMI program. And the  
13 issue is whether the MPSC has primary jurisdiction.

14 Do you think the MPSC has primary  
15 jurisdiction over this issue of the installation of smart  
16 meters or is that strictly DTE's authorization?

17 MR. SOLO: Objection, your Honor. The  
18 question calls for a legal opinion from this witness, who  
19 is not an attorney.

20 JUDGE MACK: That is a classic request  
21 for a legal opinion when you bring up primary  
22 jurisdiction. Sustained.

23 MR. HOLETON: I'm sorry, your Honor.

24 JUDGE MACK: Don't apologize. You asked  
25 the question.

1 MR. HOLETON: I wanted to get the  
2 statement out there.

3 Q (By Mr. Holeton): I come back to the reasonable, the  
4 rates have to be reasonable, the costs have to be  
5 reasonable. And I believe every issue around the smart  
6 meter Opt Out Program should be reasonable. I'm looking  
7 for the question. I do not believe that there is a cost  
8 benefits to the Opt Out Program.

9 Is the Centron meter more costly than an  
10 analog meter to operate?

11 A To operate?

12 Q Yes.

13 A So you asked me digital meter versus electro-mechanical  
14 meter?

15 Q Yes.

16 A It's all in our cost of service, Mr. Holeton.

17 Q I have a documentation that the Itron/Centron meter  
18 captures more energy consumption than the old electric  
19 mechanical meter, and this is part of the opt out  
20 mandated by DTE, that we accept a meter that has not been  
21 disclosed to the cost.

22 Have you done cost comparison to the  
23 analog meter and the Centron digital meter that is  
24 required as far as the actual cost to the consumer?

25 MR. SOLO: Objection, your Honor. The

1 question is outside the scope of this proceeding and is  
2 addressing an issues that would be a matter of general  
3 rate cases for Detroit Edison with regard to the  
4 deployment of the AMI program, and they're not related to  
5 the proposed AMI Opt Out Program.

6 JUDGE MACK: Mr. Holeton, you're getting  
7 into the cost of the meters and the ability of the meters  
8 to record energy relative to one another. Is that where  
9 you're going with this?

10 MR. HOLETON: Yes, your Honor. In Shelby  
11 Township Mr. Sitkauskas's testimony, my wife and I were  
12 there, was that the whole purpose of the Itron open way  
13 meter was to capture energy consumption. And that's all  
14 it did. And the Centron meter, if we choose to opt out  
15 and pay the fee of \$87 down and the \$15 a month, we have  
16 to accept a meter that, according to the Itron website,  
17 Centron meter captures more energy consumption than the  
18 old electrical-mechanical meter, which means it costs  
19 more.

20 I have not seen in Mr. Sitkauskas's  
21 documentation that this meter saves consumers more money  
22 compared to the analog meter.

23 JUDGE MACK: Well, I understand that.  
24 But where you're running afoul is the cost of service  
25 principle. There is other areas where you're running

1           afoul on that too, but I can't get into that. What  
2           you're arguing or what you're trying to establish doesn't  
3           go to cost of service principles, it --

4                       MR. HOLETON: Cost of the opt out, your  
5           Honor.

6                       JUDGE MACK: But that's not what we're  
7           here for. We're not here for the cost of the meter, it's  
8           the cost that the Company will incur in installing and  
9           maintaining a non-transmitting meter. And that is  
10          consistent with my holding last week during the argument  
11          on the motions to strike. So I will sustain that  
12          objection.

13    Q        (By Mr. Holeton): O.K. I am going to move on to page 12  
14           of your direct testimony, Mr. Sitkauskas. You talked  
15           earlier about DTE's basis, the formula for the cost of  
16           services and the process of the Opt Out Program. And on  
17           there you use the different analogies of different states  
18           with this opt out. And you also use Vermont as the only  
19           one chosen to defer charges.

20                       Have you done any long-term studies in  
21           Michigan about the studies and what customers should pay?

22    A        For what?

23    Q        For the opt out.

24    A        Again what we're proposing right here is our tariff for a  
25           cost of service opt out.

1 Q So it's my understanding that because there is no Opt Out  
2 Program and most of this is irrelevant, is that not true?

3 MR. SOLO: Objection, your Honor.

4 MR. HOLETON: Excuse me. I keep using  
5 that word "not". Is it true?

6 JUDGE MACK: Wait.

7 MR. SOLO: I appreciate the  
8 clarification. That wasn't the basis of my objection  
9 though, your Honor. I think he's asking for this  
10 non-attorney witness to make a determination regarding  
11 relevancy in this proceeding, which would be an  
12 inappropriate question, your Honor.

13 JUDGE MACK: Yes. What's the relevancy  
14 that you're asking this witness?

15 MR. HOLETON: Your Honor, this is --  
16 we're going back to the reasonable cost that's required  
17 for the opt out and the services and everything. Is that  
18 this whole -- Mr. Sitkauskas and DTE did a study in the  
19 Grosse Pointes and other communities, and we have not  
20 seen any documentation submitted by the Opt Out Program  
21 saying these customers thought that the program was  
22 excellent, that they would recommend it to other  
23 neighbors, other communities. I'm just wondering if Mr.  
24 Sitkauskas had presented that so we know what ratio of  
25 people that are content with the AMI program or people

1 that want to opt out for an AMI program in those  
2 communities.

3 JUDGE MACK: Well, I don't recall any  
4 testimony that they have done a study. Have you done  
5 such a study?

6 A No, sir.

7 MR. HOLETON: That's the answer I wanted,  
8 your Honor.

9 JUDGE MACK: O.K.

10 MR. HOLETON: Thank you.

11 Q (By Mr. Holeton): So I will go back to, it is also a  
12 reference that you have been to some states and discussed  
13 different rates in those communities, in those different  
14 states. But you did not go to Vermont. The basis of  
15 your making a decision is a simple analogy. You did not  
16 go to every state; you went to a few states. Is this  
17 fair to say?

18 A With respect to states visited, you're correct. I never  
19 visited Vermont. And those other states I did not visit  
20 at all for the specific request of opt out. I visited  
21 those states for other aspects of the AMI to the whole,  
22 not an individual request to that state to discuss their  
23 opt out programs.

24 Q Thank you. This brings me to the question. There are  
25 only two handfuls of states that have opt out. And smart



1 meters are being put in across the country. This is in  
2 the process. And we are setting a precedent for  
3 customers deciding whether they want an AMI meter or an  
4 opt out, the cost benefits and all that. It's an  
5 educational process.

