

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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In the matter of the application of )  
**WABASH VALLEY POWER ASSOCIATION, INC.,** )  
for a power supply cost recovery reconciliation )  
proceeding for the 12-month period ended )  
December 31, 2001. )  
\_\_\_\_\_ )

Case No. U-12611-R

At the December 6, 2002 meeting of the Michigan Public Service Commission in Lansing,  
Michigan.

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

**ORDER APPROVING SETTLEMENT AGREEMENT**

On March 28, 2002, Wabash Valley Power Association, Inc., (Wabash) filed an application  
requesting approval of its power supply cost recovery (PSCR) reconciliation for the 12-month  
period ended December 31, 2001.

Pursuant to due notice, a prehearing conference was held on May 8, 2002 before  
Administrative Law Judge Barbara A. Stump. Wabash, Midwest Energy Cooperative (Midwest),  
and the Commission Staff participated in the proceedings. Subsequently, the parties entered into a  
settlement agreement.

In the settlement agreement, attached as Exhibit A, the parties agree that Wabash  
underrecovered its PSCR costs for 2001 and that Midwest shall pay Wabash \$1,000,000 on or  
before the later of December 31, 2002 or ten days following the issuance of a Commission order  
approving 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., shall collect from Midwest Energy Cooperative a power supply cost recovery reconciliation charge of \$1,000,000, which Midwest Energy Cooperative shall pay to Wabash Valley Power Association, Inc., on or before December 31, 2002.

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 E A L )

/s/ David A. Svanda  
Commissioner

/s/ Robert B. Nelson  
Commissioner

By its action of December 6, 2002.

/s/ Dorothy Wideman  
Its Executive Secretary

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

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Commissioner

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Commissioner

By its action of December 6, 2002.

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Its Executive Secretary

## STATE OF MICHIGAN

## BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

<b>In the matter of WABASH VALLEY POWER )</b> <b>ASSOCIATION, INC.'S Power Supply Cost )</b> <b>Reconciliation Proceeding for the twelve- )</b> <b>month period ending December 31, 2001. )</b>	<b>Case No. U-12611-R</b>
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SETTLEMENT AGREEMENT

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

1. On March 28, 2002, Wabash Valley Power Association, Inc. ("Wabash") tiled an application requesting reconciliation of its Power Supply Cost Recovery ("PSCR") revenues and costs for the twelve-month period ending December 31, 2001, with the supporting testimony and exhibits of Kari D. Wetter and Denise A. Sewell. On April 2, 2002, the Commission issued its Notice of Hearing in this matter. On April 8, 2002, Staff filed its Appearance. A Petition to Intervene, dated April 10, 2002, was tiled by Midwest Energy Cooperative ("Midwest"), Wabash's only customer in Michigan.

2. On May 8, 2002, 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 Staff have reviewed the PSCR reconciliation application filed by Wabash, together with Wabash's responses to discovery requests submitted by Midwest and Staff. Staff has conducted an audit of Wabash's PSCR revenues and costs.

4. The Parties agree and recommend that the result in this docket is that the Commission approve that Midwest pay Wabash One Million Dollars (\$1,000,000.00), such

funds to be paid to and received by Wabash on or before the later of: (i) December 31, 2002; or (ii) ten (10) days following the issuance of a Commission order approving this Agreement.

5. This Settlement Agreement should be approved as a reasonable result of this proceeding.

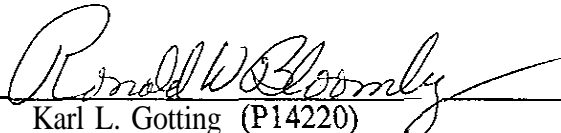
6. By signing this Agreement, the parties hereby waive any right to challenge any issue relating to the 2001 PSCR reconciliation.

7. After review of the proposed order approving settlement agreement, all parties stipulate to entry of same and waive the provisions of Section 81 of the Administrative Procedures Act.


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

9. This Settlement Agreement has been made for the sole and express purpose of reaching a compromise among the parties signatory to this proceeding. All offers of settlement and discussions relating to the settlement are considered privileged and confidential and shall not be used in any manner or be admissible in any proceeding other than the enforcement of the same in connection with this proceeding or any other proceeding.

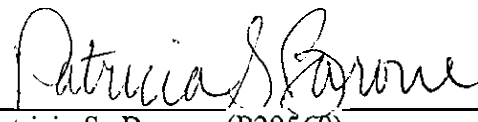
Dated: November 11, 2002

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Dated November 11, 2002

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Dated: November 12, 2002

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