

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 PRESQUE ISLE ELECTRIC)
& GAS CO-OP to implement power supply cost)
recovery plans for the 12-month period ending)
December 31, 2002.)
_____)

Case No. U-13113

At the March 29, 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

OPINION AND ORDER

On October 1, 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 an application, with supporting testimony and exhibits, seeking approval to implement power supply cost recovery (PSCR) plans and to reflect PSCR factors in their monthly billings to their retail electric customers for the 12-month period ending December 31, 2002.

Pursuant to due notice, a prehearing conference was conducted on January 8, 2002 before Administrative Law Judge George Schankler. Only the cooperatives and the Commission Staff participated in the proceedings.

Thereafter, the parties submitted a settlement agreement that resolves all issues in this case. According to the settlement agreement, attached as Exhibit A, the parties agree to the PSCR factors described below:

<u>Cooperative</u>	<u>PSCR Basing Points (mills/kilowatt-hour)</u>	<u>Proposed PSCR Factors (mills/kilowatt-hour)</u>
Cherryland	60.53	3.15
Great Lakes - Boyne	61.52	3.77
Great Lakes - Newaygo	62.46	4.13
Great Lakes – Scottville	60.27	6.79
HomeWorks	64.82	1.61
Presque Isle	59.21	5.71

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. The cooperatives are authorized to implement power supply cost recovery factors as set forth above in their monthly bills to their retail electric customers during the plan year.

C. The cooperatives shall file with the Commission, within 30 days, four sets of a tariff sheet essentially the same as that attached to the settlement agreement.

D. Should a cooperative desire to apply lesser power supply cost recovery factors than those 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.

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 March 29, 2002.

/s/ Dorothy Wideman
Its Executive Secretary

Only the Commission Staff ("Staff") and the cooperatives participated in this proceeding. This proceeding was conducted as a contested case matter pursuant to Chapter 4 of the Administrative Procedures Act of 1969, 1969 PA 306.

The PSCR factors requested in the application are set forth below:

<u>Cooperative</u>	<u>PSCR Basing Points (mills/kWh)</u>	<u>Proposed PSCR Factors (mills/kWh)</u>
Cherryland	60.53	3.15
Great Lakes - Boyne	61.52	3.77
Great Lakes - Newaygo	62.46	4.13
Great Lakes - Scottville	60.27	6.79
HomeWorks	64.82	1.61
Presque Isle	59.21	5.71

The Commission Staff has reviewed the cooperatives' filing. Staff concluded that the cooperatives' calculations and projections were reasonable and the parties have agreed to enter into this Settlement Agreement.

In view 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 cooperatives and Staff hereby agree as follows:

A. The cooperatives' proposed PSCR factors as set forth below are reasonable and should be adopted.

<u>Cooperative</u>	<u>PSCR Basing Points (mills/kWh)</u>	<u>Proposed PSCR Factors (mills/kWh)</u>
Cherryland	60.53	3.15
Great Lakes - Boyne	61.52	3.77
Great Lakes - Newaygo	62.46	4.13
Great Lakes - Scottville	60.27	6.79
HomeWorks	64.82	1.61
Presque Isle	59.21	5.71

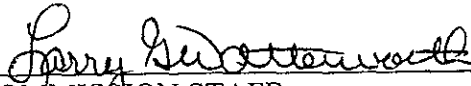
B. Proposed tariff sheets are attached hereto as Attachment 1.

C. Should the cooperatives apply lesser PSCR factors than those identified above, the cooperatives shall notify the Commission Staff of that fact and file revised tariff sheets reflecting those PSCR factors.

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

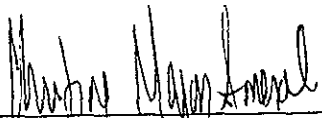
E. If the Commission does not accept this settlement agreement without modification, this settlement agreement shall be withdrawn and shall not constitute any part of the record in the proceeding or be used for any purpose whatsoever.