6 Do you think by, as you did with the  
7 1,100 number of customers related, do you think that just  
8 sampling a few states would be a good cost basis analogy  
9 for the number, the cost of the Opt Out Program?

10 MR. SOLO: Your Honor, objection to the  
11 form of the question. It's certainly compound. It also  
12 assumes facts not in evidence and provides narrative  
13 testimony in the form of the question that's conclusory.

14 JUDGE MACK: Thank you, Mr. Solo. Mr.  
15 HOLETON, you had a lot in that question, I believe. Is  
16 what you're trying to get at is the example that's  
17 represented in the witness's testimony at page 13, is  
18 that sufficient where it references the states and the  
19 fees they charge?

20 MR. HOLETON: Your Honor, what I am  
21 really trying to get at is that DTE took a minute  
22 sampling of 50 states and is using that as a cost basis  
23 for the Opt Out Program. And I think it's highly  
24 irrelevant that this analogy is flawed, as is the number  
25 of customers who opt out is flawed. This is why we have

1 to re-visit this before consumers have to pay for all  
2 this here upfront.

3 JUDGE MACK: Well, you are certainly free  
4 to ask him about his answer regarding the three states  
5 and what they charge. That's there. Do you want to know  
6 are there more states?

7 MR. HOLETON: Yes, your Honor.

8 JUDGE MACK: That's what you should ask.

9 Q (By Mr. Holeton): Mr. Sitkauskas, are there more states  
10 out there that are trying to go ahead and decide the core  
11 values of an Opt Out Program? And what do they base that  
12 on?

13 A First off, I don't know if there are other states doing  
14 an Opt Out Program. And I also don't know the status of  
15 AMI or AMR in other states, or more so the utility of  
16 that state. So I really can't answer any more than what  
17 was placed in my testimony. To my knowledge, I know of  
18 these couple states and what they're doing today.

19 Q Thank you. I'm going to discuss -- excuse me. I'm going  
20 to ask that the contract which would be Schedule 2, I  
21 believe?

22 JUDGE MACK: A-2.

23 Q A-2.

24 JUDGE MACK: I believe it's been called  
25 the tariff, the proposed tariff.

1 Q Yes, Exhibit A-2. Your direct testimony about requiring  
2 consumers to go ahead and sign this contract, to go ahead  
3 to agree to the \$87 and \$15 per month. And down at the  
4 very bottom of that contract it says that the customers  
5 have to go ahead, "Customers electing this provision will  
6 not have access to the benefits of having a transmitting  
7 AMI meter."

8 We're back to the benefits of the AMI  
9 program. What are the benefits of the AMI program again,  
10 directly?

11 MR. ERICKSON: Objection, your Honor. I  
12 know that the document has been addressed in the  
13 testimony to a certain extent. But the benefits of an  
14 AMI program, as I understand it, if they were a million  
15 dollars or a billion dollars or zero, would not be  
16 relevant to the question of whether or not the proposed  
17 rates identified in Exhibits A-1 and A-2 are just and  
18 reasonable, because the opt out is a way in which  
19 customers will decide whether or not they want to have a  
20 so-called AMI smart meter or not. And the consequences  
21 of that option will result in certain specified charges.  
22 If there were a million or a billion dollars worth of  
23 benefits from the AMI meters, that wouldn't change the  
24 determination of whether or not additional costs  
25 identified by Detroit Edison in Exhibits A-1 and A-2

1 would be incurred if a customer selected to opt out.

2 And I don't want this case to evolve into  
3 a discussion or analysis of the benefits of the AMI  
4 program itself, which I believe your Honor has already  
5 ruled are not within the scope of this case. And in  
6 particular the reason I object is because we do have a  
7 pending case in U-15768 in which we are going to address  
8 the relative benefits and costs of the AMI program  
9 itself. So I don't believe it would be appropriate for  
10 the Commission in this case to decide the benefits of the  
11 AMI program because Detroit Edison is merely offering the  
12 opt out as a part of the AMI program. Whether or not it  
13 recovers the cost of the AMI program, whether or not the  
14 AMI program costs are reasonable and prudent, isn't  
15 pending in this case.

16 JUDGE MACK: What about this witness's  
17 testimony at page 5 through 7 that says "Those benefits  
18 included...", and then goes on to list a number of  
19 nonmonetary benefits?

20 MR. ERICKSON: Well, I actually intend to  
21 ask Mr. Sitkauskas questions on those because I do  
22 believe that those benefits don't have any bearing on the  
23 proposal in Exhibits A-1 and A-2. But I'm simply -- this  
24 question starts moving us into relative benefits, and if  
25 the relative benefits of the AMI program, if the costs of

1 the AMI program are admissible in this case, then I have  
2 a problem with it.

3 JUDGE MACK: Well, the benefits don't --  
4 aren't always necessarily monetary, and I guess I could  
5 see where the benefits listed in the direct testimony may  
6 lead somebody to say, hey, this is a good thing; I am not  
7 going to opt out. So it could reduce the number of opt  
8 outs, it could increase that, I don't know. But we have  
9 a witness who testified to benefits. We have a proposed  
10 tariff that talks about benefits, and we have a question,  
11 what are those benefits.

12 But I will say this, Mr. HOLETON, he  
13 benefits as the witness has testified are listed  
14 beginning on page 5 of his direct testimony. And any  
15 benefits beyond that would be beyond the scope of this  
16 hearing. So if you want to limit yourself to the  
17 enumerated benefits, I'll allow that question.

18 And Mr. Sitkauskas, do you have any  
19 benefits to add to those that you enumerated in your  
20 direct?

21 A No, sir, I'll stay within my direct testimony, pages 5  
22 through 7.

23 JUDGE MACK: There you go, Mr. HOLETON.  
24 There is your answer.

25 MR. HOLETON: Thank you, your Honor.

1 Q (By Mr. Holeton): Mr. Sitkauskas, part of my problem why  
2 I am here is that I believe that a reasonable -- I would  
3 like to know that --

4 JUDGE MACK: Speak up.

5 Q -- that a reasonable person would be able to know the  
6 cost benefits of the Opt Out Program and the AMI program  
7 because they are not allowed, not able to follow the case  
8 procedure in all the tariffs and rates. Do you think  
9 that being able to limit the customer's educational  
10 resources by having them follow rate cases to determine  
11 the benefits and costs of the opt out and the AMI program  
12 is reasonable?

