

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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In the matter of the application of)	
GREAT LAKES ENERGY COOPERATIVE)	
for approval of a special contract with)	Case No. U-12139
IMC Kalium Ltd.)	
_____)	

At the December 6, 1999 meeting of the Michigan Public Service Commission in Lansing, Michigan.

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

ORDER APPROVING SPECIAL CONTRACT

On September 22, 1999, Great Lakes Energy Cooperative (Great Lakes) filed an application for approval of a special contract for the provision of electric service to IMC Kalium Ltd. (Kalium).

In its application, Great Lakes states that it has reached an agreement with Kalium that obligates Great Lakes to supply and Kalium to purchase all of Kalium's electric requirements for the operation of mining and related facilities at Kalium's Hersey Township, Osceola County, Michigan facility. The special contract, which is limited to a nominal 10,000 kilovolt amperes of capacity and a minimum of 3,000 kilowatts, provides for a three-year term with renewals and reflects an understanding between the parties as to retail wheeling and other changes in the electric utility industry.

Great Lakes represents that during negotiations leading to the special contract's execution, the parties protected their own interests and reached a mutually beneficial agreement. According to Great Lakes, the special contract's provisions will not violate any of the Commission's statutes, rules, orders, or clearly established policies. Further, Great Lakes alleges that the special contract will not harm other member-customers or otherwise detract from the public interest. Finally, Great Lakes maintains that the special contract will clearly benefit not only Great Lakes and Kalium, but also the general public by virtue of retaining and potentially expanding employment in Michigan.

The Commission concludes that it should approve the contract as reasonable and in the public interest. In reaching this conclusion, the Commission finds, in the absence of a reason to believe otherwise, that the parties to the contract protected their own interests and reached a mutually beneficial bargain. Additionally, it is evident that the parties to the special contract not only had a clear understanding of the Commission's established policies regarding the role of special contracts in the emerging market for electric power, but also that they gave due consideration to how the special contract might affect their future participation in a direct access program. Because the terms of the contract are consistent with the principles set forth in the March 23, 1995 order in Case No. U-10646 and the October 25, 1995 order in Case No. U-10961, the Commission is persuaded that its approval is consistent with the public interest. Moreover, because the contract does not increase any customer's rates, it may be approved without providing notice or an opportunity for hearing, pursuant to MCL 460.6a(1); MSA 22.13(6a)(1). The Commission will not permit Great Lakes to reallocate the cost of serving Kalium to other ratepayer classes.

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.; 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 AACRS, R 460.17101 et seq.
- b. The special contract is reasonable and in the public interest, and should be approved.
- c. Ex parte approval of the application is appropriate.

THEREFORE, IT IS ORDERED that the special contract between Great Lakes Energy Cooperative and IMC Kalium Ltd., which was attached to the application submitted in this case, is approved. The special contract is contained in the Commission's docket file for the proceeding, but is not attached to this order due to its length.

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

/s/ Robert B. Nelson
Commissioner

By its action of December 6, 1999.

/s/ Dorothy Wideman
Its Executive Secretary

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MICHIGAN PUBLIC SERVICE COMMISSION

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Suggested Minute:

"Adopt and issue order dated December 6, 1999 approving the special contract between Great Lakes Energy Cooperative and IMC Kalium Ltd., as set forth in the order."