

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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In the matter of the application of	)	
<b>ALGER DELTA COOPERATIVE ELECTRIC</b>	)	
<b>ASSOCIATION</b> for authority to implement	)	Case No. U-15665
its power supply cost recovery plan for the	)	
12-month period ending December 31, 2009.	)	
_____	)	

At the April 16, 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 September 30, 2008, Alger Delta Cooperative Electric Association (Alger Delta) filed an application, with supporting testimony and exhibits, seeking authority to implement a power supply cost recovery (PSCR) plan and factors in its monthly bills to its retail electric customers for the 12-month period ending December 31, 2009.

A prehearing conference was held on December 11, 2008 before Administrative Law Judge Daniel E. Nickerson, Jr. Alger Delta and the Commission Staff participated in the proceedings. Subsequently, the parties submitted a settlement agreement resolving all issues in the case.

On January 13, 2009, the Commission issued an order approving Alger Delta's 2007 PSCR reconciliation and times interest earned ratio proceeding in Case No. U-15009-R. In its order, the Commission authorized Alger Delta to increase rates by \$941,255 and to increase the allowance

for cost of power supply included in base rates by 32.27 mills per kilowatt-hour (kWh), or \$0.03227 per kWh. The 2009 PSCR factor will be reduced by 32.27 mills per kWh from the originally requested 39.60 mills per kWh, resulting in a PSCR factor of 7.33 mills per kWh.

According to the terms of the settlement agreement, attached as Exhibit A, the parties agree to a PSCR factor of up to 7.33 mills per kWh, or \$0.00733 per kWh, for the 12-month period ending December 31, 2009.

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. Alger Delta Cooperative Electric Association is authorized to implement a power supply cost recovery factor of up to 7.33 mills per kilowatt-hour, or \$0.00733 per kilowatt-hour, in its monthly bills to its retail electric customers during the 12-month period ending December 31, 2009.

C. Capacity charges associated with power purchased for periods in excess of six months included in Alger Delta Cooperative Electric Association's 2009 power supply cost recovery plan are approved in accordance with Section 6j(13)(b) of 1982 PA 304.

D. Within 30 days, Alger Delta Cooperative Electric Association shall file with the Commission tariff sheets in conformity with the attachment to the settlement agreement.

E. If Alger Delta Cooperative Electric Association desires 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 after issuance and notice of this order, pursuant to 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 April 16, 2009.

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Mary Jo Kunkle, Executive Secretary



15009-R). In its Order, the Commission authorized Alger Delta to increase its rates by \$941,255 and increase the allowance for cost of power supply included in base rates by 32.27 mills per kWh, or \$0.03227 per kWh. Thus, the 2009 PSCR factor will be reduced by 32.27 mills per kWh from the originally requested 39.60 mills per kWh, resulting in a factor of 7.33 mills per kWh.

The parties have agreed to enter into this Settlement Agreement recommending approval of the resulting 7.33 mills per kWh (\$0.00733 per kWh) PSCR factor for the 12-month period ending December 31, 2009.

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 resulting PSCR factor of up to 7.33 mills per kWh, or \$0.00733 per kWh, is reasonable, appropriate, in the public interest and consistent with Commission approval given in recent PSCR cases.

B. Proposed tariff sheets are attached as Attachment 1.

C. Should Alger Delta apply lesser a PSCR factor than that identified above, it shall notify the Commission Staff of that fact and file revised tariff sheets reflecting the PSCR factor.

D. No party will 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.

E. Capacity charges associated with power purchased for periods in excess of six months included in Alger Delta's 2009 PSCR Plan are specifically included in this settlement agreement – so that an order approving this settlement agreement constitutes the prior approval referenced in Section 6j(13)(b) of the PSCR Act.

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

Dated: March 3, 2009

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MICHIGAN PUBLIC SERVICE COMMISSION  
STAFF  
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Dated: March 3, 2009

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ALGER DELTA COOPERATIVE ELECTRIC  
ASSOCIATION  
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Power Supply Cost Recovery Clause  
(Continued from Sheet No. D-1.00)

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 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 expensed by Alger Delta Cooperative Electric Association for power supply. Alger Delta Cooperative Electric Association 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 expensed by Alger Delta Cooperative Electric Association for power supply.

For the one (1) month ending January 2009, the Power Supply Cost Recovery Factor is \$0.03960 per kWh. The allowance for cost of power supply included in base rates is \$0.05498 per kWh.

For the eleven (11) months ending December 2009, the Power Supply Cost Recovery Factor is \$0.00773 per kWh. The allowance for cost of power supply included in base rates is \$0.08725 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 months ending December 2009:

<u>Year</u>	<u>Billing Month</u>	Maximum Authorized 2009 PSCR Factor (per kWh)	Actual Factor Billed (per kWh)
2009	January	\$0.03960	\$0.03960
2009	February	\$0.00773	\$0.00000
2009	March	\$0.00773	
2009	April	\$0.00773	
2009	May	\$0.00773	
2009	June	\$0.00773	
2009	July	\$0.00773	
2009	August	\$0.00773	
2009	September	\$0.00773	
2009	October	\$0.00773	
2009	November	\$0.00773	
2009	December	\$0.00773	

(Continued on Sheet No. D-1.02)

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Issued  
By Tom Harrell, Manager  
Gladstone, Michigan

Effective for all electric bills rendered for  
the **2009** PSCR Plan Year

Issued under authority of the Michigan  
Public Service Commission dated  
in Case No. **U-15665**