

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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In the matter of the application of)	
GREAT LAKES ENERGY COOPERATIVE)	
(i) for a power supply cost recovery reconciliation)	Case No. U-15411-R
proceeding and (ii) for a times interest earned ratio)	
ratemaking mechanism review – both for)	
the 12-month period ended December 31, 2008.)	
_____)	

At the January 25, 2010 meeting of the Michigan Public Service Commission in Lansing, Michigan.

PRESENT: Hon Orjiakor N. Isiogu, Chairman
Hon. Monica Martinez, Commissioner
Hon. Greg R. White, Commissioner

ORDER APPROVING SETTLEMENT AGREEMENT

On April 30, 2009, Great Lakes Energy Cooperative (Great Lakes) filed an application concerning its: (i) power supply cost recovery (PSCR) reconciliation proceeding and (ii) its times interest earned ratio (TIER) ratemaking mechanism – both for the 12-month period ended December 31, 2008.

A prehearing conference was held on July 30, 2009 before Administrative Law Judge Mark D. Eyster. Great Lakes 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, Great Lakes reported a net overcollection in the amount of \$3,370,209. After a Staff adjustment of (\$8,942), the resulting overcollection is \$3,361,267. Great Lakes will roll in the net \$3,361,267

overcollection into its 2009 PSCR reconciliation by adding it to the 2009 PSCR reconciliation beginning balance. Consistent with the method approved by the Commission in Case No. U-14710 on April 25, 2006 and in Case No. U-14270-R on August 22, 2006, Great Lakes rolled in an anticipated overcollection of \$2,500,000 into its 2009 PSCR plan in Case No. U-15671. With respect to its TIER ratemaking mechanism, Great Lakes' application reported an adjusted TIER of 1.44, but requested no rate adjustment.

The parties recommend that the Commission approve (i) a net overcollection of \$3,361,267 for the 12-month period ended December 31, 2008; (ii) that no rate adjustments should be required; (iii) a revised Schedule GS-APM, Commercial & Industrial Loads – On Site Generation – Supplemental and Standby Service; and (iv) a new Schedule DW, Distribution Wheeling Rate – Requirements for Member-Consumers or Customers Using Cooperative's Distribution System to Wheel Power for Wholesale Delivery Purposes.

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. The proposed power supply cost recovery overcollection of \$3,361,267 for the 12-month period ending December 31, 2008 is approved. Great Lakes Energy Cooperative shall roll in the overcollection into its 2009 power supply cost recovery reconciliation by adding it to the 2009 power supply cost recovery reconciliation beginning balance.

C. Great Lakes Energy Cooperative's times interest earned ratio ratemaking mechanism review is approved.

D. Great Lakes Energy Cooperative's tariffs are revised to reflect the attached updated Schedule GS-APM, Commercial & Industrial Loads – On Site Generation – Supplemental and Standby Service and Schedule DW, Distribution Wheeling Rate – Requirements for Member-Consumers or Customers Using Cooperative's Distribution System to Wheel Power for Wholesale Delivery Purposes.

E. Within 30 days, Great Lakes Energy Cooperative shall file with the Commission tariff sheets essentially the same as those attached to the settlement agreement.

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

Orjiakor N. Isiogu, Chairman

Monica Martinez, Commissioner

Greg R. White, Commissioner

By its action of January 25, 2010.

Mary Jo Kunkle, Executive Secretary

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

* * * * *

In the matter of the application of)
Great Lakes Energy Cooperative)
(i) for a power supply cost recovery)
reconciliation proceeding and (ii) for a)
TIER Ratemaking mechanism review)
– both for the twelve-month period ended)
December 31, 2008.)
_____)

Case No. U-15411-R

SETTLEMENT AGREEMENT

On April 30, 2009, Great Lakes Energy Cooperative (Great Lakes) filed an application relative to (i) its power supply cost recovery (PSCR) reconciliation proceeding for the 12-months ended December 31, 2008 and (ii) its Times Interest Earned Ratio (TIER) Ratemaking Mechanism for the twelve months ended December 31, 2008.

