

Electric Choice Supplier Handbook
Chapter 5: Customer Billing and Payment Processing

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5.0 Customer Billing

Electric Choice Program customers will be billed directly by Detroit Edison for local distribution charges, as described in the Detroit Edison Retail Access Service Rider (see Appendix A). All customer billing will be performed in compliance with existing MPSC-authorized billing rules. This chapter describes customer billing and options. Chapter 8 describes Marketer Billing and Settlements.

5.1 Customer Billing Process

Detroit Edison determines the customer's effective Electric Choice switch date based on the customer's existing monthly meter read schedule. The customer's meter read and billing schedule will not change under Electric Choice service. See Appendix F for the Meter Read Schedule for Industrial and Three-Phase Commercial Customers and Appendix G for the Meter Read Schedule for Single-Phase Small Commercial and Residential Customers.

As in full service, the customer's billing date may change over time as meter read routes are redefined or as population densities change. Read dates and billing schedules are updated at least annually, and the latest information is found on the Energy Supplier web site found at <http://www.suppliers.detroitedison.com/internet/index.jsp>, in the Customer-Based Data section.

5.2 Local Distribution Rates and Charges

Local distribution rates and charges are summarized as follows:

5.2.1 Service Charge

A monthly service charge is applied to each location for costs associated with billing, metering and other administrative services.

5.2.2 Distribution Contract Capacity

Distribution Contract Capacity is defined as the load carrying capacity in kilowatts of the Detroit Edison Distribution System necessary to meet a customer's maximum load requirements at a particular location server under the Retail Access Service Rider.

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Detroit Edison will provide the necessary facilities to deliver energy from its distribution system at the distribution contract capacity level. The customer is responsible for any incremental cost incurred by Detroit Edison to provide the necessary facilities to meet the customer's increased demand for distribution services over the distribution contract capacity. Once established, the distribution contract capacity does not decrease during the contract term unless the customer identifies, in writing, a specific and permanent reduction in connected load.

5.2.3 Substation Charge

A substation charge is applied only to customers with service at a voltage level of 24 kV or above who are provided service through a substation owned by Detroit Edison and dedicated to the customer's use. The substation charge is the product of the applicable rate and the distribution contract capacity. Customers who own their own substation are not subject to a substation charge.

5.2.4 Surcharges

At the present time, the Detroit Edison Tariff includes the following surcharges. *Additional surcharges approved by the MPSC may be added at a later date.* Specific charges are shown in Section C9 of the Detroit Edison Rate Book for Electric Service.

As of January 14, 2009, the following surcharges appear on all customer bills:

Nuclear Decommissioning and Site Security Charges

This charge provides funding for the decommissioning of the Fermi2 Nuclear facility at the end of its useful life.

Securitization Bond Charge

This charge represents the payment of principal and interest associated with issuance of securitization bonds to recover the cost of past investments. The issuance of the bonds and this charge was authorized by the MPSC.

Securitization Bond Tax Charge

This charge represents the recovery of an income tax liability incurred by Detroit Edison arising from the collection of the securitization bond principal payments.

Choice Implementation Surcharge

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This charge represents the recovery of the costs associated with implementing the Electric Choice program.

5.2.5 Power Factor and Excess kVAR Demand Charge

Detroit Edison maintains distribution system design standards based upon normal operating efficiency levels. Excessive deviations from power factor design limits are subject to charges and, if the customer's power factor is less than 70 percent, require the customer to take corrective action. Power factor and excess kVAR demand charges will be calculated at each customer location at the time of the location's single highest 30-minute integrated kW demand meter read during billing period on-peak hours (7:00 a.m. to 11:00 p.m. Eastern Time). Excess kVAR demand is any kVAR demand resulting from operations below 80 percent power factor. A monthly charge will be applied to excess kVAR demand, and this charge is applicable to all Electric Choice primary customers.

5.2.6 Special Purpose Facilities and Services

Detroit Edison may provide special purpose facilities and services requested by the customer under a separate agreement.

5.2.7 Minimum Charge

The customer is subject to a minimum monthly charge as outlined in the Detroit Edison Rate Book.

5.2.8 Late Payment Charge

The customer will pay Detroit Edison the amount billed on or before a due date, which is no longer than 21 days for commercial and residential customers, following the mailing date of the bill. A late charge of two (2) percent of the unpaid balance, not compounded, shall be added to any bill which is delinquent as defined by commission rules.

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5.3 Customer Account Setup

Detroit Edison uses the customer's existing information history to create the initial Electric Choice account. The billing determinants from the former full service account are used for billing distribution services. These determinants include distribution contract capacity, any applicable taxes, the Standard Industrial Classification (SIC), and the type of facility information on record.

