

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

* * * * *

In the matter of the application of)
CHERRYLAND ELECTRIC COOPERATIVE,)
GREAT LAKES ENERGY COOPERATIVE,)
HOMEWORKS TRI-COUNTY ELECTRIC)
COOPERATIVE and PRESQUE ISLE ELECTRIC)
& GAS CO-OP for a power supply cost recovery)
reconciliation proceeding for the 12-month period)
ended December 31, 2002.)
_____)

Case No. U-13113-R

At the December 2, 2004 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, Cherryland Electric Cooperative (Cherryland), Great Lakes Energy Cooperative (Great Lakes), HomeWorks Tri-County Electric Cooperative (HomeWorks), and Presque Isle Electric & Gas Co-op (Presque Isle) filed a joint application, with supporting testimony and exhibits, requesting the commencement of a power supply cost reconciliation (PSCR) proceeding for the 12-month period ended December 31, 2002.

Pursuant to due notice, a prehearing conference was held on June 3, 2003 before Administrative Law Judge Mark E. Cummins. The cooperatives and the Commission Staff participated in the proceedings. Subsequently, the parties bound the supporting testimony and exhibits into the record and entered into a settlement agreement resolving all issues.

The settlement agreement, attached as Exhibit A, states that the cooperatives' net overcollections and undercollections for the period ended December 31, 2002 are as follows:

Cooperative	2002 PSCR Overcollection (Undercollection)	2001 PSCR Overcollection (Undercollection)	TOTAL
Cherryland	(\$40,182)	(\$17,554)	(\$ 57,736)
Great Lakes-Boyne	\$475,993	(\$75,651)	\$400,342
GreatLakes-Newaygo	\$268,963	-0-	\$268,963
Great Lakes-Scottville	(\$97,911)	\$0	(\$ 97,911)
HomeWorks Tri-County	\$215,324	\$69,929	\$285,253
Presque Isle	\$9,677	(\$7,445)	\$2,232

The settlement agreement also specifies other adjustments and appropriate procedures for refunding the overcollections and collecting the undercollections realized by each of the cooperatives.

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. Cherryland Electric Cooperative, Great Lakes Energy Cooperative, HomeWorks

Tri-County Electric Cooperative, and Presque Isle Electric & Gas Co-Op are authorized to refund

their power supply cost recovery overcollections and to collect their power supply cost recovery undercollections as provided in the settlement agreement.

C. Rights to any portion of a refund shall not vest until a refund amount has been credited to a customer's bill or a refund check has been negotiated. The cooperatives shall file reports regarding the refunds in accordance with their refund procedures.

D. Within 30 days of the date of this order, the cooperatives shall file tariff sheets reflecting 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 December 2, 2004.

/s/ Mary Jo Kunkle

Its Executive Secretary

their power supply cost recovery overcollections and to collect their power supply cost recovery undercollections as provided in the settlement agreement.

C. Rights to any portion of a refund shall not vest until a refund amount has been credited to a customer's bill or a refund check has been negotiated. The cooperatives shall file reports regarding the refunds in accordance with their refund procedures.

D. Within 30 days of the date of this order, the cooperatives shall file tariff sheets reflecting 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

Chair

Commissioner

Commissioner

By its action of December 2, 2004.

Its Executive Secretary

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the application of
CHERRYLAND ELECTRIC COOPERATIVE, GREAT)
LAKES ENERGY COOPERATIVE, HOMEWORKS)
TRI-COUNTY ELECTRIC COOPERATIVE AND)
PRESQUE ISLE ELECTRIC & GAS CO-OP for a)
power supply cost recovery reconciliation proceeding)
for the 12-month period ended December 31, 2002.)
_____)

Case No. U-13113-R

SETTLEMENT AGREEMENT

On March 31, 2003, Cherryland Electric Cooperative (Cherryland), Great Lakes Energy Cooperative (Great Lakes), HomeWorks Tri-County Electric Cooperative (HomeWorks), and Presque Isle Electric & Gas Co-op (Presque Isle) filed a joint application, with supporting testimony and exhibits, requesting the commencement of a power supply cost reconciliation (PSCR) proceeding for the 12 months ended December 31, 2002.

On April 8, 2003, 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, the above listed electric cooperatives provided notice of this proceeding throughout their service area.

At the prehearing conference on June 3, 2003, the above listed electric cooperatives presented proofs of service of the Notice of Hearing on all cities, incorporated villages, townships and counties in their service areas, and also presented affidavits evidencing the required publication of the Notices of Hearings.

The prefiled testimony submitted in this proceeding indicated the amount of overcollections or undercollections for each of the above listed electric cooperatives for the 12-month period ended December 31, 2002, and the proposed methods for refunding overcollections or collecting undercollections.

