

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the application of
CHERRYLAND ELECTRIC COOPERATIVE, GREAT)
LAKES ENERGY COOPERATIVE, HOMEWORKS)
TRI-COUNTY ELECTRIC COOPERATIVE AND) Case No. U-12120-R
PRESQUE ISLE ELECTRIC & GAS CO-OP for a)
power supply cost recovery reconciliation proceeding)
for the 12-month period ended December 31, 2000.)

SETTLEMENT AGREEMENT

On March 30, 2001 Cherryland Electric Cooperative ("*Cherryland*"), Great Lakes Energy Cooperative ("*Great Lakes*"), HomeWorks Tri-County Electric Cooperative ("*HomeWorks*"), and Presque Isle Electric & Gas Co-op ("*Presque Isle*") filed a joint application, with supporting testimony and exhibits, requesting the commencement of a power supply cost reconciliation ("*PSCR*") proceeding for the 12 months ended December 31, 2000.

On April 11, 2001, the Commission issued its Notice of Hearing commencing a power supply cost reconciliation proceeding, and establishing a procedural schedule for such proceeding. In accordance with the Commission's Notice of Hearing, the above listed electric cooperatives provided notice of this proceeding throughout their service area.

At the pre-hearing conference on June 19, 2001, the above listed electric cooperatives presented proofs of service of the Notice of Hearing on all cities, incorporated villages, townships and counties in their service areas, and also presented affidavits evidencing the required publication of the Notices of Hearings.

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The prefiled testimony submitted in this proceeding indicated the amount of overcollections or undercollections for each of the above listed electric cooperatives for the 12-month period ended December 31, 2000, and the proposed methods for refunding overcollections or collecting undercollections.

The Commission Staff has reviewed the above listed electric cooperatives' filing and has conducted an audit of the power supply costs incurred by them during the 12-month period ended December 31, 2000. Based on such review, audit and discussions, the above listed electric cooperatives and the Commission Staff have entered into this settlement agreement.

In view of the agreement of the foregoing, and pursuant to section 78 of the Administrative Procedures Act of 1969, as amended (1969 PA 306, § 78; MCLA 24.278; MSA 3.560(178)), the above listed electric cooperatives and the Commission Staff hereby agree and stipulate as follows:

A. For the period ended December 31, 2000, the above listed rural electric cooperatives' net over collection or (undercollection) determinations are as follows:

Cooperative	2000 PSCR Overcollection (Undercollection)	Prior Year's Rollover	TOTAL
Cherryland	\$31,089	\$12,766	\$43,855
Great Lakes-Boyne	\$149,877	\$13,546	\$163,423
Great Lakes-Newaygo	(\$80,909)	\$0	(\$80,909)
Great Lakes-Scottville	\$25,322	\$0	\$25,322
HomeWorks Tri-County	\$83,594	\$15,355	\$98,949
Presque Isle	(\$117,455)	\$8,347	(\$109,108)

B. The power supply costs incurred by the above listed electric cooperatives during the period ended December 31, 2000 were incurred in a reasonable manner and represent a reasonable level of cost.

C. For each of the above listed electric cooperatives, refunds of the indicated overcollections or collections of the indicated undercollections were/will be appropriately refunded or collected as follows:

1. **CHERRYLAND PROCEDURE**

Cherryland overcollected \$31,089 for the 12-month period ended December 31, 2000. In addition, there is a residual over-collection of \$12,766 from the 1999 PSCR year. Thus, the net amount of undercollection is \$43,855. Cherryland should refund said overcollection to monthly consumers by application of a credit in the approximate amount of \$0.00085 per kWh in the billing months of November and December 2001, with true-up occurring in December 2001. Cherryland should refund said overcollection to seasonal consumers by application of a credit in the approximate amount of \$0.00107 per kWh in the billing month of December, 2001.