With respect to its PSCR reconciliation, Great Lakes reported a net overcollection (power supply revenues exceed power supply costs) in the amount of \$3,370,209. After Staff review, Great Lakes agreed to an adjustment of (\$8,942), with a resulting overcollection amount of \$3,361,267. Great Lakes will roll-in the net \$3,361,267 cumulative overcollection into its 2009 PSCR reconciliation by adding it to the 2009 PSCR reconciliation beginning balance. Consistent with the methodology approved by the Commission in Case No. U-14710 on April 25, 2006 and in Case No. U-14270-R on August 22, 2006, Great Lakes included an anticipated overcollection of \$2,500,000 into its 2009 PSCR Plan, Case No. U-15671. With respect to its TIER Ratemaking, Great Lakes reported an adjusted TIER of 1.44. While such an adjusted

TIER is not within the quiet zone, due to the current economic climate, Great Lakes is not seeking a rate adjustment at this time.

At the prehearing conference on July 30, 2009, Administrative Law Judge Mark D. Eyster (ALJ) presiding, Great Lakes 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 requisite publication of the notice.

Only the Commission Staff (Staff) and Great Lakes participated in the proceedings. No parties attempted to intervene or otherwise participate. This proceeding was conducted as a contested case matter pursuant to Chapter 4 of the Administrative Procedures Act of 1969, 1969 PA 306.

Prior to and subsequent to the July 30, 2009 prehearing conference, the parties exchanged information and discussed Great Lakes' filing. The result of those discussions is this executed settlement agreement between Great Lakes and the Staff.

It is the opinion of Great Lakes and the Staff that this settlement agreement will promote the public interest, will aid the expeditious conclusion of this case and will minimize the time and 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; MCLA 24.278; MSA 3.560 (178)). By this Settlement Agreement, Great Lakes and Staff hereby agree and stipulate as follows:

PSCR Reconciliation

1. For the 12-months ended December 31, 2008, Great Lakes overcollected \$3,361,267, which includes an adjustment of (\$8,942) requested by Staff. Great Lakes will roll-in the net \$3,361,267 cumulative overcollection into its 2009 PSCR reconciliation by adding it to the 2009 PSCR reconciliation beginning balance. Consistent with the methodology approved by the Commission in Case No. U-14710 on April 25, 2006 and in Case No. U-14270-R on August 22, 2006, Great Lakes rolled-in an anticipated 2008 PSCR overcollection of \$2,500,000 into its 2009 PSCR Plan, Case No. U-15671.

TIER Ratemaking

2. For the twelve month period ended December 31, 2008, Great Lakes' adjusted TIER was 1.44. While such an adjusted TIER is not within the quiet zone, due to the current economic climate, Great Lakes is not seeking a rate adjustment at this time – and Staff has no objection to Great Lakes postponing any further rate increases pending further order of this Commission.

3. Notwithstanding the fact that no rate increase is requested in this docket, based on discussions between the parties, Great Lakes' tariffs should be revised to reflect the attached (i) updated Schedule GS-APM, Commercial & Industrial Loads – On Site Generation – Supplemental and Standby Service and (ii) Schedule DW, Distribution Wheeling Rate – Requirements for Member-Consumers or Customers Using Cooperative's Distribution System to Wheel Power for Wholesale Delivery Purposes.

4. Each signatory hereto 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.

5. Great Lakes and Staff jointly recommend that the Commission issue its Order Adopting Settlement Agreement.

6. This settlement agreement has been made for the sole and express purpose of reaching compromise among the positions of the signatory parties without prejudice to their rights to take new and/or different positions in other proceedings. If the Commission approves this settlement agreement without modification, neither the parties to this settlement agreement nor the Commission shall make any reference to or use of the settlement agreement or the order approving it as a reason, authority, rationale or example for taking any action or position or making any subsequent decision in this case or any other cases or proceedings; provided, however, such reference or use may be made to enforce the settlement agreement and order.

