

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the application of)
WABASH VALLEY POWER ASSOCIATION, INC.,)
for authority to implement its power supply)
cost recovery plan and factors for the 12-month)
period ending December 31, 2002.)
_____)

Case No. U-13115

At the May 16, 2002 meeting of the Michigan Public Service Commission in Lansing,
Michigan.

PRESENT: Hon. Laura Chappelle, Chairman
Hon. David A. Svanda, Commissioner
Hon. Robert B. Nelson, Commissioner

ORDER APPROVING SETTLEMENT AGREEMENT

On September 28, 2001, Wabash Valley Power Association, Inc., (Wabash) filed an applica-
tion requesting the Commission to approve its power supply cost recovery (PSCR) plan and
factors for the 12-month period ending December 31, 2002.

Pursuant to due notice, a prehearing conference was held on November 7, 2001 before
Administrative Law Judge Barbara A. Stump. Wabash, Midwest Energy Cooperative, and the
Commission Staff participated in the proceeding. Subsequently, the parties submitted a settlement
agreement.

In the settlement agreement, attached as Exhibit A, the parties agree, among other things, that
Wabash's PSCR plan and factors should be approved and that Wabash should be authorized to file
the tariff sheets attached to the settlement agreement.

The Commission FINDS that:

- a. Jurisdiction is pursuant to 1909 PA 106, as amended, MCL 460.551 et seq.; 1919 PA 419, as amended, MCL 460.51 et seq.; 1939 PA 3, as amended, MCL 460.1 et seq.; 1982 PA 304, as amended, MCL 460.6h et seq.; 1969 PA 306, as amended, MCL 24.201 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 Energy Cooperative, during the months of January through December 31, 2001, power supply cost recovery factors of up to negative 3.179 mills per kilowatt hour.
- C. The incurrence of capacity charges in connection with the purchase of power from Michigan Public Power Association and Cinergy C&T and increases in capacity purchases from Hoosier Energy, Northern Indiana Public Service Company, and American Electric Power are approved.
- D. Wabash Valley Power Association, Inc., shall, within 30 days, file four sets of tariff sheets as approved in this case.

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.

MICHIGAN PUBLIC SERVICE COMMISSION

/s/ Laura Chappelle
Chairman

(S E A L)

/s/ David A. Svanda
Commissioner

/s/ Robert B. Nelson
Commissioner

By its action of May 16, 2002.

/s/ Dorothy Wideman
Its Executive Secretary

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the Matter of the Application of)	
WABASH VALLEY POWER ASSOCIATION, INC.)	
for Authority to Implement Its Power)	Case No. U-13115
Supply Cost Recovery Plan and Factors)	
for the twelve-month period ending)	
December 31, 2002.)	
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SETTLEMENT AGREEMENT

NOW COME the parties to the above-entitled proceeding and stipulate and agree as follows:

1. On September 28, 2001, Wabash Valley Power Association, Inc. ("Wabash") filed an application for authority to implement its Power Supply Cost Recovery Plan and Factors for the twelve-month period ending December 31, 2002, with the supporting testimony and exhibits of Kari D. Wetter and Denise A. Sewell. On October 4, 2001, the Commission issued its Notice of Hearing in this matter. A Petition to Intervene, dated October 17, 2001, was filed by Midwest Energy Cooperative ("Midwest").

2. On November 7, 2001, a prehearing conference was held before Administrative Law Judge Barbara Stump. At that hearing, the Petition to Intervene of Midwest was granted.

3. Midwest and the Michigan Public Service Commission Staff have reviewed the Power Supply Cost Recovery Plan and Application filed by Wabash. The parties recommend that the Commission: (i) approve the plan which includes the incurrence of capacity charges in connection with the purchase of power from Michigan Public Power Association and

Cinergy C&T and increases in capacity purchases from Hoosier Energy, Northern Indiana Public Service Company and American Electric Power; (ii) authorize the Power Supply Cost Recovery factors, all as requested in said Application; and (iii) incorporate such PSCR factors into the attached tariff sheets, Seventeenth Revised Sheet No. 5, Ninth Revised Sheet No. 9 and Eighth Revised Sheet No. 15. The parties also have reviewed and recommend that the Commission authorize Wabash to file the attached tariff sheets.

4. This Settlement Agreement, as well as Wabash's requested PSCR factors of negative 3.179 mills/kWh, should be approved as a reasonable result of this proceeding.

5. All amounts collected pursuant to this Settlement Agreement shall be subject to review and reconciliation in the 2002 PSCR reconciliation. By signing this Settlement Agreement, the parties do not waive any right to challenge any issue in the 2002 PSCR reconciliation.

6. All parties waive the provisions of § 81 of the Administrative Procedures Act.

7. The parties further agree that if the Commission should not accept this Settlement Agreement in its entirety, then the Settlement Agreement will be withdrawn.

8. This Settlement Agreement has been made for the sole and express purpose of reaching a compromise among the positions of the signatories in this proceeding. All offers of settlement, discussions and this Settlement Agreement are privileged and shall not be used in any manner, nor be admissible for any purpose, other than enforcement of same in connection with

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this proceeding or any other proceeding. This Settlement Agreement shall not have any precedential value.

WABASH VALLEY POWER
ASSOCIATION, INC.

April 24, 2002

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COMMISSION STAFF

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MIDWEST ELECTRIC COOPERATIVE

April 24, 2002

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