

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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In the matter of the application of )  
**WABASH VALLEY POWER ASSOCIATION, INC.,** )  
for authority to implement its power supply cost ) Case No. U-11540  
recovery plan and factors for the 12-month period )  
ending December 31, 1998. )  
\_\_\_\_\_ )

At the November 5, 1998 meeting of the Michigan Public Service Commission in Lansing,  
Michigan.

PRESENT: Hon. John G. Strand, Chairman  
Hon. David A. Svanda, Commissioner

**ORDER APPROVING SETTLEMENT AGREEMENT**

On April 30, 1998, Wabash Valley Power Association, Inc., (Wabash) filed an application requesting authority to implement its power supply cost recovery (PSCR) plan and factors for the 12-month period ending December 31, 1998.<sup>1</sup>

Pursuant to due notice, a prehearing conference was held on June 4, 1998 before Administrative Law Judge Daniel E. Nickerson, Jr. Wabash, Midwest Energy Cooperative, and the Commission Staff participated in the proceedings.

Subsequently, the parties agreed to a settlement agreement. The settlement agreement, attached as Exhibit A, recommends that the Commission approve Wabash's use of a PSCR factor of

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<sup>1</sup>An extension of time for the filing of this application was granted by the Commission on January 8, 1998.

negative 7.841 mills per kilowatt-hour during 1998. The parties implicitly recommended that the Commission approve Wabash's request for authority to recover through the PSCR process capacity charges associated with certain power purchase agreements.

The Commission FINDS that:

- a. Jurisdiction is pursuant to 1909 PA 106, as amended, MCL 460.551 et seq.; MSA 22.151 et seq.; 1919 PA 419, as amended, MCL 460.51 et seq.; MSA 22.1 et seq.; 1939 PA 3, as amended, MCL 460.1 et seq.; MSA 22.13(1) et seq.; 1982 PA 304, as amended, MCL 460.6h et seq.; MSA 22.13(6h) et seq.; 1969 PA 306, as amended, MCL 24.201 et seq.; MSA 3.560(101) et seq.; and the Commission's Rules of Practice and Procedure, as amended, 1992 AACCS, R 460.17101 et seq.
- b. The settlement agreement is reasonable and in the public interest, and should be approved.

THEREFORE, IT IS ORDERED that:

- A. The settlement agreement, attached as Exhibit A, is approved.
- B. Wabash Valley Power Association, Inc., is authorized to charge Midwest Electric Cooperative a power supply cost recovery factor of up to negative \$0.007841 per kilowatt-hour during 1998.
- C. Wabash Valley Power Association, Inc., is authorized to recover capacity charges associated with the purchase of firm peaking power from Cinergy Services, Inc., short-term power from American Electric Power Service Corporation, and firm power from LG&E Power Marketing, Inc., through its power supply cost recovery clause.
- D. Within 30 days, Wabash Valley Power Association, Inc., shall file with the Commission four copies of tariff sheets as approved in this case.

E. Should Wabash Valley Power Association, Inc., desire to charge a lesser power supply cost recovery factor than that approved by this order, it shall notify the Commission ten days prior to the use of the lesser factor and shall file during that billing month a tariff sheet showing the lesser factor applied.

The Commission reserves jurisdiction and may issue further orders as necessary.

Any party desiring to appeal this order must do so in the appropriate court within 30 days after issuance and notice of this order, pursuant to MCL 462.26; MSA 22.45.

MICHIGAN PUBLIC SERVICE COMMISSION

/s/ John G. Strand

Chairman

( S E A L )

/s/ David A. Svanda

Commissioner

By its action of November 5, 1998.

/s/ Dorothy Wideman

Its Executive Secretary

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MICHIGAN PUBLIC SERVICE COMMISSION

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Commissioner

By its action of November 5, 1998.

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Suggested Minute:

“Adopt and issue order dated November 5, 1998 approving the settlement agreement and authorizing Wabash Valley Power Association, Inc., to implement a power supply cost recovery plan for the 12-month period ending December 31, 1998, as set forth in the order.”