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

Dated: January 6, 2010

MICHIGAN PUBLIC SERVICE
COMMISSION STAFF
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Dated: January 6, 2010

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COOPERATIVE
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**COMMERCIAL & INDUSTRIAL LOADS – ON SITE GENERATION
SUPPLEMENTAL AND STANDBY SERVICE
SCHEDULE GS-APM (Contd)
(Continued from Sheet No. D-15.00)**

Billing Demand & Standby Capacity

The Standby Capacity billing demand shall be the amount that the Cooperative is required to supply in the event that the Member-Consumer's generator(s) is/are unavailable. The Standby Capacity billing demand shall be determined by one of the following options:

- 1) The highest 15-minute maximum demand created during the previous 11 billing periods or the nameplate capacity of the Member-Consumer's largest generator, whichever is greater;
- 2) By mutual agreement of the Cooperative and the Member-Consumer

Optional for a Member-Consumer with a variable output, non-dispatchable generator(s):

- 3) The highest 15-minute maximum demand created during the previous 11 billing periods or the highest NET-generation interval (15-minute) generated by the Member-Consumer's generator(s); whichever is greater. The NET-generation amount will be determined by comparing the interval data from the retail meter and the generator(s) output meter(s) for all intervals during the billing period. Member-Consumers desiring this option are responsible for all generator metering costs. Metering equipment to be provided, installed and maintained by the Cooperative.

The Cooperative reserves the right to make special determination of the Standby Capacity Charge, should equipment which creates high demands of momentary duration be included in the Member-Consumer's installation.

Conditions for Service from this Schedule

The generator must be interconnected with the Cooperative's distribution system pursuant to the MPSC's Electric Interconnection and Net metering Standards. A Generator Interconnection and Operating Agreement must be executed and filed with the Cooperative.

This rate schedule is subject to the standard schedule and all conditions and requirements contained in those tariff sheets.

Terms of Payment

Issued _____, 2009
By Steven L. Boeckman
President and CEO
Boyne City, Michigan

Effective for service rendered on and after
_____, 2009

Issued under authority of the Michigan
Public Service Commission dated _____
____, 2009 in Case No. U-15411-R

**COMMERCIAL & INDUSTRIAL LOADS – ON SITE GENERATION
SUPPLEMENTAL AND STANDBY SERVICE
SCHEDULE GS-APM (Contd)
(Continued from Sheet No. D-15.00)**

A one-time late payment charge of 5% of the unpaid balance, excluding sales tax, will be assessed on any bill not paid by the due date.

Tax Adjustments

Bills shall be increased within the limits of political subdivisions which levy special taxes, license fees or rentals against the Cooperative's property, or its operations, or the production and/or sale of electric energy, to offset such special charges and thereby prevent other Member-Consumers from being compelled to share such local taxes. Bills shall be increased to offset any new or increased specific tax or excise imposed by any governmental authority which increases the Cooperative's cost of providing electric energy.

Rules and Regulations

Service is governed by the Cooperative's Standard Rules and Regulations.

Issued _____, 2009
By Steven L. Boeckman
President and CEO
Boyne City, Michigan

Effective for service rendered on and after
_____, 2009

Issued under authority of the Michigan
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____, 2009 in Case No. U-15411-R

DISTRIBUTION WHEELING RATE
SCHEDULE DW

REQUIREMENTS FOR MEMBER-CONSUMERS OR CUSTOMERS
USING COOPERATIVE'S DISTRIBUTION SYSTEM
TO WHEEL POWER FOR WHOLESALE DELIVERY PURPOSES

Availability

In order to provide for the safety of Member-Consumers, utility personnel, and others, and to assure reliable electric service, the following requirements are established for connection and/or operation of generation facilities interconnected with the Cooperative's distribution system in cases in which a Member-Consumer or Customer uses the Cooperative's distribution system to wheel power from the Member-Consumer's or Customer's generation facilities for wholesale delivery purposes. This rate is not available to Member Consumers taking service under a net metering tariff.

