

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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In the matter of the application of)	
CLOVERLAND ELECTRIC COOPERATIVE)	
for authority to implement its power supply cost)	Case No. U-13909
recovery plan for the 12-month period ending)	
December 31, 2004.)	
_____)	

At the March 16, 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 September 30, 2003, Cloverland Electric Cooperative (Cloverland) filed an application, with supporting testimony and exhibits, seeking approval to implement a power supply cost recovery (PSCR) plan and to reflect PSCR factors in its monthly billings to its retail electric consumers for the 12-month period ended December 31, 2004.

Pursuant to due notice, a prehearing conference was held on December 17, 2003 before Administrative Law Judge Mark E. Cummins. Cloverland and the Commission Staff participated in the proceedings. Subsequently, the parties entered into a settlement agreement resolving all issues.

According to the settlement agreement, attached as Exhibit A, the parties agree to a PSCR factor of up to \$0.00790 per kilowatt-hour for each month of the plan year.

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, 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. Cloverland Electric Cooperative is authorized to implement a power supply cost recovery factor of up to \$0.00790 per kilowatt-hour in its monthly bills to its retail electric consumers during the plan year.
- C. Cloverland Electric Cooperative shall file with the Commission, within 30 days, four sets of a tariff sheet essentially the same as that attached to the settlement agreement.
- D. Should Cloverland Electric Cooperative desire to apply a lesser power supply cost recovery factor than that approved by this order, it shall notify the Commission ten days prior to the use of the lesser factor and shall file during that billing month a tariff sheet showing the lesser factor applied.

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

/s/ Laura Chappelle
Commissioner

By its action of March 16, 2004.

/s/ Mary Jo Kunkle
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

Chair

Commissioner

Commissioner

By its action of March 16, 2004.

Its Executive Secretary

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the application of CLOVERLAND)
ELECTRIC COOPERATIVE for authority to)
implement its power supply cost recovery plan for)
the 12-month period ending December 31, 2004.)

Case No. U-13909

SETTLEMENT AGREEMENT

On September 30, 2003, Cloverland Electric Cooperative (Cloverland) filed an application, with supporting testimony and exhibits seeking approval to implement a Power Supply Cost Recovery (PSCR) Plan to reflect PSCR factors in its monthly billings to its retail electric customers for the 12-months ending December 31, 2004. On October 10, 2003, the Commission issued its Notice of Hearing commencing a PSCR proceeding and establishing a procedural schedule for such proceeding. In accordance with the Commission's Notice of Hearing, Cloverland provided notice of this proceeding throughout its service area.

At the prehearing conference on December 17, 2003, Cloverland 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 this notice.

Only the Commission Staff (Staff) and Cloverland participated in these proceedings. Because the parties agreed that this matter would likely settle, in lieu of setting a contested case schedule, a second prehearing conference was scheduled for February 18, 2004. That proceeding was conducted as a contested case matter pursuant to the Administrative Procedures Act of 1969, 1969 PA 306, as amended, MCL 24.201 et seq. and the testimony and exhibits of Thomas Anderson on behalf of Cloverland Electric Cooperative were bound into the official record.

The evidence presented in this proceeding indicates that Cloverland's expected sources of electric power supply are as follows: U.S. Hydro Electric Allocation, Edison Sault Hydro Electric Allocation, Consumers Energy Company, Wisconsin Electric Power Company and native generation. In addition, Cloverland has special power supply arrangements with the Newberry Water & Light Board which has native generation and interchange with Cloverland. According to Cloverland's filing, for PSCR purposes, it anticipates its total purchases and net generation will be 231,020,940 kWh during the 12-month period ending December 31, 2004. After adjusting for line losses, the cooperative's own use and non-PSCR sales, 209,539,473 kWh are subject to the PSCR mechanism. The total cost for this power was projected by Cloverland to be \$8,428,718 which results in an average power supply cost of 40.20 mills per kWh. Cloverland presently has 32.32 mills per kWh established as its allowance for cost of power supply in base rates. Therefore, Cloverland requests a monthly PSCR factor of 7.90 mills per kWh for the 12-month period ending December 31, 2004. Staff concluded that Cloverland's calculations and projections were reasonable. The parties have agreed to enter into this Settlement Agreement.

In view of the foregoing, and pursuant to Section 78 of the Administrative Procedures Act of 1969, as amended (1969 PA 306, §78; MCL 24.278), Cloverland and Staff hereby agree as follows:

A. Cloverland's proposed PSCR factor of a 7.90 mills per kWh, or \$0.00790 per kWh, is consistent with Commission approval given in recent PSCR cases.

B. Proposed tariff sheet is attached hereto as Attachment 1.

C. Should Cloverland apply lesser PSCR factors than those identified above, it shall notify the Commission Staff of that fact and file revised tariff sheets reflecting those PSCR factors.

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

E. 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.

Dated: February 5, 2004



Michael J. Orris

MICHIGAN PUBLIC SERVICE COMMISSION
STAFF

By: Michael J. Orris (P51232)
Assistant Attorney General
6545 Mercantile Way, Ste. 15
Lansing, MI 48911
Telephone: (517) 241-6680

Dated: February 5, 2004


Signature Not
Verified

Christine Mason
Sonerl



Digitally signed by Christine
Mason Soneral
DN: cn=Christine Mason
Sonerl, o=Dykema Gossett
PLLC, c=US
Date: 2004.02.05 15:32:41
+0500

CLOVERLAND ELECTRIC COOPERATIVE

By Christine Mason Soneral (P58820)
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124 W. Allegan Street, Suite 800
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Telephone: (517) 374-9184

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Not less than once a year and not later than 3 months after the end of the 12-month period covered by Cooperative's most recently authorized power supply cost recovery plan, a power supply cost reconciliation proceeding will be conducted to reconcile the revenues recorded pursuant to the power supply cost recovery factor and the allowance for cost of power included in base rates as established by the Commission under Cooperative's most recent power supply cost recovery plan, among other things. Cooperative shall be required to refund to member-consumers, or to credit to member-consumers' bills any net amount determined to have been recovered which is in excess of the amounts actually expended by Cooperative for power supply. Cooperative shall recover from member-consumers any net amount by which the amount determined to have been recovered over the period covered was less than the amount determined to have been actually expended by Cooperative for power supply.

For the 12 months ending December 2004 the Power Supply Cost Recovery Factor is **\$0.00790** per kWh. The allowance for cost of power supply included in base rates is \$0.03232 per kWh.

The following factors are to be applied pursuant to 1992 PA 304 in the months ending December 2004:

<u>Month</u>	<u>Authorized Factor</u>
Jan 04	\$0.00790
Feb 04	\$0.00790
Mar 04	\$0.00790
Apr 04	\$0.00790
May 04	\$0.00790
Jun 04	\$0.00790
Jul 04	\$0.00790
Aug 04	\$0.00790
Sep 04	\$0.00790
Oct 04	\$0.00790
Nov 04	\$0.00790
Dec 04	\$0.00790

Issued:
By Don Wozniak
Dafter, Michigan

Effective for service rendered on and after

Issued under the authority of M.P.S.C dated
in Case No. U-13909