

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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In the matter of the application of)	
ALGER-DELTA CO-OPERATIVE ELECTRIC)	
ASSOCIATION for authority to implement its power)	Case No. U-14265
supply cost recovery plan for the 12-month period)	
ending December 31, 2005.)	
_____)	

At the April 28, 2005 meeting of the Michigan Public Service Commission in Lansing, Michigan.

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

ORDER APPROVING SETTLEMENT AGREEMENT

On September 30, 2004, Alger-Delta Co-operative Electric Association (Alger Delta) 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 member-consumers for the 12-month period ending December 31, 2005.

Pursuant to due notice, a hearing was held on December 15, 2004 before Administrative Law Judge Sharon L. Feldman. Alger Delta and the Commission Staff participated in the proceedings. Subsequently, the parties submitted a settlement agreement resolving all issues in the case.

According to the settlement agreement, attached as Exhibit A, the parties agree to a PSCR factor of \$0.01337 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. Alger-Delta Co-operative Electric Association is authorized to implement a power supply cost recovery factor of \$0.01337 per kilowatt-hour in its monthly bills to its retail electric member-consumers during the plan year.
- C. Alger-Delta Co-operative Electric Association shall file with the Commission, within 30 days, four sets of the tariff sheets essentially the same as those attached to the settlement agreement.
- D. If Alger-Delta Co-operative Electric Association desires to apply a lesser power supply cost recovery factor than 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 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/ Robert B. Nelson
Commissioner

/s/ Laura Chappelle
Commissioner

By its action of April 28, 2005.

/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

Chairman

Commissioner

Commissioner

By its action of April 28, 2005.

Its Executive Secretary

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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In the matter of the application of)	
ALGER DELTA COOPERATIVE ELECTRIC)	
ASSOCIATION for authority to implement)	Case No. U-14265 (e-file)
its power supply cost recovery plan for the)	
12-month period ending December 31, 2005.)	
_____)	

SETTLEMENT AGREEMENT

On September 30, 2004, Alger Delta Cooperative Electric Association (Alger Delta) 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 during the 12-month period ending December 31, 2005. On October 19, 2004, 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, Alger Delta provided notice of this proceeding throughout its service area.

At the prehearing December 15, 2004 conference, Alger Delta 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 notice's requisite publication. Only the Commission Staff (Staff) and Alger Delta participated in these proceedings. In lieu of setting a contested case schedule, and because the parties anticipated that this matter would settle, the prehearing conference 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.* In the unlikely event a settlement was not reached or finalized, a second prehearing conference was scheduled for February 17, 2005.

The evidence presented in this proceeding indicated that Alger Delta plans to purchase all of its power requirements from The Marquette Board of Light & Power, Upper Peninsula Power Company, Wisconsin Electric Power Company, and Wisconsin Public Service Corporation.

According to Alger Delta's filing, for PSCR purposes, it anticipates purchasing 66,986,146 kWh during the 12-month period ending December 31, 2005. After adjusting for line losses, cooperative's own use and non-PSCR sales, 60,830,119 kWh are subject to the PSCR mechanism. The total cost for this power was projected by Alger Delta to be \$3,344,714 which results in an average power supply cost of 54.98 per kWh. Alger Delta presently has 41.61 mills per kWh established as its allowance for cost of power supply in base rates. Therefore, Alger Delta requests a monthly PSCR factor of 13.37 mills per kWh for the 12-month period ending December 31, 2005. Staff concluded that Alger Delta'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), Alger Delta and Staff hereby agree as follows:

- A. Alger Delta's proposed PSCR factor of 13.37 mills per kWh, or \$0.01337 per kWh, is reasonable and should be adopted.
- B. Proposed tariff sheets are attached as Attachment 1.
- C. Should Alger Delta 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 by the signatories hereto.

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.

Dated: March 16, 2005

? *Kristin M. Smith*

COMMISSION STAFF

By: Kristin M. Smith (P46323)
Assistant Attorney General
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**Christine Mason
Sonerl**

Digitally signed by Christine Mason
Sonerl
DN: CN = Christine Mason Soneral, C =
US, O = Dykema Gossett PLLC
Date: 2005.03.16 15:42:55 -05'00'

Dated: March 16, 2005

ALGER DELTA COOPERATIVE
ELECTRIC ASSOCIATION

By: Christine Mason Soneral (P58820)
DYKEMA GOSSETT PLLC
124 W. Allegan, Suite 800
Lansing, MI 48933
(517) 374-9184

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Not more than 45 days following the last day of each billing month in which a power supply recovery factor has been applied to customer's bills, Alger Delta Cooperative Electric Association shall file with the Commission a detailed statement for that month of the revenues recorded pursuant to the power supply cost recovery factor and the allowance for cost of power included in the base rates established in the latest Commission order for Alger Delta Cooperative Electric Association and the cost of power supply.

Not less than once a year and not later than 3 months after the end of the 12-month period covered by Alger Delta Cooperative Electric Association'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 Alger Delta Cooperative Electric Association's most recent power supply cost recovery plan, among other things. Alger Delta Cooperative Electric Association shall be required to refund to customers, or to credit to customers' bills any net amount determined to have been recovered which is in excess of the amounts actually expended by Alger Delta Cooperative Electric Association for power supply. Alger Delta Cooperative Electric Association shall recover from customers 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 Alger Delta Cooperative Electric Association for power supply.

For the twelve months ending December 2005, the Power Supply Cost Recovery Factor is \$0.01337 per kWh. The allowance for cost of power supply included in base rates is \$0.04161 per kWh.

Should the Cooperative apply lesser factors than those above, or if the factors are later revised pursuant to Commission Order or 1982 PA 304, the Cooperative will notify the Commission and file a revision of the above factor.

Issued:
By William Tucker
Gladstone, Michigan

Effective for electric bills rendered on and
after

Issued under the Authority of the M.P.S.C.
Order dated in Case No. U-14265

The following factors are applied pursuant to 1982 PA 304 in the months ending December 2005:

<u>Month</u>	<u>Authorized Factor</u>
Jan 05	\$0.01337
Feb 05	\$0.01337
Mar 05	\$0.01337
Apr 05	\$0.01337
May 05	\$0.01337
Jun 05	\$0.01337
Jul 05	\$0.01337
Aug 05	\$0.01337
Sep 05	\$0.01337
Oct 05	\$0.01337
Nov 05	\$0.01337
Dec 05	\$0.01337

Issued:
By William Tucker
Gladstone, Michigan

Effective for electric bills rendered **on and after**

Issued under the Authority of the M.P.S.C.
Order dated in Case Nos. **U-14265**