

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 implement power)
supply cost recovery plans for the 12-month period)
ending December 31, 2005.)
_____)

Case No. U-14270

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, 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, seeking approval to implement power supply cost recovery (PSCR) plans to reflect PSCR factors in their monthly billings to retail electric member-consumers for the 12-month period ending December 31, 2005.

Pursuant to due notice, a prehearing conference was held on December 15, 2004, before Administrative Law Judge Sharon L. Feldman. The cooperatives and the Commission Staff participated in the proceedings.

Subsequently, the parties entered into a settlement agreement resolving all issues in this case. According to the settlement agreement, attached as Exhibit A, the parties agree to the following PSCR factors for each month of the plan year.

<u>Cooperative</u>	<u>PSCR Basing Points (mills/kilowatt-hour (kWh))</u>	<u>Proposed PSCR Factors (mills/kWh)</u>
Cherryland	60.18	(0.80)
Great Lakes	59.06	0.76
HomeWorks	64.82	.88
Presque Isle	59.21	.52

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. 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 implement power supply cost recovery factors, as set forth above, in their monthly bills to their retail electric member-consumers during the 2005 plan year.

C. 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 shall file with the Commission, within 30 days, four sets of tariff sheets essentially the same as those attached to the settlement agreement.

D. Should a cooperative desire 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 E A L)

/s/ J. Peter Lark
Chairman

/s/ Robert B. Nelson
Commissioner

By its action of April 28, 2005.

/s/ Mary Jo Kunkle
Its Executive Secretary

/s/ Laura Chappelle
Commissioner

Co-op are authorized to implement power supply cost recovery factors, as set forth above, in their monthly bills to their retail electric member-consumers during the 2005 plan year.

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D. Should a cooperative desire 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.

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MICHIGAN PUBLIC SERVICE COMMISSION

Chairman

By its action of April 28, 2005.

Commissioner

Its Executive Secretary

Commissioner

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

* * * * *

<p>In the matter of the joint application of</p> <p>CHERRYLAND ELECTRIC COOPERATIVE, GREAT</p> <p>LAKES ENERGY COOPERATIVE, HOMEWORKS</p> <p>TRI-COUNTY ELECTRIC COOPERATIVE AND</p> <p>PRESQUE ISLE ELECTRIC & GAS CO-OP for authority</p> <p>to implement power supply cost recovery plans for the</p> <p>12-month period ending December 31, 2005.</p> <hr style="border: 0.5px solid black;"/>	<p>)</p> <p>)</p> <p>)</p> <p>)</p> <p>)</p> <p>)</p> <p>)</p> <p>)</p> <p>)</p>	<p>Case No. U-14270 (e-file)</p>
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SETTLEMENT AGREEMENT

On September 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) filed a joint application, with supporting testimony and exhibits, seeking approval to implement Power Supply Cost Recovery (PSCR) Plans to reflect PSCR factors in monthly billings to their retail electric customers for the 12-months 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 the proceeding. In accordance with the Commission's Notice of Hearing, the cooperatives provided notice of this proceeding throughout their respective service areas.

At the December 15, 2004 prehearing conference, 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 notice's publication.

Only the Commission Staff (Staff) and the cooperatives participated in this proceeding. 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 cooperatives purchase all of their power from Wolverine Power Supply Cooperative (Wolverine) under 12 months "all requirements" contracts.

For the 12-month period ending December 31, 2005, the cooperatives requested the following monthly PSCR factors in their applications:

<u>Cooperative</u>	<u>PSCR Basing Points (mills/kWh)</u>	<u>Proposed PSCR Factors (mills/kWh)</u>
Cherryland	60.18	(.80) ¹
Great Lakes	59.06	0.76
HomeWorks	64.82	.88
Presque Isle	59.21	.52

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

- A. The cooperatives' PSCR Plans should be approved for each cooperative.

¹ Subsequent to its September 30, 2004 initial filing, Cherryland received revised information from Wolverine Power Supply Cooperative which showed that a 2005 PSCR Plan factor of (0.80) mills/kWh is necessary, rather than the (3.02) mills/kWh factor requested in the September 30, 2004 initial filing. The cooperatives' filed amended testimony supported the (0.80) mills/kWh monthly factor.