2. **GREAT LAKES PROCEDURE**

Great Lakes - Boyne overcollected \$149,877 for the 12-month period ended December 31, 2000. In addition, there is a residual over-collection of \$13,546 from the 1999 PSCR year. Great Lakes - Boyne refunded \$127,823 to monthly and seasonal member consumers by application of a credit in the amount of \$0.000315172 per kWh in the billing month of May, and seasonal member consumers only in the billing months of August, and October 2001. With regard to the remaining refund of \$22,054, Staff and Great Lakes-Boyne have determined that the administrative burdens outweigh any benefit of granting a refund in 2001. Thus, Great-Lakes

Boyer should be authorized to roll the remaining \$22,054 refund over to its next PSCR reconciliation proceeding.

Great Lakes - Newaygo undercollected \$80,909 for the 12-month period ended December 31, 2000. Great Lakes-Newaygo will collect said undercollection from its monthly and seasonal consumers in the billing month of January, 2002. The exact amount of the surcharge will be determined when actual kWh sales are known.

Great Lakes - Scottville overcollected \$25,322 for the 12-month period ended December 31, 2000. Great Lakes-Scottville intends to refund the overcollection to monthly and seasonal consumers in the billing month of January, 2002. The exact amount of the refund will be determined when actual kWh sales are known.

3. HOMEWORKS TRI-COUNTY PROCEDURE

HomeWorks Tri-County overcollected \$83,594 for the 12-month period ended December 31, 2000. This amount is increased by a remaining \$15,355 remaining overcollection for the 1999 PSCR year. Thus, the net amount of overcollection to be refunded is \$98,949. HomeWorks Tri-County should refund said overcollection to monthly and seasonal consumers in the billing month of November, 2001.

4. PRESQUE ISLE PROCEDURE

Presque Isle undercollected \$117,455 for the 12-month period ended December 31, 2000. In addition, Presque Isle overcollected \$1,357 from seasonal member consumers with

respect to the 1998 PSCR year and \$6,990 from monthly member consumers with respect to the 1999 PSCR year. Thus, the net amount of undercollection is \$109,108. Presque Isle will collect said undercollection by applying a surcharge of approximately \$0.003182 per kWh to monthly consumers in the billing months of November and December 2001. Presque Isle will collect said undercollection by applying a surcharge of approximately \$0.000539 per kWh to seasonal consumers in the billing months of June, July, and August 2002.

D. Section 81 of the Administrative Procedures Act of 1969 is waived by the parties.

E. This settlement agreement will become binding on the parties only if the Commission accepts the same without modification. If the Commission does not accept this settlement agreement without modification, this settlement agreement shall be withdrawn and shall not constitute any part of the record in the proceeding or be used for any purpose whatsoever.

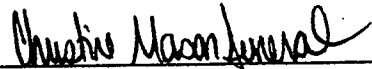
F. Proposed tariff sheets are attached hereto as attachment 1.

Dated: October 22, 2001

COMMISSION STAFF
By: Larry G. Watterworth
Larry G. Watterworth (P28440)
Assistant Attorney General
6545 Mercantile Way, Ste. 15
Lansing, MI 48911
(517) 241-6680

Dated: October 22, 2001

CHERRYLAND ELECTRIC COOPERATIVE,
GREAT LAKES ENERGY COOPERATIVE,
PRESQUE ISLE ELECTRIC & GAS CO-OP,
HOMEWORKS TRI-COUNTY ELECTRIC
COOPERATIVE

By: 
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Power Supply Cost Recovery Clause (continued)

Not less than once a year and not later than 3 months after the end of the 12 month period covered by Cooperative's most recently authorized power supply cost recovery plan, a power supply cost reconciliation proceeding will be conducted to reconcile the revenues recorded pursuant to the power supply cost recovery factor and the allowance for cost of power included in the base rates as established by the Commission under Cooperative's most recent power supply cost recovery plan, among other things. Cooperative shall be required to refund to customers, or to credit to customers' bills any net amount determined to have been recovered which is in excess of the amounts actually expensed by Cooperative for power supply. Cooperative shall recover from customers any net amount by which the amount determined to have been recovered over the period covered was less than the amount determined to have been actually expensed by Cooperative for power supply.