13 MR. SOLO: Your Honor, objection to form.  
14 If that question could be broken into pieces or re-asked  
15 differently so it would be appropriate?

16 MR. HOLETON: I'll try to do it.

17 JUDGE MACK: Well, Mr. Holeton, you had  
18 this witness testify that they sent out a letter, they  
19 sent out a brochure. They attended local, meetings of  
20 local units of government. So beyond that is what you're  
21 getting at, or that your contention is it's not  
22 sufficient and you want him to admit that? Is that what  
23 you're trying to do?

24 MR. HOLETON: Yes, your Honor.

25 JUDGE MACK: I don't think you're going

1 to get that, so. You do have a record here on what they  
2 have done. And I think we have a record too that there  
3 are rate issues involved in this and it's addressed in  
4 rate cases. So is there something beyond that, that  
5 you're trying to get to?

6 MR. HOLETON: I believe I'm probably at  
7 the end, your Honor.

8 JUDGE MACK: O.K. Thank you, Mr.  
9 Holeton. Let's go off the record.

10 (Brief discussion was held off the record.)

11 JUDGE MACK: Let's go back on the record.  
12 Ms. Kurtz, do you have cross-examination?

13 MS. KURTZ: I do.

14 JUDGE MACK: Go ahead, please.

15 CROSS-EXAMINATION

16 BY MS. KURTZ:

17 Q All right. So I hope you're not as tired as I am, but I  
18 have to assume you must be. Oh, boy. Here we go.

19 UNKNOWN SPEAKER: Excuse me, can't hear.

20 JUDGE MACK: Ms. Kurtz, you are going to  
21 have to speak loud.

22 MS. KURTZ: I will do my best, but I have  
23 to move this way a little bit more. Is it on? How about  
24 if I speak up? O.K.

25 I am going to do my best with this,

1 (indicating microphone) but I want tell you that I can  
2 feel stuff coming from that device, that microphone, and  
3 I may have to ask that it be taken away. Because it  
4 seriously makes it difficult for me to begin to do this.

5 JUDGE MACK: O.K. If you ask, we'll --

6 MS. KURTZ: All right. I am going to  
7 give a go for a very short -- How about if I try without  
8 it first, and then see how that goes?

9 JUDGE MACK: You're going to have people  
10 in the back that will be upset. But if you are telling  
11 me you need to remove the microphone --

12 MR. HOLETON: Yes.

13 JUDGE MACK: Then remove the microphone.

14 MS. KURTZ: I do. I'm sorry.

15 (Microphone being removed.)

16 JUDGE MACK: Thank you. Ms. Kurtz, you  
17 are going to have to speak especially loud.

18 MS. KURTZ: I will do my best.

19 JUDGE MACK: And project your voice. Go  
20 ahead.

21 Q (By Ms. Kurtz): In its application, Edison calls its Opt  
22 Out plan a program.

23 Is this loud enough?

24 In its application, Edison calls its Opt  
25 Out Plan a program. What does Detroit Edison mean by the



1 word "program"?

2 A I don't know where in the particular testimony you have  
3 asked me to describe program or --

4 Q Yes. I have seen it. I'm sorry I didn't pick up the  
5 specific reference, but it's been --

6 JUDGE MACK: Well, I believe the case  
7 caption calls it a program.

8 Q (By Ms. Kurtz): Right. In the application, second  
9 sentence says Edison's program consists of an  
10 opportunity, so on and so forth?

11 A Well --

12 Q So anyways, it's been referred to multiple times as a  
13 program.

14 A I looked at the tariff sheet and it's got provision on  
15 it, so I just wanted to make sure we're talking the right  
16 terminology. Again what this is, is the Opt Out -- I  
17 will say the word program.

18 Q So I'm asking what the word program means in this  
19 particular context.

20 JUDGE MACK: Well, Ms. Kurtz, he was  
21 attempting to answer that question and then you  
22 interjected. So just let the witness answer the  
23 question.

24 A It's the whole aspect of allowing a customer, without  
25 reason to us, to opt out of a transmitting AMI meter and

1 receive a non-transmitting meter, and we would charge  
2 these individuals a one-time cost or a monthly cost as  
3 said in my Exhibit A-1.

4 Q So would you agree with me that a program consists of  
5 multiple parts? Would you agree with me that there is  
6 more than one thing in a program?

7 A A program usually is more than one item, yes.

8 Q O.K. Thank you. How many residential customers does the  
9 Detroit Edison have?

10 A Approximately 1.9 million customers.

11 Q And are apartment complexes considered a single  
12 residential customer?

13 A A customer is of record, is what I'm saying to you. So  
14 if there are 30 apartments in a building and there are 30  
15 customers of record, then they are 30 customers in that  
16 1.9 million count.

17 Q O.K. Thank you. How many residential meter boxes are  
18 installed in Detroit Edison's territory?

19 A I'd have to look for them in my discovery to get an exact  
20 figure.

21 Q Give me an approximate.

22 A About 2.1 million, I believe the number is.

23 Q Yes. I think you had said 2.4; that's close. How many  
24 non-residential customers does Detroit Edison have?

25 Non-residential. I could, you know --

1 A I'll have to pull that number out of the records. I  
2 think somewhere in the range of about two hundred  
3 thousand.

4 Q Shall I state what --

5 A Be fair.

6 Q O.K. I didn't know if I could. So in the discovery you  
7 stated that there was 198,000. Does that sound  
8 approximately correct?

9 A Correct. 200,000, yes.

10 Q Are there approximately 209,000 nonresidential meter  
11 boxes, Detroit Edison?

12 A Yes. There are some locations with multiple meter boxes,  
13 that's why boxes are greater than customers.

14 Q Yes, I understand that. And to date -- Well, to date  
15 meaning November 30, there have been about 800,000 AMI  
16 meters installed. Is that right?

17 A That's generally the number at that time, yes, ma'am.

18 Q And do you know the number at this point?

19 A We're approximately about 965,000.

20 Q 965,000 O.K. So approximately how many non-AMI meters  
21 remain?

22 A It's a simple subtraction --

23 Q Yes.

24 A Of the --

25 Q So about 1.5, 1.6 million?

1 A Of the electric family, yes.

2 Q And how many specifically analog meters remain?

3 A I do not know the number of analog meters that are out  
4 there in service.

5 Q You don't know. Detroit Edison has no idea how?

6 A We can go through our inventory system, but I don't have  
7 an individual count of analog meters.

8 Q Is there a way for us to find that out?

9 A I don't know how I could find that out right now.

10 Q How many meter readers currently used by Detroit Edison  
11 are direct employees of the Company?

12 A For those that are in meter reading only, it's in the  
13 territory where electric is today, it's probably less  
14 than 30.

