

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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In the matter of the application of)	
EDISON SAULT ELECTRIC COMPANY for)	
approval of its power supply cost recovery)	Case No. U-13114-R
reconciliation proceeding for the 8-month period)	
ended December 31, 2002.)	
_____)	

At the October 23, 2003 meeting of the Michigan Public Service Commission in Lansing, Michigan.

PRESENT: Hon. J. Peter Lark, Chair
Hon. Robert B. Nelson, Commissioner
Hon. Laura Chappelle, Commissioner

ORDER APPROVING SETTLEMENT AGREEMENT

On March 31, 2003, Edison Sault Electric Company (Edison Sault) filed an application, with supporting testimony and exhibits, requesting the commencement of a power supply cost recovery (PSCR) reconciliation proceeding for the 8-month period, May through December 2002.

Pursuant to due notice, a prehearing was held on May 5, 2003 before Administrative Law Judge James N. Rigas. The Commission Staff (Staff), the City of Mackinac Island, and Edison Sault 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 period May through December 2002, Edison Sault experienced a net overcollection of \$877,892, with additional

interest in the amount of \$42,186 for 2002. Edison Sault proposed to separately calculate and refund amounts to standard tariff and special contract customers.

For standard tariff customers, Edison Sault proposed a refund of \$784,189 (consisting of \$745,673 in overcollections and \$38,516 in interest), with additional 2003 interest refunded through a credit of \$0.00616 per kilowatt-hour in the months of May through August 2003.

For special contract customers with contracts containing a PSCR clause, Edison Sault refunded to: (1) Manistique Papers \$139,826 (consisting of \$130,097 for a PSCR overcollection, \$3,658 in 2002 interest, and \$6,071 in 2003 interest); and (2) Michigan Limestone \$1,466 (consisting of \$1,393 for a PSCR overcollection, \$8 in 2002 interest, and \$65 in 2003 interest) for its Cedarville account, and \$764 (consisting of \$726 for a PSCR overcollection, \$4 in 2002 interest, and \$34 in 2003 interest) for its Gulliver account.

Edison Sault will provide the Staff with its work papers showing its credit calculations.

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, 1999 AC, 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. Edison Sault Electric Company's refund of \$784,189, plus interest for 2003, to its standard tariff customers in the months of May through August 2003, as set forth in the order, is approved.

C. Edison Sault Electric Company's refund of \$142,056 to its special contract customers, as set forth in this order, is approved.

D. Edison Sault Electric Company shall provide the Commission Staff with its work papers showing its credit calculations.

E. Within 30 days of the date of this order, Edison Sault Electric Company shall file tariff sheets reflecting this order.

F. Rights to any portion of the refund shall not vest until a refund amount has been credited to a customer. The utility shall file a report regarding the refund in accordance with the provisions of 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/ J. Peter Lark
Chair

(S E A L)

/s/ Robert B. Nelson
Commissioner

/s/ Laura Chappelle
Commissioner

By its action of October 23, 2003.

/s/ Robert W. Kehres
Its Acting Executive Secretary

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MICHIGAN PUBLIC SERVICE COMMISSION

Chair

Commissioner

Commissioner

By its action of October 23, 2003.

Its Acting Executive Secretary

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Suggested Minute:

“Adopt and issue order dated October 23, 2003 approving the settlement agreement and authorizing Edison Sault Electric Company to reconcile its power supply cost revenues and expenses for the 8-month period ended December 31, 2002, as set forth in the order.”