5.4 Customer Billing Options

Detroit Edison provides two customer billing options to the Alternative Electric Supplier (AES): complete billing by Detroit Edison or separate billing by Detroit Edison and the AES. If the AES selects the complete billing option, the customer will receive a single bill, which includes the Detroit Edison distribution charges as well as those of the AES. See Appendices I-1 and I-2 for examples of bills under the complete billing option. Separate bill examples containing only Detroit Edison charges are shown in Appendices I-3 and I-4.

5.5 Complete Billing by Detroit Edison

The AES will provide Detroit Edison with basic rate information (rate-ready schedules) that will identify specific product offerings that the AES is providing to the customer. Detroit Edison will apply the designated rate to the AES portion of the invoice.

AESs who subscribe to the Detroit Edison complete billing option will be charge the following:

- **Set-Up Fee**
A set-up fee to establish an initial rate ready table will be assessed a one-time charge of \$5,000, regardless of the number of customers who select this option.
- **Monthly Transaction Charge**
A monthly transaction charge of \$0.20 per customer location billed.
- **Rate Ready Table Change Fee**
If an AES changes its rate ready table, the AES will pay Detroit Edison a change fee of \$1,000 per occurrence for each change request made regardless of the number of changes in the request or the number of customers affected.

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5.5.1 Alternative Electric Supplier Pricing Options for Three-Phase Customers

Existing three-phase customers must take electric choice service as high voltage service customers. Detroit Edison provides three rate ready schedules for this type of customer:

1. Fixed Price A fixed price times kWh

2. Two-Step Price Step one: A fixed price times the first block of kWh within the bill period

Step two: A second price for the kWh usage above the first block within the bill period.

3. Combined kWh and kW A fixed price times kWh and a fixed price times kW

5.5.2 Alternative Electric Supplier Pricing Options for Single-Phase Customers

All single-phase customers must take electric choice service as low voltage service customers. Detroit Edison provides three rate ready schedules for this type of customer:

1. Flat Daily A fixed price times the number of days in the period

2. Flat Monthly A flat monthly price

3. Fixed Price A fixed price times kWh

Of the six types of rate ready schedules available, any combination (within customer class or phase) may be selected but cannot exceed a combined total of 60 prices. For example:

10 prices x 6 Rate Ready Schedules
or
12 prices x 5 Rate Ready Schedules
or
15 prices x 4 Rate Ready Schedules

Once approved, an AES can locate the Rate Ready Schedules under the Customer Enrollment section of the secure portion of the Energy Supplier's website. The

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schedules are in PDF (Portable Document Format) that can be downloaded and printed.

5.5.3 Rate Ready Price Schedules

AESs who elect to enroll customers in the complete billing option must submit a Rate Ready Schedule, as referenced in Section 2.2.5.

AESs must submit their Rate Ready Schedules at least ten (10) business days before enrolling their first customers with the complete billing options.

AESs must submit any changes to an existing Rate Ready Schedule 30 calendar days before using the modified schedule to enroll a new customer or to modify a price offering to an existing customer.

5.5.4 Rate Ready Schedules Instructions

The following steps should be performed when entering information into the schedule input forms:

Single-Phase Customers

Step No.	Description
Step 1	Input Alternative Electric Supplier ID, contact person's name, telephone number and all other requested information
Step 2	Check the appropriate box: New, Change/Update or Cancel
Step 3	Identify the type of Rate Ready Schedule to be used in each category and enter the number of individual prices you will use in each category. Add the total number of rates and input the number in the area provided. The total number of rates should not exceed 60.
Step 4	Enter your daily flat rate information.
Step 5	Enter your monthly flat rate information.
Step 6	Enter your fixed price per kWh information.
Step 7	Upon completion of your entries, fax the completed Rate Ready Schedules to the Supplier Support Center at 313.235.0531 or call the Supplier Support Center Hotline at 888.830.2170 for other available options.

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Three-Phase Customers

Step No.	Description
Step 1	Input Alternative Electric Supplier ID, contact person's name, telephone number and all other requested information
Step 2	Check the appropriate box: New, Change/Update or Cancel
Step 3	Identify the type of Rate Ready Schedule to be used in each category and enter the number of individual prices you will use in each category. Add the total number of rates and input the number in the area provided. The total number of rates should not exceed 60.
Step 4	Enter your fixed price rate information
Step 5	Enter your two-step rate information.
Step 6	Enter your kW and kWh combination rate information.
Step 7	Upon completion of your entries, fax the completed Rate Ready Schedules to the Supplier Support Center at 313.235.0531 or call the Supplier Support Center Hotline at 888.830.2170 for other available options

You will be notified of your Product Offering ID numbers after receipt of your schedules.