15 Q And so there are some people who have multiple functions  
16 who -- you said who only read meters there is less than  
17 30, but there are other people who part of their job is  
18 to read meters and part of their job is to do something  
19 else?

20 A We have field service personnel who may be out on a read  
21 or something like that. But general mass meter readers,  
22 generally the number around 30 inside of the Edison  
23 territory.

24 Q And about how many meter readers that are not direct  
25 employees of Edison are there at this point in time?

1 A I don't know that again because we pay by the route on  
2 the other areas. And that particular, those companies  
3 can have as many as people they want or as few people as  
4 they want, as long as they supply the read being  
5 completed.

6 Q About how many routes are there?

7 A I think there's about 5300 routes total in the system.  
8 That's a, I'm pretty sure that's a pretty close number.

9 Q O.K. And is the pay scale for -- well, let me put it  
10 this way: Do you have to pay more -- Does it cost more  
11 to read a meter if the meter is read by a direct Detroit  
12 Edison employee versus subcontracted out? So do you  
13 understand the question I'm asking?

14 A I just want to make sure that -- yes, I do understand it.  
15 I want to make sure what we're doing. Because the cost  
16 of the meter read, it combines all the meter reading  
17 expenses together as one. There's no difference between  
18 an Edison employee reading it or a contract employee  
19 reading the meter. They come into the cost of the meter  
20 read.

21 Q I thought that part of the reason for subcontracting out  
22 was that it was cheaper?

23 A There is -- there is some cost savings with doing some of  
24 the particular route payment as opposed to a full 40-hour  
25 employee payment, yes.

1 Q So that's the question I'm asking then. So how much  
2 money -- let me ask it another way. How much does  
3 Detroit Edison save by subcontracting rather than  
4 employing people directly?

5 MR. SOLO: Objection, your Honor. I'd  
6 like to make an objection regarding scope and relevancy  
7 of this subject matter. I assumed that there was a  
8 building of foundation occurring by the number of  
9 questions that would tie somehow directly to the AMI Opt  
10 Out Program. It appears that there's no end in sight in  
11 that regard, and these questions are speaking to the  
12 broader meter reading of all customers, not specifically  
13 related to the individual cost of the AMI Opt Out Program  
14 or those components. So accordingly I object for  
15 relevancy, your Honor.

16 JUDGE MACK: Thank you, Mr. Solo. Ms.  
17 Kurtz, response?

18 MS. KURTZ: Yes. It's relevant because  
19 the reason that I am asking these questions is to  
20 establish how much it cost to read a meter and whether  
21 that cost might be cheaper, which is exactly part of what  
22 this hearing is about. And so if I don't know what,  
23 whether it costs more for someone to come out and read a  
24 meter versus a direct Detroit Edison employee, I don't  
25 have a basis for attempting to determine that, and I

1 don't think other people do either.

2 JUDGE MACK: But how is that relevant to  
3 the cost of service principles for opting out of an AMI  
4 meter?

5 MS. KURTZ: Because perhaps then the  
6 amount of the meter read will be less. So the question--  
7 (Cell phone ringing.)

8 JUDGE MACK: Excuse me. Is that phone  
9 turned off? Thank you.

10 But Ms. Kurtz, you're attempting to  
11 examine the issue of, it's cheaper to have people out  
12 reading meters than it is to transmit?

13 MS. KURTZ: No, that's not what I'm  
14 exploring.

15 JUDGE MACK: What are you exploring?

16 MS. KURTZ: I am exploring whether --  
17 Well, let me ask my next question and see --

18 JUDGE MACK: Well, no, because we have an  
19 objection to your last question, and then we're going to  
20 address that. Do you withdraw that last question?

21 MS. KURTZ: O.K. For the moment. Could  
22 I do that?

23 JUDGE MACK: Well, no. I don't want you  
24 coming back and asking the question again. Are you done?

25 I'll sustain the objection.

1 MS. KURTZ: May I finish then? I don't  
2 know how this operates and I'm trying to understand.

3 JUDGE MACK: I appreciate that,  
4 Mrs. Kurtz, but how it operates is: It's an evidentiary  
5 hearing, I have an objection, you have a response, and I  
6 rule on it.

7 MS. KURTZ: O.K.

8 JUDGE MACK: I'm going to rule that I'm  
9 going to sustain the objection. I'm not going to allow  
10 you to delve into the economics of contracted meter  
11 readers and employee meter readers. If you want to get  
12 into the labor costs of the AMI program, you can do that.  
13 So I will sustain Mr. Solo's objection.

14 Q (By Ms. Kurtz): So when you factored in -- this is the  
15 question that I was getting to -- When you drew up the  
16 cost factors in Exhibit A-1 Schedule 1 and all of its  
17 attendant schedules, were the meter reading costs figured  
18 for DTE employees, Detroit Edison employees, or  
19 subcontracted employees?

20 A I would tell you to look at row 9, which includes all the  
21 meter reading costs that are in current rates. It's  
22 regardless of how it's read, by whom, but it is the total  
23 cost of meter reading that we have in current rates, and  
24 we're crediting it back in the opt out provision. We do  
25 not have a cost per read for an individual customer.



1 Q So the question that I'm asking now, O.K., so let's go to  
2 line 5 of that same exhibit and schedule.

3 A Uh-huh.

4 Q Meter reading costs, eight dollars. My understanding is  
5 that this is what is called -- In fact you have that  
6 there, a special meter read. One of my questions is:  
7 Has that cost been figured with people employed by  
8 Detroit Edison or with some contracted meter readers?

9 A The employees and their totals down below on page --  
10 Exhibit A-1 Schedule 4, the clerk, the general employee,  
11 and Tech 3+ years, those 18 persons would likely be the  
12 persons doing a special read. Their rates are there, the  
13 average is there, and that's what we put into the  
14 calculation to get to the \$8.

15 Q And what do each of these people do?

16 A Well, these people, these tech reads would be individual  
17 reads, so in the sense of mass reads, our contract  
18 employees were doing mass reads, they are no longer doing  
19 this individual special read. So depending on where this  
20 particular opt out customer is in our territory, one of  
21 these type schedules of persons would do that read.