Dated: February 5, 2002



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

Dated: February 14, 2002


CHERRYLAND ELECTRIC COOPERATIVE
GREAT LAKES ENERGY COOPERATIVE
HOMEWORKS TRI-COUNTY ELECTRIC
COOPERATIVE
PRESQUE ISLE ELECTRIC & GAS CO-OP
By: Christine Mason Soneral (P58820)
DYKEMA GOSSETT PLLC
800 Michigan National Tower
Lansing, MI 48933
Telephone: (517) 374-9184

LAN01\89511.1
ID\CMMA

MPSC No. 3 - Electric
Cherryland Electric Cooperative

Cancels

Revised Sheet. No. 7.01
Revised Sheet No. 7.01

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 2002, the Power Supply Cost Recovery Factor is \$0.00315 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 2002:

<u>Month</u>	<u>Authorized Factor</u>
Jan 02	\$0.00315
Feb 02	\$0.00315
Mar 02	\$0.00315
Apr 02	\$0.00315
May 02	\$0.00315
Jun 02	\$0.00315
Jul 02	\$0.00315
Aug 02	\$0.00315
Sep 02	\$0.00315
Oct 02	\$0.00315
Nov 02	\$0.00315
Dec 02	\$0.00315

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-13113

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 2002, the Power Supply Cost Recovery Factor is \$0.00377 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 2002:

<u>Month</u>	<u>Authorized Factor</u>
Jan 02	\$0.00377
Feb 02	\$0.00377
Mar 02	\$0.00377
Apr 02	\$0.00377
May 02	\$0.00377
Jun 02	\$0.00377
Jul 02	\$0.00377
Aug 02	\$0.00377
Sep 02	\$0.00377
Oct 02	\$0.00377
Nov 02	\$0.00377
Dec 02	\$0.00377

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

Effective for service on and after

Issued under the authority of the M.P.S.C.
dated in Case No. U-13113

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 2002, the Power Supply Cost Recovery Factor is \$0.00413 per kWh. The allowance for cost of power supply included in base rates is \$0.06246 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 2002:

<u>Month</u>	<u>Authorized Factor</u>
Jan 02	\$0.00413
Feb 02	\$0.00413
Mar 02	\$0.00413
Apr 02	\$0.00413
May 02	\$0.00413
Jun 02	\$0.00413
Jul 02	\$0.00413
Aug 02	\$0.00413
Sep 02	\$0.00413
Oct 02	\$0.00413
Nov 02	\$0.00413
Dec 02	\$0.00413

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

Effective for service on and after

Issued under the authority of the M.P.S.C.
dated in Case No. U-13113

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 2002, the Power Supply Cost Recovery Factor is **\$0.00679** per kWh. The allowance for cost of power supply included in base rates is \$0.06027 per kWh sold.

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 2002:

<u>Month</u>	<u>Authorized Factor</u>
Jan 02	\$0.00679
Feb 02	\$0.00679
Mar 02	\$0.00679
Apr 02	\$0.00679
May 02	\$0.00679
Jun 02	\$0.00679
Jul 02	\$0.00679
Aug 02	\$0.00679
Sep 02	\$0.00679
Oct 02	\$0.00679
Nov 02	\$0.00679
Dec 02	\$0.00679

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

Effective for service on and after

Issued under the authority of the M.P.S.C.
dated in Case No. U-13113

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 2002, the Power Supply Cost Recovery Factor is **\$0.00571** 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 2002:

<u>Month</u>	<u>Authorized Factor</u>
Jan 02	\$0.00571
Feb 02	\$0.00571
Mar 02	\$0.00571
Apr 02	\$0.00571
May 02	\$0.00571
Jun 02	\$0.00571
Jul 02	\$0.00571
Aug 02	\$0.00571
Sep 02	\$0.00571
Oct 02	\$0.00571
Nov 02	\$0.00571
Dec 02	\$0.00571

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

Effective for electric service on and
after

Issued under the authority of M.P.S.C.
dated in Case No. U-13113

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 Tri-County Electric 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) month period ending December 2002, the Power Supply Cost Recovery Factor is **\$0.00161** per kWh. The allowance for cost of power supply included in base rates is \$0.06482 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 the 1982 PA 304 in the 12 billing months ending December 2002.

<u>Month</u>	<u>Authorized Factor</u>
Jan 02	\$0.00161
Feb 02	\$0.00161
Mar 02	\$0.00161
Apr 02	\$0.00161
May 02	\$0.00161
Jun 02	\$0.00161
Jul 02	\$0.00161
Aug 02	\$0.00161
Sep 02	\$0.00161
Oct 02	\$0.00161
Nov 02	\$0.00161
Dec 02	\$0.00161

Issued:
by Scott Braeger
Portland, Michigan

Effective for service rendered on
and after

Issued under authority of M.P.S.C.
on _____ in Case No. U-13113