

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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In the matter of the application of	)	
<b>EDISON SAULT ELECTRIC COMPANY</b> for	)	
approval of its power supply cost recovery	)	Case No. U-15414-R
reconciliation for the 12-month period ended	)	
December 31, 2008.	)	
_____	)	

At the October 13, 2009 meeting of the Michigan Public Service Commission in Lansing, Michigan.

PRESENT: Hon. Orjiakor N. Isiogu, Chairman  
Hon. Monica Martinez, Commissioner  
Hon. Steven A. Transeth, Commissioner

**ORDER APPROVING SETTLEMENT AGREEMENT**

On March 23, 2009, Edison Sault Electric Company (Edison Sault) filed an application, with supporting testimony and exhibits, requesting approval of its power supply cost recovery (PSCR) reconciliation proceeding for the 12-month period ended December 31, 2008.

A prehearing conference was held on May 19, 2009 before Administrative Law Judge Barbara A. Stump. Edison Sault and the Commission Staff (Staff) participated in the proceedings. Subsequently, the parties submitted a settlement agreement resolving all issues in the case.

According to the terms of the settlement agreement, attached as Exhibit A, Edison Sault experienced an overcollection in the amount of \$2,601,538, minus interest on cumulative undercollection balances of \$171,839, resulting in an overrecovery of \$2,429,699. Prior year cumulative underrecoveries equal \$2,945,356, offsetting the 2008 amounts for a total net

underrecovery of \$515,657. Edison Sault will roll-in the net \$515,657 remaining underrecovery and interest into the 2009 reconciliation overrecovery/underrecovery beginning balance.

Edison Sault will roll-in the net \$515,657 remaining cumulative underrecovery, as well as any additional 2009 overcollection or undercollection, into its 2010 PSCR plan to be filed on or before September 30, 2009. Edison Sault and the Staff will review such calculations for accuracy and to avoid duplication of recoveries.

The Commission finds that 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. Edison Sault Electric Company's overcollection in the amount of \$2,601,538, minus interest on cumulative undercollection balances of \$171,839, for a total overrecovery of \$2,429,699 for the 12-month period ended December 31, 2008, is approved.

C. Edison Sault Electric Company shall roll-into its 2009 power supply cost recovery reconciliation the net remaining prior year undercollection of \$515,657.

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, under MCL 462.26.

MICHIGAN PUBLIC SERVICE COMMISSION

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Orjiakor N. Isiogu, Chairman

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Monica Martinez, Commissioner

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Steven A. Transeth, Commissioner

By its action of October 13, 2009.

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Mary Jo Kunkle, Executive Secretary



expense which would otherwise have to be devoted to this matter by the Commission and the parties. This settlement agreement is for the purpose of final resolution of this case and all provisions of same are dependent upon all other provisions contained herein.

This settlement agreement is submitted pursuant to Section 78 of the Administrative Procedures Act of 1969, as amended (1969 PA 306, §78). By this Settlement Agreement, the Parties agree and stipulate as follows:

1. For the 12 months ended December 31, 2008, Edison Sault experienced an overcollection in the amount of \$2,601,538 minus interest on cumulative undercollection balances, of \$171,839, resulting in an overrecovery of \$2,429,699.

2. Prior year cumulative underrecoveries equal \$2,945,356, offsetting the 2008 amounts for a net underrecovery of \$515,657 as follows:

2005 Underrecovery	\$ 25.544
2006 Overrecovery	\$ 631
2007 Underrecovery	\$2,920,443
2008 Overrecovery	\$2,601,537
2008 Interest owed to Edison Sault	<u>\$ 171,838</u>
Net Underrecovery	<u>\$ 515,657 .</u>

3. Edison Sault will roll-in the net \$515,657 remaining cumulative underrecovery and interest into its 2009 PSCR reconciliation by adding the \$515,657 underrecovery to the 2009 PSCR reconciliation over/under recovery beginning balance.

4. Edison Sault will roll-in the net \$515,657 remaining cumulative underrecovery as well as any additional 2009 overcollection or undercollection into its

2010 PSCR plan to be filed on or before September 30, 2009. Edison Sault and Staff will review such calculations for accuracy and to avoid duplication of recoveries.

5. Each Party agrees not to appeal, challenge or contest the rates approved by the Commission in this case if they are the result of a Commission order accepting and approving this Settlement Agreement 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 this proceeding or be used for any other purpose whatsoever.

6. The Parties jointly recommend that the Commission issue its Order Adopting Settlement Agreement.

7. Section 81 of the Administrative Procedures Act of 1969 is waived by the signatories hereto.

Dated: September 24, 2009

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MICHIGAN PUBLIC SERVICE COMMISSION  
STAFF  
Michael J. Orris (P51232)  
Assistant Attorney General  
6545 Mercantile Way, Suite 15  
Lansing, MI 48933  
(517) 241-6680

Dated: September 24, 2009

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EDISON SAULT ELECTRIC COMPANY  
Albert Ernst (P24059)  
Shaun M. Johnson (P69036)  
Joseph J. Baumann (P69261)  
Dykema Gossett PLLC  
201 Townsend, Suite 900  
Lansing, MI 48933  
(517) 374-9100