22 Q So is what you're saying that, for instance in Ann Arbor  
23 somebody who is employed in one of the DTE offices in Ann  
24 Arbor, doing some sort of job, one of these general clerk  
25 tech 3+ years, would be sent out to do a special read on

1 my house or someone else's?

2 A Because the mass everyday reader is out of -- will be  
3 gone from the system, yes.

4 Q And that seems to be the most cost efficient way to do  
5 it?

6 A From our provision for the opt out it is the most, yes.

7 Q And is there, in figuring this cost of meter reading,  
8 given the fact that someone who opts out will presumably  
9 not have a wired gas meter, has that been taken into  
10 account in figuring the cost of the meter reading?

11 So in other words, as has been said  
12 before, right now a meter reader comes out, they read  
13 your electric meter, they read your gas meter. Is that  
14 what you foresee happening?

15 A When he goes to the site, he will read all the meters at  
16 that site, yes.

17 Q So has that been taken into account or is there going to  
18 be a charge for the electric and a charge for the gas?

19 A This is the read calculation. It's a single site visit.  
20 It's inside of this cost of one visit to that customer's  
21 site.

22 Q So customers who opt out won't see yet another charge --

23 A Won't see a second --

24 Q Another \$8 charge on their gas bill?

25

1 A If they are the same customer of record at the same site,  
2 you are very correct, they will not see a second charge.

3 Q O.K. Thank you. If half of all -- I'll just take a for  
4 instance. If half of all opt out customers read their  
5 own meters and record the data to Detroit Edison, your  
6 cost of business would be doing less; is that correct?

7 A Again the affordability of a customer to read their own  
8 meter is an option or an alternative for a customer with  
9 respect to not having a consecutive estimate or another  
10 access, an issue with access to the meter. Again it does  
11 not negate us from getting to our meter to read our  
12 particular meter. So notwithstanding that, the \$8 charge  
13 per month would stand.

14 Q So when I read Rule 460.115 -- and I'd like to read  
15 directly from that rule, if I may.

16 JUDGE MACK: I'd really prefer you don't  
17 read. The rule speaks for itself. If you want to ask  
18 the witness a question about it, go ahead, please.

19 Q (By Ms. Kurtz): The rule says that at least once every  
20 12 months a utility shall obtain an actual meter reading.  
21 Notwithstanding the provisions of this rule, a utility  
22 company representative may read meters on a regular  
23 basis. So a requirement to do it once a year, an option  
24 to do it more often?

25 A We have that --

1 MR. SOLO: Objection, your Honor, form of  
2 the question.

3 Q (By Ms. Kurtz): So this rule states that you must make a  
4 meter reading --

5 JUDGE MACK: Hold on. Are we on to a new  
6 question? When counsel objects, you have to let him  
7 state the objection.

8 MS. KURTZ: I'm sorry.

9 JUDGE MACK: Then I have to ask you to  
10 respond, then I get to rule.

11 MS. KURTZ: I'm sorry.

12 JUDGE MACK: So you just cut me right out  
13 of this. So your objection was to?

14 MR. SOLO: It wasn't a question. She  
15 read the law and made a statement, your Honor.

16 JUDGE MACK: It was a statement. So we  
17 will strike that. Do you have a question, Ms. Kurtz?

18 MS. KURTZ: I'll move on.

19 Q (By Ms. Kurtz): Do customers whose gas or electric box  
20 are within their home get monthly reads in general or do  
21 they send in an estimated meter reading?

22 A We attempt to read every meter in our system regardless  
23 of gas or electric every month.

24 Q Uh-huh. And my question still stands.

25 A Are there some customers who don't get reads? That's

1 correct, yes.

2 Q And the Company has survived so far? That hasn't  
3 affected the bottom line?

4 MR. SOLO: Objection to form, your Honor.

5 Q (By Ms. Kurtz): Has that affected the bottom line?

6 MR. SOLO: Your Honor, just for  
7 clarification, in response to my objection is that a  
8 withdrawal of the other question and then a new question?

9 MS. KURTZ: I apologize.

10 JUDGE MACK: I'll sustain the objection.  
11 How it affects the bottom line is not relevant to the  
12 cost of service principles. Go ahead, Ms. Kurtz.

13 Q (By Ms. Kurtz): So in Exhibit A-1 Schedule 1, is there a  
14 charge anywhere for meter installation?

15 A No. Line 1 is the time and expense to disable and enable  
16 the meter, transmitter.

17 Q Thank you. How much does it cost to install a smart  
18 meter?

19 MR. SOLO: Objection, your Honor. That  
20 question is not relevant. It's outside the scope of this  
21 limited purpose proceeding.

22 JUDGE MACK: I'll allow it. We've got  
23 evidence concerning the time and expense to disable and  
24 enable the meter, so I think relative to that, that's a  
25 valid question.

1 Can you answer the question, Mr.

2 Sitkauskas?

3 A The changing out of the meter takes approximately five  
4 minutes.

5 Q (By Ms. Kurtz): About five minutes to change out a  
6 meter. O.K. And approximately what's the cost to do  
7 that, in labor?

8 A I don't have that individual figure for that five  
9 minutes.

10 Q How much -- So about how many, trying to get some idea of  
11 a cost figure for installation, about how many meters can  
12 whoever is doing the install, install in a day?

13 A Again the number of --

14 Q I mean knowing that it would vary. I'm sorry.

15 A That's what I was going to -- again, understanding where  
16 you're at doing the installation, an apartment building  
17 or such, or just a residence further apart.

18 Q Uh-huh.

19 A Generally about 40 per day that a guy does install, or  
20 gal.

21 Q O.K. About 40 per day. So that 40 per day, what do they  
22 get paid?

23 A We have a separate contract with Itron for the cost of  
24 installation. The labor contract is between Itron and  
25 the employee for wages.

1 MRS. CUSUMANO: I didn't hear that. I  
2 couldn't hear that.

3 JUDGE MACK: The witness testified that  
4 the Company has a contract with another company who then  
5 pays their employees, so he can't answer how much they're  
6 paid.

7 Q (By Ms. Kurtz): So you don't have a figure on how much,  
8 whether we're installing an average of 40 a day or we're  
9 looking at the installation of a single meter, how much  
10 it's actually costing Detroit Edison to install these  
11 smart meters?

12 MR. SOLO: Your Honor, again I'd like to  
13 reiterate my previous objection with regard to the scope.  
14 The line of questioning continues to go back to the  
15 implementation of the broad AMI program and not specific  
16 questions regarding the AMI and Opt Out Program. These  
17 are all costs that would be included in Detroit Edison's  
18 general rate case with regard to the implementation cost  
19 of the AMI program, not with regard to the schedules in  
20 A-1 with regard to the costs that are being sought  
21 approval in this matter.