B. The cooperatives' proposed PSCR factors as set forth below are reasonable and should be adopted for the 12-months ending December 31, 2005:

<u>Cooperative</u>	<u>PSCR Basing Points (mills/kWh)</u>	<u>Proposed PSCR Factors (mills/kWh)</u>
Cherryland	60.18	(0.80)
Great Lakes	59.06	0.76
HomeWorks	64.82	.88
Presque Isle	59.21	.52


C. Proposed tariff sheets are attached hereto as Attachment 1.

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

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

F. 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 25, 2005



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

**Christine
Mason Soneral**

Digitally signed by Christine Mason
Soneral
DN: CN = Christine Mason Soneral,
C = US, O = Dykema Gossett PLLC
Date: 2005.03.25 10:22:10 -05'00'

Dated: March 25, 2005

**CHERRYLAND ELECTRIC COOPERATIVE
GREAT LAKES ENERGY COOPERATIVE
HOMEWORKS TRI-COUNTY ELECTRIC
COOPERATIVE**

PRESQUE ISLE ELECTRIC & GAS CO-OP

By: Christine Mason Soneral (P58820)

DYKEMA GOSSETT PLLC

124 West Allegan, Suite 800

Lansing, MI 48933

Telephone: (517) 374-9184

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Power Supply Cost Recovery Clause (continued)

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 the 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 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 Cooperative for power supply. Cooperative 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 Cooperative for power supply.

For the twelve (12) month period ending December 2005 the Power Supply Cost Recovery Factor is a **negative (\$0.0008)** per kWh. The allowance for cost of power supply included in base rates is \$0.06018 per kWh.

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

The following factors are applied pursuant to 1982 PA 304 in the 12 billing months ending December 2005:

<u>Month</u>	<u>Authorized Factor</u>
Jan 05	(\$0.0008)
Feb 05	(\$0.0008)
Mar 05	(\$0.0008)
Apr 05	(\$0.0008)
May 05	(\$0.0008)
Jun 05	(\$0.0008)
Jul 05	(\$0.0008)
Aug 05	(\$0.0008)
Sep 05	(\$0.0008)
Oct 05	(\$0.0008)
Nov 05	(\$0.0008)
Dec 05	(\$0.0008)

Issued:
By: Tony Anderson
General Manager
Grawn, Michigan

Effective for all electric service on and
after
Issued under the authority of M.P.S.C.
dated in Case No. U-14270

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 the 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 twelve (12) months ending December, 2005 the Power Supply Cost Recovery Factor is \$0.00076 per kWh. The allowance for cost of power supply included in base rates is \$0.05906 per kWh.

The following factors are applied pursuant to 1982 PA 304 in the 12 billing months ending December 2005:

<u>Month</u>	<u>Authorized Factor</u>
Jan 05	\$0.00076
Feb 05	\$0.00076
Mar 05	\$0.00076
Apr 05	\$0.00076
May 05	\$0.00076
Jun 05	\$0.00076
Jul 05	\$0.00076
Aug 05	\$0.00076
Sep 05	\$0.00076
Oct 05	\$0.00076
Nov 05	\$0.00076
Dec 05	\$0.00076

Issued:
By: Steven L. Boeckman
President and Chief Executive Officer

Effective for service on and after

Issued under the authority of the M.P.S.C. dated
in Case No. U-14270

Power Supply Cost Recovery Clause
(Continued)

Not less than once a year and not later than 3 months after the end of the 12-month period covered by Tri-County Electric 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 the 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 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 Cooperative for power supply. Cooperative 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 Cooperative for power supply.

For the twelve (12) month period ending December 2005, the Power Supply Cost Recovery Factor is \$0.00088 per kWh. The allowance for cost of power supply included in base rates is \$0.06482 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.

The following factors are applied pursuant to the 1982 PA 304 in the 12 billing months ending December 2005.

<u>Month</u>	<u>Authorized Factor</u>
Jan 05	\$0.00088
Feb 05	\$0.00088
Mar 05	\$0.00088
Apr 05	\$0.00088
May 05	\$0.00088
Jun 05	\$0.00088
Jul 05	\$0.00088
Aug 05	\$0.00088
Sep 05	\$0.00088
Oct 05	\$0.00088
Nov 05	\$0.00088
Dec 05	\$0.00088

Issued:
by Scott Braeger
Portland, Michigan

Effective for service rendered on and after

Issued under authority of M.P.S.C.
on in Case No. U-14270

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 the 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 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 Cooperative for power supply. Cooperative 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 Cooperative for power supply.

For the twelve (12) months ending December 2005, the Power Supply Cost Recovery Factor is \$0.00052 per kWh. The allowance for cost of power supply included in base rates is \$0.05921 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.

The following factors are applied pursuant to 1982 PA 304 in the 12 billing months ending December 2005:

<u>Month</u>	<u>Authorized Factor</u>
Jan 05	\$0.00052
Feb 05	\$0.00052
Mar 05	\$0.00052
Apr 05	\$0.00052
May 05	\$0.00052
Jun 05	\$0.00052
Jul 05	\$0.00052
Aug 05	\$0.00052
Sep 05	\$0.00052
Oct 05	\$0.00052
Nov 05	\$0.00052
Dec 05	\$0.00052

Issued:
By Brian Burns, Manager
Onaway, Michigan

Effective for electric service on and
after
Issued under the authority of M.P.S.C.
dated in Case No. U-14270