

NEWS RELEASE

Company Makes First Filing with MPSC

(Detroit, MI) - Detroit Thermal recently made its first rate filing before the Michigan Public Service Commission. The MPSC will review the rates and service standards outlined in the filing and allow opportunities for discussion before ruling on it. The process takes a number of months to complete.

"We are very pleased to have completed the first phase in a filing process," said Mark Butta, vice president of business development for Detroit Thermal and its parent company, Thermal Ventures II. "It is a significant step toward establishing Detroit Thermal's identity as a public utility in Michigan."

Energy companies such as Detroit Thermal are part of a regulated industry and therefore are required to obtain state approval on rates and standards. In the filing, Detroit Thermal proposed a variety of quality-of-service standards, e.g., delivery pressures and temperatures, and a number of business practices, such as the length of the standard billing cycle. When approved by the commission, these standards will be part of the company's day-to-day business operations.

Default Rate for Steam

The filing also includes a default rate for steam service. The cost-based rate takes into account the fixed and variable costs of producing and distributing steam such as labor, maintenance of buildings and equipment and upkeep of the distribution system. It also factors in variables such as the cost of water and of the chemicals needed to treat it and the cost of natural gas and oil used to fuel the boilers. Sales projections and return on investment also are part of the calculation.

"The default rate provides customers with some measure of price projection," Butta said. "Still, we recognize that the different customers have different needs, and to accommodate those variations we have designed a number of special contract categories."

These special contracts allow for variations from the default rate based on customer-related criteria. "Special contracts involve commitments from customers and from Detroit Thermal," explained Chuck French, Detroit Thermal general manager.

Factors that go into developing special contract rates include:

- Duration of the contract. Long-term contracts help customers budget more accurately for energy costs, and they help Detroit Thermal project and prepare future use.
- Amount of load. How much steam a particular customer uses is considered in determining whether the customer is eligible for a special contract category.
- Ability and willingness to increase load. "Customers may be in a position to add a building to the steam system. Either a new building or one that was formerly on the system," Butta explained. "Or they may want to increase the load for a building heated by thermal energy by adding capabilities that use steam to produce chilled water for cooling."

Win-Win Situation

Special contracts may help customers save money on energy expenses, and they help Detroit Thermal plan for the future. "They provide stability as we project both customer base and load," French explained, "and that will help us plan more effectively as we grow the business."

Detroit Thermal account executives and other members of the management team will hold a series of meetings with customers to discuss the rate-filing proceedings with the special contract categories.

"We are consulting with all our customers to see how a special contract might best serve their needs," French said. "It is part of our commitment to serving the district energy community."

For more information about the rate filing or our special contracts, contact your account executive.

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