22 JUDGE MACK: Ms. Kurtz, response?

23 MS. KURTZ: Yes. This would help us to  
24 understand whether there would be a less expensive way to  
25 go about doing this. In other words, maybe a way that

1 doesn't require the installation of a new meter.

2 JUDGE MACK: So a new meter could be  
3 installed without going through the expense of installing  
4 a new meter?

5 MS. KURTZ: So -- no. That perhaps  
6 meters are already on a home could be retained and there  
7 wouldn't be installation expense, and therefore the cost  
8 would be less for the customer and for Detroit Edison.

9 JUDGE MACK: But that's not what's before  
10 the Commission at this point. What's before the  
11 Commission is the cost -- the rate and tariff to install  
12 AMI.

13 MS. KURTZ: So may I respond to that,  
14 sir?

15 JUDGE MACK: No. I'll sustain the  
16 objection.

17 Q (By Ms. Kurtz): Currently, Mr. Sitkauskas, are some  
18 Detroit Edison customers metered by analog or any other  
19 kind of non-transmitting meter and others by smart  
20 meters?

21 A There are customers that are metered with analog meters  
22 and there are customers that are metered with an AMI  
23 meter, yes.

24 Q And other customers who are metered by some sort of  
25 digital meter that's not an AMI meter?



1 A It's a digital meter that is being read, yes.

2 Q So there's a variety of different meter types currently  
3 being read by Detroit Edison?

4 A Correct.

5 Q And what has Detroit Edison done to make the AMI system  
6 and the non-AMI systems that have been placed for a very  
7 long time work together?

8 A Well, under the AMI program there were modifications done  
9 to the billing systems to receive that read and put it  
10 through to a customer bill. So we have made system  
11 modifications, and the data has been in other rate cases.

12 Q O.K. And what has been the approximate cost of  
13 integrating the two systems?

14 MR. SOLO: Objection, your Honor. The  
15 same reasons as the previous two objections that I made,  
16 that those costs were associated with the implementation  
17 of the Company's AMI program that was addressed in the  
18 last three Detroit Edison general rate proceedings. We  
19 are not seeking the approval of implementation costs in  
20 this matter or the cost of the meters.

21 JUDGE MACK: I'll sustain the objection.  
22 Those are issues that were addressed in the rate case and  
23 therefore beyond the scope of this proceeding. Ms.  
24 Kurtz, if we could focus on the matter at hand here.

25 MS. KURTZ: With all due respect, I am

1 attempting to do that and have not been able to get all  
2 of the information. I will continue to try. Give me a  
3 moment here.

4 Q (By Ms. Kurtz): So my question is then: What, in  
5 addition to what has already been done integrating those  
6 two systems, what more is needed for the Opt Out Program?  
7 And I understand that that's -- well, I'll just leave it  
8 there.

9 A Again what we have to do for the Opt Out Program is what  
10 I have said in Exhibit A-1 Schedule 3, the changes to the  
11 billing system to provision the Opt Out Program.

12 Q So my question about this is -- and I do not understand  
13 anything about computers and that may be why my questions  
14 are not seeming to be as on point as I feel they are --  
15 If you are already have two systems operating, an AMI  
16 system and a non-AMI system, and it's working and I'm  
17 getting my bill every month certainly, and people I know  
18 are getting their bill every month, all of us on  
19 different systems or on several different systems, what  
20 is it that Detroit Edison is having to do in addition to  
21 what's already in place? Why is that needing to be done?

22 A Again going forward with the ability for us to see who  
23 the opt out customer is, many of the changes here and the  
24 items listed on this exhibit reference to having an  
25 identifier for the customer representative or the field

1 service personnel. Whenever they visit a site, whenever  
2 they do any other sort of any other issues that are  
3 required, like a rate change or something, they have to  
4 be aware that the opt out is a customer of record. So  
5 that has to be changed.

6 Q So that's not currently the case though. I mean you  
7 don't currently know who is on a smart meter and who is  
8 not on a smart meter?

9 A We have a communication method that says they are on an  
10 AMI meter, yes. But now we have an opt out customer  
11 system to make sure we can bill properly and understand  
12 all the aspects of the operation as well.

13 Q So I may not be understanding correctly. What I would  
14 gather from that question is that right now people who  
15 have a smart meter and people who don't have a smart  
16 meter, wherever they might be, are currently being  
17 charged the same thing because you don't really have a  
18 way to distinguish them at this point. That that has yet  
19 to be created?

20 A Could you rephrase your question so I can make sure I  
21 heard it?

22 MR. SOLO: Objection to form. I don't  
23 think it was a question.

24 MS. KURTZ: Well, --

25 JUDGE MACK: Well, hold on. The question

1 is: They're sending bills out now to both transmitting  
2 smart meters and non-transmitting meters?

3 MS. KURTZ: Right.

4 MR. SOLO: I'm sorry, your Honor. Was  
5 that a yes or no question with regard to whether that's  
6 true or not, or was --

7 JUDGE MACK: I assume. Is that what  
8 you're asking?

9 MS. KURTZ: Why don't we start with that  
10 part, and then I'll try to ask a followup.

11 MR. SOLO: I may have misheard the  
12 question, your Honor.

13 JUDGE MACK: It's been a long day. Go  
14 ahead, Mr. Sitkauskas.

15 A So the billing aspects of it to the customer, regardless  
16 of the type of meter we get, is the same to bill the  
17 customer.

18 Q (By Ms.Kurtz): So the -- I'm sorry, I am trying to  
19 understand this. So the things that you have listed on  
20 Schedule 3, what is there that isn't currently there?  
21 What is it doing? I mean, I don't mean, you know, really  
22 specifically, but what is it doing that's different than  
23 what you have now?

24 A The first item is just to create a new opt out fee  
25 structure. There is no opt out fee structure in our

1 billing system. We have to make sure that when we go to  
2 send a letter to you as a customer, that you're noted  
3 that you're an opt out customer, to send it to you as  
4 opposed to everybody. We have to make sure our field  
5 service guys understand that when they go to a site  
6 visit, that you are an opt out customer and not cause any  
7 issue any further. So those items all have to be  
8 adjusted in the system. Because we're going to have to  
9 install the full system, and so this would become again  
10 the cost of service for doing a smaller portion of the  
11 group.

