

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

* * * * *

In the matter of the application of)	
ALGER DELTA COOPERATIVE ELECTRIC)	
ASSOCIATION relative to the times interest earned)	Case No. U-13408
ratio ratemaking mechanism for the 12-month)	
period ended December 31, 2001.)	
_____)	

At the November 7, 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 May 17, 2002, Alger Delta Cooperative Electric Association (Alger Delta) filed an application, with supporting exhibits, reporting as to its times interest earned ratio (TIER) ratemaking mechanism for the 12-month period ended December 31, 2001 and requesting authority to increase its rates for the sale of electricity by \$252,282 annually.

Pursuant to due notice, a prehearing conference was held on July 31, 2002 before Administrative Law Judge Barbara A. Stump. Alger Delta and the Commission Staff participated in the proceedings.

Subsequently, the parties submitted a settlement agreement, attached as Exhibit A, in which they agreed that Alger Delta's annual revenues should be increased by \$240,071, or approximately 4.32%. They further agreed to revisions in Alger Delta's tariffs to implement the rate increase.

The Commission finds that the settlement agreement is reasonable and in the public interest, and should be approved.

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.; 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. Alger Delta Cooperative Electric Association is authorized to revise its tariffs, effective January 1, 2003, so as to increase its annual revenues by \$240,071.

C. Alger Delta Cooperative Electric Association shall file with the Commission, within 30 days, four sets of tariff sheets essentially the same as those attached to the settlement agreement.

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 November 7, 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

Chairman

Commissioner

Commissioner

By its action of November 7, 2002.

Its Executive Secretary

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

* * * * *

In the matter of the petition of ALGER DELTA)	
COOPERATIVE ELECTRIC ASSOCIATION)	Case No. U-13408
relative to its TIER Ratemaking mechanism for)	
the twelve month period ended December 31, 2001.)	
_____)	

SETTLEMENT AGREEMENT

On May 17, 2002, Alger Delta Cooperative Electric Association ("*Alger Delta*") filed a petition relative to its Times Interest Earned Ratio ("TIER") Ratemaking Mechanism for the twelve month period ended December 31, 2001. The May 17, 2002, submission reported an adjusted TIER for the twelve month period ended December 31, 2001, of 1.56, equating to a \$252,282 revenue increase, proposed to be collected through a 4.53 mills per kWh surcharge.

At the prehearing conference on July 30, 2002, Alger Delta presented proof of service of the Notice of Hearing on all cities, incorporated villages, townships and counties in its service area, and also presented an affidavit evidencing the requisite publication of the notice.

Only the Commission Staff ("*Staff*") and Alger Delta participated in these proceedings. No other parties attempted to intervene or otherwise participate. This proceeding was conducted as a contested case matter pursuant to Chapter 4 of the Administrative Procedures Act of 1969, 1969 PA 306.

It is the opinion of the signatories hereto that this settlement agreement will promote the public interest, will aid the expeditious conclusion of this case and will minimize the time and expense which would otherwise have to be devoted to this matter by the Commission and the parties. This settlement agreement is for the purpose of final resolution of this case and all provisions of same are dependent upon all other provisions contained herein.

This settlement agreement is submitted pursuant to Section 78 of the Administrative Procedures Act of 1969, as amended (1969 PA 306, §78; MCLA 24.278; MSA 3.560 (178)). By this Settlement Agreement, Alger Delta and Staff hereby agree and stipulate as follows:

A. For the twelve month period ended December 31, 2001, Alger Delta's adjusted TIER is 1.58 based on total margins. Accordingly, a \$240,071 base rate increase is required.

B. Alger Delta should be authorized to revise its rates to reflect the changes on the attached tariff sheets, wherein a 4.32 mills per kWh surcharge is applied to energy charges to collect the required \$240,071 base rate increase.

C. Alger Delta anticipates implementing an automatic meter reading ("AMR") system. By this settlement agreement, the Commission Staff takes the position that rate recovery for Alger Delta's implementation of the AMR program is to be addressed in a future rate filing; and by this settlement agreement, Alger Delta agrees that it will not cite this settlement agreement or Staff acquiescence in this settlement agreement in support of the proposition that its AMR investment is *prima facie* prudent; and it will not cite this settlement agreement or Staff's acquiescence in this settlement agreement in support of the proposition that refusal to provide rate recovery therefor would be confiscatory and is therefore mandated. Alger Delta agrees to provide the Commission Staff with quarterly evaluations of its AMR program and the status thereof.

