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STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the application of
ALGER DELTA COOPERATIVE ELECTRIC
ASSOCIATION for authority to
implement its power supply cost
recovery plan for the 12-month
period ending December 31, 2006.

Case No. U-14709

Volume 2

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SECOND PREHEARING

Proceedings had in the above-entitled

matter before Sharon L. Feldman, Administrative Law Judge
with SOAHR, at the Michigan Public Service Commission,
6545 Mercantile Way, Room E, Lansing, Michigan, on
Monday, May 22, 2006, at 9:08 a.m.

APPEARANCES:

DYKEMA GOSSETT, PLLC
By Albert Ernst, Esq.
Capitol View
201 Townsend Street, Suite 900
Lansing, Michigan 48933

On behalf of Alger Delta Cooperative
Electric Association

MICHAEL J. ORRIS, ESQ.
Assistant Attorney General
6545 Mercantile Way, Suite 15
Lansing, Michigan 48911

On behalf of the Michigan Public Service
Commission Staff

Reported by: Marie T. Schroeder, CSR-2183

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1 Lansing, Michigan
 2 Monday, May 22, 2006
 3 9:08 a.m.

4 - - -

5 (Hearing was resumed after adjournment of
 6 December 6, 2006.)

7 JUDGE FELDMAN: On the record. This is a
 8 time and place set for a second prehearing conference in
 9 Michigan Public Service Commission Case No. U-14709,
 10 Alger Delta Cooperative Electric Association.

11 Could I ask counsel to place their
 12 appearances on the record.

13 MR. ERNST: Appearing on behalf of the
 14 applicant, your Honor, I am Albert Ernst of Dykema
 15 Gossett.

16 MR. ORRIS: On behalf of the staff of the
 17 Michigan Public Service Commission, Michael Orris.

18 JUDGE FELDMAN: We have had some brief
 19 off-the-record discussion this morning. We are here at
 20 this second prehearing conference after several
 21 adjournments because it appeared -- and I believe it
 22 still appears -- as if the parties intend to settle this
 23 case. But in terms of today's hearing, at least one of
 24 the parties was not willing to adjourn the prehearing
 25 conference and quite frankly, I'm quite happy to see

1 everybody myself so I that I can get an in-person status
2 report.

3 Mr. Ernst, would you like to indicate how
4 matter stand for the record?

5 MR. ERNST: Yes, your Honor. I think the
6 parties have reached full agreement on the proposed
7 numbers and have shared amongst themselves a settlement
8 agreement which is in its very final stages of being
9 memorialized.

10 The reason for the delay is that Alger
11 Delta Cooperative Electric Association was renegotiating
12 wholesale power agreements, and the most recent of those
13 became effective and was filed with the Federal Energy
14 Regulatory Commission for approval on May 15, 2006, just
15 a week ago, so we really had to wait to see how that came
16 out before we could finalize the numbers.

17 Staff has asked us to provide
18 supplemental testimony. I have indicated I'm perfectly
19 willing to do so. I just asked staff in an e-mail this
20 morning whether it was really necessary because we were
21 just winding up with the same numbers we started out
22 with, but if staff wants it, I will do it and will do it
23 within a 24-hour turnaround. So I'll await advice from
24 Mr. Orris as to whether that proceeds.

25 Other than hair thing a case will be e oh
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1 is substantively ready for settlement.

2 JUDGE FELDMAN: Thank you. Mr. Orris,
3 any comments?

4 MR. ORRIS: That's my understanding.

5 JUDGE FELDMAN: Thank you. Since we're
6 here and since this case, the company filed its case in
7 September of '05, and I understand that there are a lot
8 of reasons why it hasn't yet been resolved, and I'm
9 fairly confident that it's going to be able to resolve, I
10 am going to set a tentative schedule but provide a fairly
11 tight timeframe for staff and company to file testimony
12 and rebuttal testimony. I will wait a week to prepare a
13 scheduling memo in this case on the expectation that I
14 may have a settlement agreement of this matter by Friday.

15 And also, I will tell you that with
16 regard to the these dates, there will be some
17 flexibility, and if it turns out for any reason that you
18 do need to litigate this case and you need to change one
19 of these dates, you should just contact me.

20 That having been said, I would like staff
21 testimony to be filed no later than June 12, 2006, and
22 any rebuttal to be filed by June 26, 2006. Motions to
23 strike by July 3, 2006. Cross-examination would take
24 place July 10, 2006, with briefs due July 31, 2006, and
25 replies August 14, 2006.

1 Is there anything further that we need to
2 do on the record this morning?

3 MR. ERNST: No, your Honor.

4 MR. ORRIS: No.

5 JUDGE FELDMAN: Thank you all very much.

6 (At 9:12 a.m., the hearing was adjourned to July 10,
7 2006, for cross-examination.)

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C E R T I F I C A T E

I, Marie T. Schroeder, CSR-2183, do hereby
certify that I reported in stenotype the foregoing
proceeding had in the within-entitled matter, that being
Case No. U-14709, before Sharon L. Feldman, J.D.,
Administrative Law Judge with SOAHR, at the Mercantile
Building, Lansing, Michigan, on Monday, May 22, 2006; and
that the foregoing transcripts, consisting of six (6)
pages, Pages 10 - 15, is a true and correct transcript of
my stenotype notes.

Marie T.
Schroeder

Digitally signed by Marie
T. Schroeder
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Marie T. Schroeder, CSR-2183
33231 Grand River Avenue
Farmington, Michigan 48336

Dated: May 24, 2006