12 Q Why would a field service person need to come to the home  
13 of an opt out customer?

14 A You may, yourself, elect a different rate from ours, like  
15 a different rate at your home. And that would  
16 necessitate a field visit to possibly change the meter.  
17 Whereas with an AMI meter, when that rate change is made,  
18 I do it over the air. Same thing as maybe you change HBO  
19 or ShowTime as well. So I would have to make sure the  
20 systems know that you are not an AMI enabled meter, to  
21 make sure we do a field visit to correct something like  
22 that.

23 Q To correct something like -- I'm sorry?

24 A If you want to do a rate, there are some certain rates  
25 that cause the customer to have a meter change, no matter

1 what.

2 Q What does a meter change mean?

3 A The physical meter would have to change, the electro-  
4 mechanical meter that you're thinking about.

5 Q Another thing that I'm curious about in regard to the fee  
6 structure is -- I'll see if I can phrase this question in  
7 a way that makes sense. I apologize if I don't. I  
8 apologize ahead of time if I don't.

9 The non-AMI customers, the current  
10 non-AMI customers, people who haven't had their meter  
11 changed out, what's the cost per bill of entering  
12 customer's usage data into the billing system? And is  
13 that -- well, I'm sorry. I don't want to ask a two-part  
14 question.

15 A Again you're asking customers in non-AMI territories who  
16 enter their read into the system?

17 Q No. What I'm trying to ask -- all right. I'm going to  
18 withdraw that at this point.

19 On Exhibit A-1 Schedule 1, line 7, it  
20 talks about billing analysts. What do billing analysts  
21 do?

22 A I'm looking for job descriptions that we have of the  
23 billing analysts.

24 Q Yes. I wonder if you could, because give that to me in  
25 discovery. Frankly, those things don't make a lot of

1 sense to me. So I wonder if you could just tell me in  
2 plain language what they do?

3 A The billing analysts are the ones that keep a front face  
4 to the customers. So they are going to work on that  
5 contract, that relationship, correct the changes that  
6 have to be done, making sure that everything that is  
7 processed through the system does abide by any corporate  
8 or tariff changes, you know, make sure that does. They  
9 will do analysis to make sure we are doing the process  
10 flows correctly so that the opt out provision is being  
11 asserted to the correctness of the law.

12 Q So what you're saying is that every month you need two  
13 billing analysts to make sure that all the things you  
14 just listed are done?

15 A We have to have personnel available to provision this  
16 particular cost of service process, yes.

17 Q So are these people who are in a back office or are these  
18 people who are answering the telephone?

19 A They could be in both areas, answering the phone and  
20 doing back office work.

21 Q So do you expect there to be more calls then for people  
22 who have AMI meters? I mean are you expecting a higher  
23 work load as a result of opt out customers than for smart  
24 meter customers?

25 A Again this is for the opt out customer and to facilitate

1 the changes needed for that particular customer. The two  
2 persons are to make sure we readily have someone  
3 available to respond to any question of any customers on  
4 any opt out.

5 Q So once the customer has opted out and all these things  
6 have been taken care of, Detroit Edison has decided that  
7 three months from now and a year from now and three years  
8 from now we're still going to need those two people to  
9 answer questions about a process that has already been  
10 completed? Is that correct?

11 A We have said that in the next general rate case we'll  
12 reconcile the costs of the customers that have opted out  
13 and the work needed thereof.

14 Q Did you have to do -- In order to implement AMI, were  
15 there upgrades that had to be done to any infrastructure,  
16 whether lines, computer system, anything else?

17 A There were changes that needed to be done to our computer  
18 systems, for sure.

19 Q O.K. But not to the lines carrying electricity or  
20 anything like that?

21 A There were no changes to distribution lines for the AMI  
22 system.

23 Q And not to the other lines that were referenced earlier?

24 A Transmission lines, none whatsoever there.

25 Q O.K. Thank you. What is the current cost of maintaining



1 analog meters, if any?

2 MS. BARONE: Your Honor, I'm going to  
3 object. I don't see how this is relevant to the cost for  
4 opting out.

5 JUDGE MACK: How does that fit into the  
6 cost of service for this proposal, Ms. Kurtz?

7 MS. KURTZ: It fits into an investigation  
8 of the Opt Out Program that was submitted, and in the  
9 Commission order they recommended that an opt out option  
10 be provided.

11 JUDGE MACK: Are you quoting from 17000,  
12 U-17000?

13 MS. KURTZ: Yes. Well, I didn't quote  
14 precisely.

15 JUDGE MACK: No. If you're citing an  
16 order, cite the case number.

17 MS. KURTZ: O.K. 17000.

18 JUDGE MACK: So you are citing from  
19 U-17000?

20 MS. KURTZ: So the Staff recommended that  
21 an opt out option be provided by the utilities. It  
22 accepted the Staff's report in 17000. In that report,  
23 I'm quoting on page 27 under opt out options in the  
24 record U-17000, the Staff recommends that utilities  
25 investigate a variety of opt out options. Electro

1 mechanical meters may be a viable opt out option for some  
2 customers. The report goes on to say, other options are  
3 the installation of a smart meter that does not have a  
4 communicating radio, relocating a smart meter on the  
5 customer's premise or hard wiring a meter into the  
6 network.

7 Mr. Sitkauskas has stated several times  
8 in his testimony at this hearing, at this  
9 cross-examination, to the effect of the meter we are  
10 proposing to put on the house. The prehearing notice  
11 notes that Detroit Edison is proposing to implement an  
12 opt out plan. Consumers Energy's opt out plan includes  
13 analog meters. The opt out plan consists of more than  
14 just how much it's going to cost to do an opt out.  
15 U-17000 suggested a variety of opt out options. Detroit  
16 Edison has presented its plan, that plan is up for  
17 approval, and presumably all parts of that plan are part  
18 of the plan and therefore need to be investigated and  
19 approved or disapproved.

20 JUDGE MACK: Well, I think where you're  
21 losing me is investigation. I'm not investigating  
22 anything. What I have before me and what is before the  
23 Commission is an application the Company filed that makes  
24 a proposal for an Opt Out Program. I understand you're  
25 not pleased with the components of that Opt Out Program.

1 But there's no support for the contention that I can just  
2 go out and say: Well, you should have a little of this  
3 or you shouldn't have a little of that. We have got to  
4 deal with the application that's before us.