D. Each signatory hereto agrees not to appeal, challenge or contest the rates approved by the Commission in this case if they are the result of a Commission order accepting

and approving this Settlement Agreement without modification. 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 this proceeding or be used for any other purpose whatsoever.

E. Alger Delta and the Commission Staff jointly recommend that the Commission issue its Order Adopting Settlement Agreement in the form attached as Exhibit B.

F. Section 81 of the Administrative Procedures Act of 1969 is waived by the signatories.

Dated: ~~August~~ ^{Sept.} 3, 2002



COMMISSION STAFF
Patricia Barone (P29560)
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Dated: August 29, 2002



ALGER DELTA COOPERATIVE
ELECTRIC ASSOCIATION
Albert Ernst
DYKEMA GOSSETT PLLC
800 Michigan National Tower
Lansing, MI 48933
(517) 374-9155

SCHEDULE A

FARM AND HOME SERVICE

Availability

Available to member-consumers of the Cooperative for all normal farm and home uses at the address shown on the member-consumer's driver's license and voter's registration card, subject to the established rules and regulations of the Cooperative in Section II, Part G, 2. Service to individual motors under this rate schedule is limited to motors up to and including ten horsepower (10 H.P.).

Type of Service

Alternating current, 60 hertz, single-phase, at a nominal 120/240 volts.

Monthly Rate

Service Charge: \$10.00 per month

Energy Charge: 7.81¢ per kWh

Minimum Monthly Charge

The minimum monthly charge under the above rate shall not be less than \$10.00. The minimum monthly charge may be increased, subject to the Cooperative's rules and regulations in Section II, Part C, 3, in those cases in which a greater than average investment is necessary to serve an account under this schedule.

Continued to Sheet No. 8.01

Issued:
By Dan Roberts, Manager
Gladstone, Michigan

Effective for electric bills rendered on and
after January 1, 2003

Issued under the Authority of the M.P.S.C.
Order dated _____ in Case No. **U-13408**

SCHEDULE AS
SEASONAL RESIDENTIAL SERVICE

Availability

Available to member-consumers of the Cooperative who use their homes or cottages only a part of each year or at intervals during the year for all residential uses, subject to the established rules and regulations of the Cooperative in Section II, Part G, 2. Service under this schedule is limited to individual motors up to, and including, ten horsepower (10 H.P.).

Type of Service

Alternating current, 60 hertz, single-phase, at approximately 120/240 volts.

Annual Rate

Service Charge: \$ 144.00 per year

Energy Charge: 8.99¢ per kWh

Minimum Annual Charge

The minimum annual charge under the above rate shall not be less than \$ 144.00. The minimum annual charge may be increased, subject to the Cooperative's rules and regulations in Section II, Part C, 3, in those cases in which a greater than average investment is necessary to serve an account under this schedule.

Meter Readings

The meter shall be read by the Cooperative once each calendar year, and an annual bill shall be rendered to the member-consumer for payment.

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SCHEDULE B
COMMERCIAL AND SMALL POWER SERVICE

Availability

Available to churches and township hall member-consumers, commercial member-consumers, small industrial member-consumers, and three-phase farm member-consumers, when transformer capacity is less than 25 kVa, subject to the established rules and regulations of the Cooperative in Section II, Part G, 2, covering this service.

Member-consumers having their homes on the same premises with their business establishments may include service to both on the same meter, in which case all service will be billed under this schedule using the rate set out below. The member-consumer may, however, make provision for two meters, in which case his usage for residential purposes will be billed under the appropriate residential schedule, and his usage for business purposes will be billed under this schedule and rate.

Type of Service:

Alternating current, 60 hertz, single-phase, and three-phase where available, at approximately 120/240 volts.