For the twelve (12) month period ending December 2001, the Power Supply Cost Recovery Factor is \$0.00097 per kWh. The allowance for cost of power supply included in base rates is \$0.06053 per kWh.

Should the Cooperative apply lesser factors than those above, or if the factors are later revised pursuant to Commission Orders or 1982 PA 304, the Cooperative will notify the Commission and file a revision of the above factor.

The following factors are applied pursuant to 1982 PA 304 in the 12 billing months ending December 2001:

<u>Month</u>	<u>Authorized Factor</u>	<u>Applied Factor</u>	<u>Monthly PSCR Recon Credit</u>	<u>Seasonal PSCR Recon Credit</u>
Jan 01	\$0.00097	\$0.00097		
Feb 01	\$0.00097	\$0.00097		
Mar 01	\$0.00097	\$0.00097		
Apr 01	\$0.00097	\$0.00097		
May 01	\$0.00097	\$0.00097		
Jun 01	\$0.00097	\$0.00097		
Jul 01	\$0.00097	\$0.00097		
Aug 01	\$0.00097	\$0.00097		
Sep 01	\$0.00097	\$0.00097		
Oct 01	\$0.00097			
Nov 01	\$0.00097		\$0.00085	
Dec 01	\$0.00097		\$0.00085*	\$0.00107

*true up occurring in December 2001

Issued:
By Bruce King,
General Manager
Grawn, Michigan

Effective for all electric service on and
after
Issued under the authority of M.P.S.C.
dated in Case No. U-12120-R

Not less than once a year and not later than 3 months after the end of the 12-month period covered by Cooperative's most recently authorized power supply cost recovery plan, a power supply cost reconciliation proceeding will be conducted to reconcile the revenues recorded pursuant to the power supply cost recovery factor and the allowance for cost of power included in the base rates as established by the Commission under Cooperative's most recent power supply cost recovery plan, among other things. Cooperative shall be required to refund to customers, or to credit to customers' bills any net amount determined to have been recovered which is in excess of the amounts actually expensed by Cooperative for power supply. Cooperative shall recover from customers any net amount by which the amount determined to have been recovered over the period covered was less than the amount determined to have been actually expensed by Cooperative for power supply.

For the twelve (12) months ending December 2001, the Power Supply Cost Recovery Factor is \$0.00146 per kWh. The allowance for cost of power supply included in base rates is \$0.06152 per kWh.

Should the Cooperative apply lesser factors than those above, or if the factors are later revised pursuant to Commission Order or 1982 PA 304, the Cooperative will notify the Commission and file a revision of the above factor.

The following factors are applied pursuant to 1982 PA 304 in the 12 billing months ending December 2001:

<u>Month</u>	<u>Authorized Factor</u>	<u>Applied Factor</u>	<u>Residential PSCR Recon Credit</u>	<u>Seasonal PSCR Recon Credit</u>
Jan 01	\$0.00146	\$0.00036		
Feb 01	\$0.00146	\$0.00146		
Mar 01	\$0.00146	\$0.00146		
Apr 01	\$0.00146	\$0.00146		
May 01	\$0.00146	\$0.00146	(\$0.000315172)	(\$0.000315172)
Jun 01	\$0.00146	\$0.00146		
Jul 01	\$0.00146	\$0.00146		
Aug 01	\$0.00146	\$0.00146		(\$0.000315172)
Sep 01	\$0.00146	\$0.00146		
Oct 01	\$0.00146			(\$0.000315172)
Nov 01	\$0.00146			
Dec 01	\$0.00146			

Issued:
 By: Stephen L. Boeckman
 President & Chief Operating Officer

Effective for service on and after
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 M.P.S.C. dated _____ in Case
 No. U-12120-R

M.P.S.C. No. 1 - Electric
Great Lakes Energy Cooperative - Newaygo Division

Second Revised Sheet No. 18.02
Cancels First Revised Sheet No. 18.02

Great Lakes - Newaygo undercollected \$80,909 for the 12-month period ended December 31, 2000. Great Lakes-Newaygo will collect said undercollection from its monthly and seasonal consumers in the billing month of January, 2002. The exact amount of the surcharge will be determined when actual kWh sales are known.