5 They were directed in U-17000 to file an  
6 opt out plan; they have filed it, and that's what is at  
7 issue. No part of that opt out plan deals with analog  
8 meters, so therefore I will sustain Ms. Barone's  
9 objection and strike that question.

10 MS. KURTZ: Am I able to reply to that in  
11 any way?

12 JUDGE MACK: No, ma'am, you're not. Once  
13 I rule, we move on. It's preserved on the record. If  
14 you want to appeal my ruling, you are free to do that.

15 MS. KURTZ: All right.

16 JUDGE MACK: But once I rule, the  
17 argument is over.

18 MS. KURTZ: O.K.

19 JUDGE MACK: Ms. Kurtz, just so you know,  
20 it's 20 after 4:00. At 4:30 we're going to conclude the  
21 hearing for today and we'll pick it back up again. So in  
22 ten minutes, we're going to stop.

23 MS. KURTZ: All right.

24 Q (By Ms. Kurtz): In proposing a non-transmitting meter,  
25 has DTE taken, or Detroit Edison, taken into account

1 potential future costs to the consumer, any costs the  
2 consumer might incur around the installation of these  
3 meters?

4 A The installation of a --

5 Q Of a non-transmitting.

6 A -- of a non-transmitting AMI meter?

7 Q Yes.

8 A I wouldn't know. Again you asked for cost?

9 Q Yes. I am asking whether Detroit Edison has taken into  
10 account any potential costs to the consumers as a result  
11 of installation or future installation of these meters?

12 A Again the meter itself is in a prior rate case. I would  
13 answer it that way. This particular one is about the  
14 cost principle for the opt out. I don't know what the  
15 future costs would be. And again if there were any, that  
16 would be reconciled in the next rate case.

17 Q So the question that I'm asking is not about, for  
18 instance, the cost of the meter. I'm asking about -- and  
19 I'm asking whether you considered this, that's all I'm  
20 asking. So costs, for instance, of health care, costs of  
21 having to move your home because you can't be in a home  
22 with a non-transmitting meter on it, I'm asking whether  
23 Detroit Edison has considered any of the potential costs  
24 to an opt out customer that are of that type?

25 MS. BARONE: Your Honor, I object. That

1 question was just asked and answered, and it is outside  
2 the scope as well.

3 JUDGE MACK: You did get an answer to  
4 that, that they didn't consider any costs. And I think  
5 the ruling on health effects of the meters has been  
6 addressed. So I will sustain Ms. Barone's objection.

7 MS. KURTZ: All right. Well, I named  
8 specifics because he wasn't quite sure in his answer, so.

9 Q (By MS. Kurtz): After Detroit Edison has installed its  
10 entire AMI grid, so all of the smart meters and/or  
11 non-transmitting meters, will it do any more on-site  
12 meter readings?

13 A Again we'll do it for the customers that are  
14 non-transmitting. We'll for sure do those as special  
15 reads.

16 Q Uh-huh.

17 A The other ones would be through the AMI system unless  
18 there is a reason we would need a special read on the AMI  
19 system.

20 Q O.K. Will a smart meter customer be charged a special  
21 reading fee if the smart meter has a malfunction and  
22 isn't transmitting properly? So if you did have to go  
23 out for some reason?

24 A There's no individual fee to that customer.

25 Q Will the cost of meter reading be less if meters are

1           closely spaced? For instance, a meter read where all  
2           customers have opted out, or an apartment complex with a  
3           bank of meters?

4    A       You're asking for an opt out customer, that question is?

5    Q       Yes, yes.

6    A       I could never ascertain where these meters are going to  
7           be, so each of the individual costs per meter read, the  
8           \$8 per month, would be charged regardless of location.

9    Q       When a customer calls the customer service line  
10           currently, does the representative answering know whether  
11           that customer has a smart meter? I mean is that  
12           identified?

13   A       It is identifiable in the system, it doesn't pop on the  
14           front screen. But the CR has the ability to see if an  
15           AMI meter has been installed and is reading, yes.

16   Q       So they might or might not need to delve into that  
17           question?

18   A       I don't know what question you're asking me.

19   Q       I'm sorry. Let me rephrase that.

20                        So if a customer were to call up with a  
21           question of any sort, initially whether or not that  
22           customer has an AMI meter would not be relevant, although  
23           it might become relevant?

24   A       It might become, but for the most part customers calling  
25           in like to move in, move out.

1 Q And so that, those people answering those phone calls are  
2 different from the two billing analysts in Exhibit 1  
3 Schedule 1?

4 A These two billing analysts are what I need to supply, to  
5 fulfill the cost of service for the extra work that has  
6 to be done. I couldn't tell you if it's exactly the same  
7 person or not right now. We did not establish this  
8 program yet either.

9 Q How many customer complaints or concerns have you  
10 received to date about smart meter installation?

11 A I don't know the exact number to date to tell you that.  
12 I don't know that.

13 Q Again I don't know whether this is proper form. In the  
14 answer to the second set of discovery questions that I  
15 gave you, the total of, you know, you delineated  
16 different areas of places. The total was 3,269 as of  
17 November 30th.

18 A O.K.

19 Q Does that sound approximately correct?

20 A That sounds familiar.

21 Q O.K. I think it may have been question 46. I'm not  
22 sure.

23 A 46?

24 Q I could be wrong.

25 A O.K.

1 JUDGE MACK: Let's go off the record,  
2 Ms. Kurtz.

3 (Brief discussion was held off the record.)

4 JUDGE MACK: I'm going to conclude the  
5 hearing for today. We will resume at 9:30 tomorrow  
6 morning in this room. I'd like to note that the room is  
7 unavailable until 9:00 o'clock, so if you do arrive early  
8 you will not be able to come into this room. Thank you,  
9 everybody.

10 MR. SOLO: Thank you, your Honor.

11 (At 4:25 p.m., the hearing adjourned to Wednesday,  
12 January 16, 2013, at 9:30 a.m.)

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## C E R T I F I C A T E

I, Marie T. Schroeder (CSR-2183), do hereby certify that I reported in stenotype the proceedings had in the within-entitled matter, that being Case No. U-17053, before Dennis W. Mack, Administrative Law Judge with MAHS, at the Michigan Public Service Commission, Lansing, Michigan, on Tuesday, January 15, 2013; and do further certify that the foregoing transcript, consisting of Volume 3, Pages 207-463, is a true and correct transcript of my stenotype notes.

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Marie T. Schroeder, CSR-2183  
33231 Grand River Avenue  
Farmington, MI 48336

Dated: January 28, 2013