The Commission Staff reviewed the above listed electric cooperatives' filing and has conducted an audit of the power supply costs incurred by them during the 12-month period ended December 31, 2002. Based on such review, audit and discussions, and pursuant to section 78 of the Administrative Procedures Act of 1969 as amended (1969 PA 306, § 78; MCL 24.278), applicant cooperatives and Commission Staff agree and stipulate as follows:

A. For the period ended December 31, 2002, the applicant cooperatives' net over collection or undercollection determinations are:

Cooperative	2002 PSCR Overcollection (Undercollection)	2001 PSCR Overcollection (Undercollection)	TOTAL
Cherryland	(\$ 40,182)	(\$17,554)	(\$ 57,736)
Great Lakes-Boyne	\$475,993	(\$75,651)	\$400,342
Great Lakes-Newaygo	\$268,963	-0-	\$268,963
Great Lakes-Scottville	(\$97,911)	\$0	(\$ 97,911)
HomeWorks Tri-County	\$215,324	\$69,929	\$285,253
Presque Isle	\$9,677	(\$7,445)	\$2,232

B. The power supply costs incurred by the applicant cooperatives during the period ended December 31, 2002 were incurred in a reasonable manner and represent a reasonable level of cost.

C. For each of the applicant cooperatives, refunds of the indicated overcollections or collections of the indicated undercollections were/will be appropriately refunded or collected as follows:

1. CHERRYLAND PROCEDURE

Cherryland undercollected \$40,182 for the 12-month period ended December 31, 2002. In addition, there is an additional undercollection of \$17,554 from the 2001 PSCR year. Thus, the total amount of undercollection is \$57,736. Cherryland will forgo collecting the \$57,736 undercollection from its member-consumers.

2. GREAT LAKES PROCEDURE

Great Lakes - Boyne overcollected \$475,993 (\$408,891 monthly and \$67,102 seasonal) for the 12-month period ended December 31, 2002. In addition, there is a residual undercollection of \$75,651 from the 2001 PSCR year. Thus, the net amount of overcollection is \$400,342. Great Lakes-Boyne will refund said overcollection to monthly and seasonal consumers by application of a credit of approximately \$0.0009468 in the first billing month following the Commission's order in this docket.¹ The exact amount of the credits will be determined when actual kWh sales are known.

Great Lakes - Newaygo overcollected \$268,963 (\$248,686 monthly and \$20,277 seasonal) for the 12-month period ended December 31, 2002. Great Lakes-Newaygo will refund the overcollection to monthly and seasonal consumers by application of a credit of

¹ Also refunded during these time period will be the unaudited 2003 overcollection in the amount of \$272,501.

approximately \$0.0006871 in the first billing month following a Commission order in this docket². The exact amount of the credit will be determined when actual kWh sales are known.

Great Lakes - Scottville undercollected \$97,911 (\$15,618 monthly and \$82,293 seasonal) for the 12-month period ended December 31, 2002. Great Lakes-Scottville will collect said undercollection from monthly and seasonal consumers by application of a surcharge in the first three billing months following the Commission's order in this docket³. The exact amount of surcharges will be determined when actual kWh sales are known.

3. HOMEWORKS TRI-COUNTY PROCEDURE

HomeWorks Tri-County overcollected \$215,324 for the 12-month period ended December 31, 2002. In addition, there is a residual overcollection of \$69,929 from the 2001 PSCR year. Thus, the net amount of overcollection is \$285,253. HomeWorks Tri-County refunded said overcollection to monthly consumers by application of a credit of \$0.0012066 in the billing month of November, 2003.

4. PRESQUE ISLE PROCEDURE

Presque Isle overcollected \$9,677 (\$8,452 monthly and \$1,225 seasonal) for the 12-month period ended December 31, 2002. In addition, there is a residual undercollection of \$7,445 from the 2001 PSCR year. Thus, the net amount of overcollection is \$2,232. Presque Isle refunded said overcollection to monthly consumers by application of a credit of \$0.00021 in the

² Also refunded during these time period will be the unaudited 2003 overcollection in the amount of \$215,071.

³ This amount will be netted against the unaudited 2003 overcollection of \$34,787.

April, 2004 billing month⁴. Presque Isle refunded said overcollection to seasonal consumers by application of a credit of \$0.000043 in May, June and July 2004 billing months⁵.

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

E. This settlement agreement will become binding on the parties only if the Commission accepts the same 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 the proceeding or be used for any purpose whatsoever.

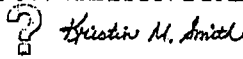
F. Tariff sheets showing the actual surcharge and credit billing factors to be used will be filed with the Commission.

G. The applicant cooperatives will provide Commission Staff with workpapers showing the billing factor calculations.

Dated: ~~October~~, 2004

November 8, 2004

COMMISSION STAFF

By: 

Kristin M. Smith (P46323)
Assistant Attorney General
6545 Mercantile Way, Ste. 15
Lansing, MI 48911
(517) 241-6680


⁴ The actual monthly application of credit was February 2004; however, it was not booked to the general ledger until April 2004. Also refunded during these time period will be the unaudited 2003 overcollection in the amount of \$1,941.95.

⁵ Also refunded during these time period will be the unaudited 2003 overcollection in the amount of \$274.05.

Dated: October ~~1~~, 2004

November 9, 2004

CHERRYLAND ELECTRIC COOPERATIVE,
GREAT LAKES ENERGY COOPERATIVE,
PRESQUE ISLE ELECTRIC & GAS CO-OP,
HOMEWORKS TRI-COUNTY ELECTRIC
COOPERATIVE

By:  Christine Mason Soneral
Christine Mason Soneral
Dykema Gossett PLLC
800 Michigan National Tower
Lansing, MI 48933
(517) 374-9184
Christine Mason Soneral (P58820)
DYKEMA GOSSETT PLLC
800 Michigan National Tower
Lansing, MI 48933
(517) 374-9184

LAN01\96372.1