If the Member-Consumer or Customer does not meet all of the requirements listed below, the Cooperative may block use of the Cooperative's distribution system to wheel power and the Member-Consumer or Customer shall be liable for any damages or injury resulting from unauthorized or improper connection and/or operation of the Member-Consumer's or Customer's generation facility. These requirements apply to both existing and proposed installations and are subject to change with approval of the Michigan Public Service Commission from time to time.

Conditions for Service from this Schedule

The generator must be interconnected with the Cooperative's distribution system pursuant to the Michigan Public Service Commission's Electric Interconnection and Net Metering Standards. A Generator Interconnection and Operating Agreement must be executed and filed with the Cooperative.

Safety and Reliability Requirements

Safety and reliability requirements set forth in the applicable Michigan Public Service Commission Interconnection and Net Metering Standards are applicable to Member-Consumers and Customers taking service under this tariff.

Billing Demand

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By Steven L. Boeckman
President and CEO
Boyne City, Michigan

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_____, 2009

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_____, 2009 in Case No. U-15411-R

DISTRIBUTION WHEELING RATE
SCHEDULE DW

REQUIREMENTS FOR MEMBER-CONSUMERS OR CUSTOMERS
USING COOPERATIVE'S DISTRIBUTION SYSTEM
TO WHEEL POWER FOR WHOLESALE DELIVERY PURPOSES

The billing demand for the billing period shall be based on the average demand of the Member-Consumer's or Customer's combined generator output during the 15-minute period of maximum output delivered to the Cooperative as measured at the point of delivery. The point of delivery shall be determined by the Cooperative. The Cooperative reserves the right to make special determination of the billing demand should circumstances require.

Reimbursement of Costs

If provision for such costs is not otherwise determined by the Michigan Public Service Commission's Interconnection and Net Metering Standards, the Member-Consumer or Customer shall pay for all costs associated with any addition to or alteration of the Cooperative's equipment required for metering and for the safe and reliable operation of the Member-Consumer's or Customer's generating equipment in parallel with the Cooperative's system. If provision for such costs is not otherwise determined by the Michigan Public Service Commission's Interconnection and Net Metering Standards, the Member-Consumer or Customer shall also pay for costs of changes required due to safety or adverse effects on other Customers and/or on the Cooperative caused by the connection and/or operation of the Member-Consumer's or Customer's generation facility.

Wheeling Over Cooperative's Distribution System to Wholesale Entities

Member-Consumers and Customers wishing to use the Cooperative's distribution system to wheel power from Member-Consumer's or Customer's generation facilities for wholesale delivery purposes will pay the Cooperative as follows for use of the Cooperative's distribution system:

<u>Aggregate Generator Nameplate Rating</u>	<u>Distribution Wheeling Rate</u>
500 kW and above	\$1.43 per kW per month
200 kW to 499 kW	\$2.50 per kW per month

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DISTRIBUTION WHEELING RATE
SCHEDULE DW

REQUIREMENTS FOR MEMBER-CONSUMERS OR CUSTOMERS
USING COOPERATIVE'S DISTRIBUTION SYSTEM
TO WHEEL POWER FOR WHOLESALE DELIVERY PURPOSES

100 kW to 199 kW	\$6.04 per kW per month
Less than 100 kW	See Original Sheet Nos. D-3.00 and D-3.01

Terms of Payment

A one-time late payment charge of 5% of the unpaid balance, excluding sales tax, will be assessed on any bill not paid by the due date.

Tax Adjustments

1. Bills shall be increased within the limits of political subdivisions which levy special taxes, license fees or rentals against the Cooperative's property, or its operations, or the production and/or sale of electric energy, to offset such special charges and thereby prevent other Member-Consumers from being compelled to share such local taxes.
2. Bills shall be increased to offset any new or increased specific tax or excise imposed by any governmental authority which increases the Cooperative's cost of providing electric energy.

Rules and Regulations

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