Billing Rate

Service Charge: \$12.00 per month

Energy Charge: 7.73¢ per kWh

Minimum Charge

The minimum monthly charge under the above rate shall not be less than \$12.00. The annual minimum charge under this rate schedule shall be not less than \$144.00. The minimum charge may be increased, subject to the Cooperative's rules and regulations in Section II, Part C, 3, in those cases in which a greater than average investment is necessary to serve an account under this schedule.

Continued to Sheet No. 10.01

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Gladstone, Michigan

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SCHEDULE LP

LARGE POWER

Availability

Available to member-consumers located on or near the Cooperative's three-phase lines for all types of usage where transformer capacity is greater than 25 kVa, subject to the established rules and regulations of the Cooperative in Section II, Part G, 2.

Type of Service

Three-phase, 60 cycles, at the Cooperative's standard voltages.

Billing Rate

Demand Charge: \$9.00 per Kw

Energy Charge: 4.83¢ per kWh

Determination of Billing Demand

The billing demand shall be the kilowatts (kW) supplied during the 15 minute period of maximum usage in the billing period, but not less than 25 KW . Billing demand will be determined by means of standard demand metering equipment.

Minimum Monthly Charge

The minimum monthly charge shall be the greater of the demand charge, determined above, or the contract minimum.

Continued to Sheet No. 11.01

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SCHEDULE DD

DUSK TO DAWN LIGHTING SERVICE

Availability

Available to member-consumers of the Cooperative for outdoor protective lighting service on premises on which the member-consumer is also taking service from the Cooperative under another rate schedule. Service under this rate is subject to the Cooperative's established rules and regulations.

Rate

Mercury Vapor <u>Lamp Sizes</u>	Nominal <u>Lumens</u>	Monthly Charge <u>Per Lamp</u>	Annual Charge <u>Per Lamp</u>
175 Watt	8,750	\$ 8.69	\$104.28
250 Watt	13,000	\$10.66	\$127.92
High Pressure <u>Sodium Lamp Sizes</u>	Nominal <u>Lumens</u>	Monthly Charge <u>Per Lamp</u>	Annual Charge <u>Per Lamp</u>
100 Watt	9,500	\$ 8.69	\$104.28
150 Watt	16,000	\$10.66	\$127.92

Conditions of Service

- 1) Lighting shall be furnished from dusk to dawn, controlled by photo-sensitive devices, every night and all night for approximately 4,200 hours per year.
- 2) The light and its appurtenances shall remain the property of the Cooperative and the Cooperative shall have the right to remove same at its discretion.
- 3) The Cooperative shall, in all respects, maintain the lighting fixtures and its appurtenances, except that only one lamp replacement per fixture shall be made by the Cooperative every two years, if required, at no cost to the member-consumer. Lamp replacements in excess of one per two-year period shall be paid for by the member-consumer.

Continued to Sheet No. 12.01

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Gladstone, Michigan

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SCHEDULE SL
STREET LIGHTING SERVICE

Availability

Available to Townships, political subdivisions and others for multiple street lighting systems.

Rate

<u>High Pressure Sodium Lamp Sizes*</u>	<u>Mercury Vapor Lamp Size*</u>	<u>Monthly Charge Per Lamp</u>
100 Watt	175 Watt	\$ 8.54
150 Watt	250 Watt	\$10.51

* For lamp sizes in excess of 250 Watt Mercury Vapor or 150 Watt High Pressure Sodium, a special contract must be developed.

Conditions of Service

- 1) Lighting shall be furnished from dusk to dawn.
- 2) Street lighting equipment, including the necessary street lighting circuits and poles, shall be furnished by the Cooperative to the extent of a total investment of not over twice the annual revenue. At the discretion of the Cooperative, additional street lamps will be installed from time to time under the same limitations without charge for installation, upon written request from the Township. Any excess cost must be borne by the Township.
- 3) Lamp and damaged glassware replacements will be made by the Cooperative. The material costs of the lamps and glassware replaced will be charged to the Township at cost, as a separate item on the monthly bill for service.
- 4) Where the Township, political subdivision, etc., owns the street lighting system and is simply tapped into the Cooperative's transformer, a discount of ten percent (10%) shall apply.

Continued to Sheet No. 13.01

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