

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

\* \* \* \* \*

In the matter of the application of )  
**CHERRYLAND ELECTRIC COOPERATIVE,** )  
**GREAT LAKES ENERGY COOPERATIVE,** )  
**TRI-COUNTY ELECTRIC COOPERATIVE, d/b/a** )  
**HOMEWORKS TRI-COUNTY ELECTRIC** )  
**COOPERATIVE, and PRESQUE ISLE** )  
**ELECTRIC & GAS CO-OP** for authority to )  
reconcile their power supply costs and revenues for )  
the 12-month period ended December 31, 2003. )  
\_\_\_\_\_ )

Case No. U-13562-R

At the November 10, 2005 meeting of the Michigan Public Service Commission in Lansing,  
Michigan.

PRESENT: Hon. J. Peter Lark, Chairman  
Hon. Laura Chappelle, Commissioner  
Hon. Monica Martinez, Commissioner

**ORDER APPROVING SETTLEMENT AGREEMENT**

On March 30, 2004, Cherryland Electric Cooperative (Cherryland), Great Lakes Energy Cooperative (Great Lakes), Tri-County Electric Cooperative, d/b/a 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 recovery (PSCR) reconciliation proceeding for the 12-month period ended December 31, 2003.

Pursuant to due notice, a prehearing conference was held on June 15, 2004 before Administrative Law Judge Daniel E. Nickerson, Jr. The Commission Staff and the cooperatives

participated in the proceedings. Subsequently, the parties entered into a settlement agreement resolving all issues in the case.

The settlement agreement, attached as Exhibit A, states that for the period ended December 31, 2003, the cooperatives' net over- or undercollection determinations are as follows:

<u>Cooperative</u>	<u>Overcollections</u> <u>Undercollections</u>
Cherryland	\$542,455 undercollection
Great Lakes	\$70,239 overcollection
HomeWorks	\$134 undercollection
Presque Isle	\$108 overcollection

The settlement agreement also states that in their 2006 PSCR plans filed on September 30, 2005 in Case No. U-14710, each of the cooperatives is using a roll-in approach whereby the cooperatives will include their 2003 over- or underrecoveries in their 2006 PSCR plans. The roll-in approach proposed nets the 2003, 2004, and projected 2005 over/underrecoveries and includes the resulting balance in the 2006 PSCR factor. The Commission views this approach as appropriate for dispensing of these over/underrecovery balances.

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, Tri-County Electric Cooperative, d/b/a HomeWorks Tri-County Electric Cooperative, and Presque Isle Electric & Gas Co-Op are authorized to use a roll-in approach whereby they include their 2003 over- or underrecoveries into their 2006 power supply cost recovery plans.

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

Chairman

( S E A L )

/s/ Laura Chappelle

Commissioner

/s/ Monica Martinez

Commissioner

By its action of November 10, 2005.

/s/ Mary Jo Kunkle

Its Executive Secretary

THEREFORE, IT IS ORDERED that:

A. The settlement agreement, attached as Exhibit A, is approved.

B. Cherryland Electric Cooperative, Great Lakes Energy Cooperative, Tri-County Electric Cooperative, d/b/a HomeWorks Tri-County Electric Cooperative, and Presque Isle Electric & Gas Co-Op are authorized to use a roll-in approach whereby they include their 2003 over- or underrecoveries into their 2006 power supply cost recovery plans.

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

\_\_\_\_\_  
Chairman

\_\_\_\_\_  
Commissioner

\_\_\_\_\_  
Commissioner

By its action of November 10, 2005.

\_\_\_\_\_  
Its Executive Secretary

STATE OF MICHIGAN  
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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<b>In the matter of the application of</b>	)	
<b>CHERRYLAND ELECTRIC COOPERATIVE, GREAT</b>	)	
<b>LAKES ENERGY COOPERATIVE, HOMEWORKS</b>	)	
<b>TRI-COUNTY ELECTRIC COOPERATIVE AND</b>	)	<b>Case No. U-13562-R</b>
<b>PRESQUE ISLE ELECTRIC &amp; GAS CO-OP for a</b>	)	
<b>power supply cost recovery reconciliation proceeding</b>	)	
<b>for the 12-month period ended December 31, 2003.</b>	)	
_____	)	

SETTLEMENT AGREEMENT

On March 30, 2004, 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) (collectively referred to as the “cooperatives”) filed a joint application, with supporting testimony and exhibits, requesting the commencement of a power supply cost reconciliation proceeding for the 12 months ended December 31, 2004.

On April 22, 2004, 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 pre-hearing conference on June 15, 2004, the 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 the cooperatives' overcollections or undercollections for the 12-month period ended December 31, 2003, and the proposed methods for refunding overcollections or collecting undercollections.

The Commission Staff reviewed the cooperatives' filing and conducted an audit of the power supply costs incurred by them during the 12-month period ended December 31, 2003. Based on such review, audit and discussions, the cooperatives and Commission Staff entered into this settlement agreement.

In view of the agreement of the foregoing, and pursuant to section 78 of the Administrative Procedures Act of 1969, as amended (1969 PA 306, § 78; MCL 24.278), the cooperatives and Commission Staff agree and stipulate as follows:

A. For the period ended December 31, 2003, the cooperatives' net over collection or (undercollection) determinations are as follows:

<u>Cooperative</u>	<u>Overcollections/ (Undercollections)</u>
Cherryland	\$542,455 <i>undercollection</i>
Great Lakes	\$70,239 <i>overcollection</i>
HomeWorks	\$134 <i>undercollection</i>
Presque Isle	\$108 <i>overcollection</i>

B. The power supply costs incurred by the cooperatives during the period ended December 31, 2003 were incurred in a reasonable manner and represent a reasonable level of cost.

C. In the cooperatives' power supply cost recovery plan filed on September 30, 2005 in Case No. U-14710 (2006 Plan), the cooperatives' stated that they intend to use a "roll-in" approach where they include remaining and projected over/underrecoveries into their 2006 Plan.

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

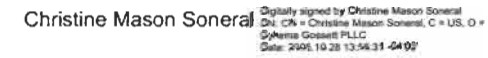
Dated: October 28, 2005

COMMISSION STAFF

By:   
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Dated: October 28, 2005

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

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