Issued:
By: **Steve L. Boeckman,**
President & Chief Operating Officer

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M.P.S.C. No. 1 - Electric
Great Lakes Energy Cooperative - Scottville Division

Second Revised Sheet No. 19.02
Cancels First Revised Sheet No. 19.02

Great Lakes - Scottville overcollected \$25,322 for the 12-month period ended December 31, 2000. Great Lakes-Scottville intends to refund the overcollection to monthly and seasonal consumers in the billing month of January, 2002. The exact amount of the credit will be determined when actual kWh sales are known.

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By: Steve L. Boeckman,
President & Chief Operating Officer

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Not less than once a year and not later than 3 months after the end of the 12-month period covered by Cooperative's most recently authorized power supply cost recovery plan, a power supply cost reconciliation proceeding will be conducted to reconcile the revenues recorded pursuant to the power supply cost recovery factor and the allowance for cost of power included in the base rates as established by the Commission under Cooperative's most recent power supply cost recovery plan, among other things. Cooperative shall be required to refund to customers, or to credit to customers' bills any net amount determined to have been recovered which is in excess of the amounts actually expended by Cooperative for power supply. Cooperative shall recover from customers any net amount by which the amount determined to have been recovered over the period covered was less than the amount determined to have been actually expended by Cooperative for power supply.

For the twelve (12) months ending December 2001, the Power Supply Cost Recovery Factor is \$0.00305 per kWh. The allowance for cost of power supply included in base rates is \$0.05921 per kWh.

Should the Cooperative apply lesser factors than those above, or if the factors are later revised pursuant to Commission Order or 1982 PA 304, the Cooperative will notify the Commission and file a revision of the above factor.

The following factors are applied pursuant to 1982 PA 304 in the 12 billing months ending December 2001:

<u>Month</u>	<u>Authorized Factor</u>	<u>Applied Factor</u>	<u>Residential PSCR Recon Surcharge</u>	<u>Seasonal PSCR Recon Surcharge</u>
Jan 01	\$0.00305	\$0.00305		
Feb 01	\$0.00305	\$0.00305		
Mar 01	\$0.00305	\$0.00305		
Apr 01	\$0.00305	\$0.00305		
May 01	\$0.00305	\$0.00305		
Jun 01	\$0.00305	\$0.00305		
Jul 01	\$0.00305	\$0.00305		
Aug 01	\$0.00305	\$0.00305		
Sep 01	\$0.00305	\$0.00305		
Oct 01	\$0.00305			
Nov 01	\$0.00305		\$0.003182	
Dec 01	\$0.00305		\$0.003182	
Jun 02				\$0.000539
Jul 02				\$0.000539
Aug 02				\$0.000539

Issued:
 By **Brian Burns**, Manager
 Onaway, Michigan

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M.P.S.C. No. 2 - Electric
Tri-County Electric Cooperative

Sixth Revised Sheet No. 12.01-1
Cancels Fifth Revised Sheet No. 12.01-1

HomeWorks Tri-County overcollected \$83,594 for the 12-month period ended December 31, 2000. This amount is increased by a remaining \$15,355 remaining overcollection for the 1999 PSCR year. Thus, the net amount of overcollection to be refunded is \$98,949. HomeWorks Tri-County should refund said overcollection to monthly and seasonal consumers in the billing month of November, 2001.

Issued:
By: Scott Braeger
General Manager
Portland, Michigan

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dated in Case No. U-12120-R