

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)	Case No. U-13115-R
proceeding for the 12-month period ended)	
December 31, 2002.)	
_____)	

At the April 20, 2004 meeting of the Michigan Public Service Commission in Lansing, Michigan.

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

ORDER APPROVING SETTLEMENT AGREEMENT

On March 31, 2003, Wabash Valley Power Association, Inc. (Wabash), filed an application, with supporting testimony and exhibits, requesting approval of its power supply cost recovery (PSCR) reconciliation for the 12-month period ended December 31, 2002.

Pursuant to due notice, a prehearing conference was held on May 13, 2003 before Administrative Law Judge Barbara A. Stump. Wabash, Midwest Energy Cooperative (Midwest), and the Commission Staff participated in the proceeding. Subsequently, the parties entered into a settlement agreement.

In the settlement agreement, attached as Exhibit A, the parties agree that Wabash overcollected its PSCR costs for 2002 by \$16,246. The parties also agree that Wabash should refund its 2002 PSCR overcollection by providing a credit on its next monthly bill to Midwest no later than 45 days following the issuance of this 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, 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. Wabash Valley Power Association, Inc., shall refund \$16,246 to Midwest Energy Cooperative, as set forth above.

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
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

By its action of April 20, 2004.

/s/ Mary Jo Kunkle
Its Executive Secretary

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

By its action of April 20, 2004.

Its Executive Secretary

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the Matter of WABASH VALLEY POWER)	
ASSOCIATION, INC.'s Power Supply Cost)	Case No. U-13115-R
Reconciliation Proceeding for the)	
twelve-month period ending December 31, 2002.)	
_____)	

SETTLEMENT AGREEMENT

The parties to this proceeding stipulate and agree as follows:

1. On March 31, 2003, Wabash Valley Power Association, Inc. ("Wabash") filed an application to reconcile its power supply costs for the twelve-month period ending December 31, 2002, with supporting testimony and exhibits. On April 18, 2003, the Michigan Public Service Commission ("Commission") issued its Notice of Hearing in this matter. Appearances were entered by Wabash, Midwest Energy Cooperative ("Midwest"), and the MPSC Staff ("Staff").
2. On May 13, 2003, a prehearing conference was held before Administrative Law Judge Barbara A. Stump.
3. Staff conducted an investigation of Wabash's 2002 PSCR costs, which included an audit of Wabash's books and records and a detailed review of Wabash's filed testimony and exhibits.
4. Wabash has agreed to withdraw from this proceeding its request for recovery of the cost of a termination payment arising from a power purchase agreement with Enron, as set forth in the testimony of Ms. Denise Sewell. Instead of seeking resolution of the issue in this

proceeding, Wabash has filed its request in a separate application that has been docketed as MPSC Case No. U-13864.

5. During calendar year 2002, Wabash's total Michigan jurisdictional PSCR revenues were \$16,524,762 and its total Michigan jurisdictional costs of power supply were \$16,508,516, resulting in an overrecovery of \$16,246.


6. The parties recommend that the Commission authorize Wabash to refund the overrecovery of \$16,246 to Midwest. Wabash will refund this amount to Midwest by providing a credit on its monthly bill to Midwest no later than 45 days after the Commission approves this Settlement Agreement. After crediting this amount to Midwest, Wabash will provide Staff with the General Ledger entries showing the refund.

7. All parties waive the provisions of § 81 of the Administrative Procedures Act.

8. The parties further agree that if the Commission should 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 positions of the signatories in this proceeding. All offers of settlement, discussions and this Settlement Agreement are privileged and shall not be used in any manner, nor be admissible for any purpose, other than enforcement of same in connection with this proceeding or any other proceeding. This Settlement Agreement shall not have any precedential value.

WABASH VALLEY POWER
ASSOCIATION, INC.

By:  **Daniel L. Stanley** Digitally signed by Daniel L. Stanley
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MICHIGAN PUBLIC SERVICE
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