

# words our industry uses

## glossary

### Coke and Coke Battery

Raw coal is heated to high temperatures in ovens to drive off impurities, leaving a carbon residue called coke. Coke is combined with iron ore to create a high metallic iron that is used to produce steel. A series of coke ovens configured in a module is referred to as a battery.

### Customer Choice

The customer choice programs are statewide initiatives giving customers in Michigan the option to choose alternative suppliers for electricity and gas.

### Gas Cost Recovery (GCR) Mechanism

A GCR mechanism authorized by the MPSC permitting MichCon to pass the cost of natural gas to its customers.

### MPSC

The Michigan Public Service Commission regulates the state's energy, telecommunications and transportation services industries.

### Power Supply Cost Recovery (PSCR) Mechanism

A PSCR mechanism authorized by the MPSC that allows Detroit Edison to recover through rates its fuel, fuel-related and purchased power expenses. The clause was suspended under Michigan's restructuring legislation (signed into law June 5, 2000), which lowered and froze electric customer rates. The clause was reinstated by the MPSC effective January 1, 2004.

### Section 29 Tax Credits

Tax credits authorized under Section 29 of the Internal Revenue Code, designed to stimulate investment in and development of alternative fuel sources. The amount of a Section 29 tax credit can vary each year as determined by the Internal Revenue Service.

### Securitization

Detroit Edison financed specific stranded costs at lower interest rates through the sale of rate reduction bonds by a wholly owned special purpose entity, the Detroit Edison Securitization Funding LLC.

### Stranded Costs

Costs incurred by utilities in order to serve customers in a regulated environment that absent special regulatory approval would not otherwise expect to be recoverable if customers switch to alternative suppliers of electricity and gas.

### Synfuel

The fuel produced through a process involving chemically modifying and binding particles of coal. Synfuels are used for power generation and coke production. Synfuel production generates Section 29 tax credits.