

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the application of)	
THUMB ELECTRIC COOPERATIVE for a)	
power supply cost recovery reconciliation)	Case No. U-12609-R
proceeding for the 12-month period ended)	
December 31, 2001.)	
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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 25, 2002, Thumb Electric Cooperative (Thumb) 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. Thumb 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, Thumb experienced a PSCR overcollection in the amount of \$123,591. The settlement agreement requests approval of Thumb's refund of the \$123,591 overcollection to its

member-customers by application of a credit of 2.93 mills per kilowatt-hour during the billing months of January 2002 through March 2002, subject to further reconciliation in April 2002.

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. Thumb Electric Cooperative's refund of its \$123,591 overcollection by application of a credit of 2.93 mills per kilowatt-hour during the billing months of January 2002 through March 2002 is approved.
- C. Within 30 days, Thumb Electric Cooperative shall file tariff sheets showing the billing factors reflecting the power supply cost recovery reconciliation credits required by this order.
- D. Thumb Electric Cooperative shall provide the Commission Staff with work papers showing the billing factor calculations.
- E. Rights to any portion of the refund shall not vest until a refund amount has been credited to a member-customer's bill or a refund check to a member-customer or former member-customer has been negotiated.

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

settlement agreement and herewith stipulate that Thumb experienced an overcollection of \$123,591 during the 12-month period ended December 31, 2001.

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

A. For the 12-month period ended December 31, 2001, Thumb experienced a power supply cost overcollection of \$123,591.

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

C. Thumb's refund of the \$123,591 overcollection to its customers should be by application of a credit of approximately 2.93 mills per kWh, during the billing months of January 2002 through March 2002, to be reconciled in April 2002.

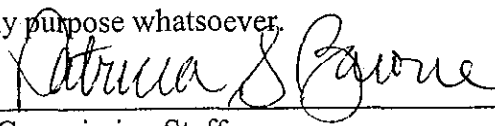
D. Section 81 of the Administrative Procedures Act of 1969 is waived.

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

F. Thumb will provide Commission Staff with workpapers showing the billing factors calculations.

G. 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: August 8, 2002



Commission Staff

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Dated: August 2, 2002



Thumb Electric Cooperative

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