5.5.5 Bill Format

The AES detailed energy charges will be presented in a format consistent with the current Billing rules on file with the MPSC. See Appendices I-1 and I-2 for examples of AES charge presentation under the complete billing option.

5.5.6 Application of Tax for Complete Billing Customers

In accordance with applicable tax codes, Detroit Edison is responsible for applying and collecting applicable sales and use taxes on distribution services and on energy service, if the AES has elected the complete billing option. This includes both the City of Detroit Users Tax and Michigan Sales Tax.

City of Detroit Utility Users Tax

The City of Detroit requires Detroit Edison to collect a Utility Users Tax on distribution charges from customers who reside within the city. Electric Choice customers who refuse to pay this tax are subject to the same rules and regulations as full service customers.

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Michigan Sales Tax

The State of Michigan requires Detroit Edison to collect a four (4) percent sales tax from taxable residential customers and six (6) percent from industrial commercial customers, independent of Detroit Edison's tax contribution. Taxes are assessed, where applicable, on the total energy charges. Any overdue state taxes are subject to late payment charges and normal collection action.

Tax Exemption

Customers must complete a Michigan Sales and Use Tax Certificate of Exemption to file for full or partial tax exemption status. Please refer to the State of Michigan web site <http://www.michigan.gov/taxes> for eligibility requirements and instructions for completion of the certificate. The completed certificate must be sent to the Detroit Edison Supplier Support Center.

5.5.7 Application of Sales Tax for Separately Billed Customers

Detroit Edison is not responsible for collecting taxes on the energy bill of separately billed customers. Detroit Edison will only be responsible for collecting taxes on the distribution portion of the monthly bill. The AES is responsible for collecting taxes on the energy portion of the monthly bill and forwarding it to the proper taxing authority.

5.6 Separate Billing by Detroit Edison and the Alternative Electric Supplier

Under separate billing, Detroit Edison will provide the end-use customer with a single bill, which includes only Detroit Edison distribution tariff charges. The AES will issue a separate bill for its charges, and Detroit Edison will provide the AES with the billing determinants needed for the AES to prepare the bill. See Appendix Q, MV90 Determinant Transfer File Layout for a description of the determinants and file layout. This data will be available to the AES after the customer's meter is read. This data will be supplied to the AES via Extensible Markup Language (XML).

5.7 Complete Billing Payment Processing

Detroit Edison will act as the AES's agent for receiving payments when the AES charges are combined on the Detroit Edison complete bill. All charges will have the same due date. A customer's payment will be allocated first to the distribution portion of the bill and then to the alternative electric supplier energy portion.

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Detroit Edison will process all customer payments received on a daily basis. The energy portion and any other AES charges will be forwarded to the AES in the electronic format, described in Chapter 7, within ten (10) business days. In the event of a partial customer payment, the receipts will be allocated as follows:

- First, all past due and current Detroit Edison distribution and distribution related charges
- Second, past due and current energy AES energy charges
- Third, other Detroit Edison charges (i.e., appliance repair programs)
- Fourth, other AES charges

Where there are multiple AESs involved, receipts will be prorated among them, based on the monies owed (i.e., customers with multiple meters at one location participating in Electric Choice with more than one AES).

Detroit Edison will not pursue active collection on behalf of the AES, other than printing the past due balance on the next bill. If the AES initiates active collection and is successful, Detroit Edison must be informed electronically so that accurate customer billing can be maintained.

5.8 Adjustments to Customers' Bills

Back billing of customers is performed in accordance with the MPSC Rules and Regulations Governing the Sale of Electric Service.

- Residential customers are covered in Section B2, Part 4, R460.126. Back billing is limited to a 12-month period immediately preceding discovery of the error.
- Non-residential and primary customers are covered in Section B4, Part 4, R460.1617. Back billing is limited to a 12-month period immediately preceding discovery of the error.

5.9 Shut-off and Reconnection

Detroit Edison will use MPSC Rules 460-136 through 460-133 for Residential Service and 460.1624 through 460-1626 for Non-Residential Service of the Consumer Standards and Billing Practices for Electric Choice service shut-off for distribution non-payment and for customer reconnection.

Service shutoff represents an interruption of delivery, not energy, and, therefore, it is an appropriate remedy only for nonpayment of distribution charges. Detroit Edison will not

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shut-off a customer to enforce collection of an AES bill. However, the AES has the right to process a “Drop” Customer Enrollment Form, as described in Chapter 2, for customer default/non-payment. A customer dropped by an AES has the option of returning to full service.