

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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|---|---|--------------------|
| In the matter of the application of |) | |
| CLOVERLAND ELECTRIC COOPERATIVE |) | |
| for a power supply cost recovery reconciliation |) | Case No. U-12606-R |
| proceeding for the 12-month period ended |) | |
| December 31, 2001. |) | |
| _____ |) | |

At the September 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 March 29, 2002, Cloverland Electric Cooperative (Cloverland) filed an application, with supporting testimony and exhibits, for a power supply cost recovery (PSCR) reconciliation proceeding for the 12-month period ended December 31, 2001.

Pursuant to due notice, a prehearing conference was held on June 6, 2002 before Administrative Law Judge Daniel E. Nickerson, Jr. Cloverland and the Commission Staff participated in the proceedings. Subsequently, the parties entered into a settlement agreement resolving all issues.

The settlement agreement, attached as Exhibit A, states that for the 12-month period ended December 31, 2001, Cloverland experienced a PSCR undercollection in the amount of \$507,910. According to the parties, \$458,520 of the undercollection is attributable to monthly member-

customers and the remaining \$49,390 is attributable to seasonal member-customers. In addition, in November 2001, Cloverland overrefunded \$57,976 to its member-customers as part of its 2000 reconciliation process. The settlement agreement requests approval of (i) Cloverland's collection of \$516,496 from its monthly member-customers in the 12 billing months following the Commission's order and (ii) Cloverland's collection of \$49,390 from its seasonal member-customers in the billing months of June 2003 through August 2003. The exact amount of the surcharge will be determined when actual sales amounts are known.

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 AACRS, 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. Cloverland Electric Cooperative is authorized to collect \$516,496 from its monthly member-customers in the 12 billing months following issuance of this order.
- C. Cloverland Electric Cooperative is authorized to collect \$49,390 from its seasonal member-customers in the billing months of June 2003 through August 2003.
- D. Within 30 days of the date of this order, Cloverland Electric Cooperative shall file tariff sheets reflecting the surcharges required by this order.

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 September 16, 2002.

/s/ Dorothy Wideman
Its Executive Secretary

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

* * * * *

**In the matter of the application of)
CLOVERLAND ELECTRIC COOPERATIVE)
for a power supply cost recovery reconcilia-)
tion proceeding for the 12-month period)
ended December 31, 2001.)**
_____)

**Case No. U-12606-R
(PSCR Reconciliation)**

SETTLEMENT AGREEMENT

On March 29, 2002, Cloverland Electric Cooperative ("Cloverland") filed an application, with supporting testimony and exhibits, requesting the commencement of a power supply cost reconciliation proceeding for the 12-month period ended December 31, 2001. On April 16, 2002, 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, Cloverland provided notice of this proceeding throughout its service area.

At the prehearing conference on June 6, 2002, Cloverland presented proof of service of the Notice of Hearing on all cities, incorporated villages, townships and counties in its service area, and also presented affidavits evidencing the required publication of the Notice of Hearing.

The prefiled testimony submitted by Cloverland indicates that, for the 12-month period ended December 31, 2001, power supply costs exceeded power supply revenues (*i.e.*, an *undercollection*) in the amount of \$507,91; \$458,520 of the undercollection is attributable to monthly member consumers and the remaining \$49,390 is attributable to seasonal member consumers. In November 2001, Cloverland overrefunded \$57,976 to its member consumers as part of its 2000 reconciliation process.

The Commission Staff has reviewed Cloverland's filing and has conducted an audit of the power supply costs incurred by Cloverland during the 12-month period ended December 31, 2001. Based on such review, audit and discussions, Cloverland and the Commission Staff have reached this settlement agreement and herewith stipulate to the conclusions set forth in Cloverland's filing in this docket.

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)), Cloverland and the Commission Staff hereby agree as follows:

A. For the 12-month period ended December 31, 2001, Cloverland experienced a power supply cost undercollection in the amount of \$507,910; \$458,520 of the undercollection is attributable to monthly member consumers and the remaining \$49,390 is attributable to seasonal member consumers. In November 2001, Cloverland overrefunded \$57,976 to its member-consumes as part of its 2000 reconciliation process.

B. The power supply costs incurred by Cloverland during the 12-month period ended December 31, 2001 were incurred in a reasonable manner and represent a reasonable level of cost.

C. Cloverland will collect the \$458,520 underrecovery and \$57,976 overrefund from monthly member customers during the twelve billing months following a Commission order. The exact amount of the surcharge will be determined when actual kWh sales are known.

D. Cloverland will collect the \$49,390 underrecovery from seasonal member customers during the June through August 2003 billing months. The exact amount of the surcharge will be determined when actual kWh sales are known.

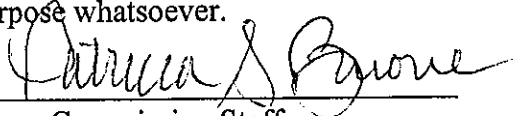
E. Section 81 of the Administrative Procedures Act of 1969 is waived.

F. Tariff sheets showing the actual surcharge and credit billing factors to be used will be filed with the Commission.

G. Cloverland will provide Commission Staff with workpapers showing the billing factor calculations.

H. 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: July ^{Aug} 1, 2002



Commission Staff

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Dated: July 30, 2002



Cloverland Electric Cooperative

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