



201 Townsend, Suite 900
Lansing, MI 48933

WWW.DYKEMA.COM

Tel: (517) 374-9100

Fax: (517) 374-9191

Albert Ernst

Direct Dial: (517) 374-9155

Email: ernst@DYKEMA.COM

July 14, 2006

Mary Jo Kunkle
Executive Secretary
Michigan Public Service Commission
PO Box 30221
Lansing, MI 48909-7721

Re: Case No. U-14709
Amended Settlement Agreement

Dear Ms. Kunkle:

Enclosed please find the Amended Settlement Agreement and Proof of Service for Case No. U-14709, 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 e1, 2006. This document is being electronically filed.

If there are any questions, please contact me.

Sincerely,

DYKEMA GOSSETT PLLC

Albert Ernst

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o=Dykema Gossett PLLC
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ALBERT ERNST

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Enclosure

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

AMENDED SETTLEMENT AGREEMENT

On September 30, 2005, Alger Delta Cooperative Electric Association (Alger Delta) filed an application, with supporting testimony and exhibits, seeking approval to implement a Power Supply Cost Recovery (PSCR) Plan to reflect PSCR factors in its monthly billings to its retail electric customers during the 12-month period ending December 31, 2006. On October 13, 2005, the Commission issued its Notice of Hearing commencing a PSCR proceeding and establishing a procedural schedule for such proceeding. In accordance with the Commission's Notice of Hearing, Alger Delta provided notice of this proceeding throughout its service area.

At the December 6, 2005 prehearing conference, Alger Delta 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 notice's requisite publication. The Commission Staff (Staff) and Alger Delta participated in these proceedings. 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 April

10, 2005, and further adjourned to May 1, 2006, and May 22, 2006, to accommodate this settlement agreement.

The evidence presented in this proceeding indicated that Alger Delta plans to purchase all of its power requirements from The Marquette Board of Light & Power, Upper Peninsula Power Company, Wisconsin Electric Power Company, and Wisconsin Public Service Corporation.

According to Alger Delta's filing, for PSCR purposes, it anticipates purchasing 66,836,778 kWh during the 12-month period ending December 31, 2006. After adjusting for line losses, 60,694,478 kWh are subject to the PSCR mechanism. The total cost for this power was projected by Alger Delta to be \$4,602,758 which results in an average power supply cost of 75.83 mills per kWh. At the time of its initial filing in this docket, Alger Delta had 41.61 mills per kWh established as its allowance for cost of power supply in base rates. In its initial filing, it therefore requested a monthly ceiling PSCR factor of 34.22 mills per kWh for the 12-month period ending December 31, 2006. However, on October 18, 2005, in its order in Case No. U-14501, the Commission revised Alger Delta's base rates and increased its allowance for cost of power supply included in base rates from 41.61 mills per kWh to 54.98 mills per kWh. This increase in the allowance for cost of power supply included in base rates results in a reduced ceiling monthly PSCR from the originally requested 34.22 mills per kWh to 20.85 mills per kWh. Staff concluded that Alger Delta's calculations and projections were reasonable. On June 6, 2006, the parties submitted an executed settlement agreement reflecting the 20.85 mills per kWh PSCR factor. However, after further discussion, the parties herewith submit this amended settlement agreement reflecting a lower PSCR factor, *i.e.*, 15.00 mills per kWh.

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 proposed PSCR factor, adjusted to reflect a revised allowance for cost of power supply included in base rates of 54.98 mills per kWh, of 15.00 mills per kWh or \$0.01500 per kWh, is reasonable and should be adopted.

B. Proposed tariff sheets are attached as Attachment 1.

C. Pursuant to MCL 460.6j(13)(b), the revised PSCR Plan recommended for approval in this docket includes prior approval of capacity charges associated with power purchased for periods in excess of 6 months.

D. Should Alger Delta apply lesser PSCR factors than those identified above, it 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 by the signatories hereto.

F. This settlement agreement will become binding on the parties only if the Commission accepts the same 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 the proceeding or be used for any purpose whatsoever.

Dated: July 11, 2006



COMMISSION STAFF

By: Michael J. Orris (P51232)
Assistant Attorney General
6545 Mercantile Way, Ste. 15
Lansing, MI 48911
(517) 241-6680

Albert Ernst

Digitally signed by Albert Ernst
DN: cn=Albert Ernst, c=US,
o=Dykema Gossett PLLC
Date: 2006.07.14 12:23:22 -04'00'

Dated: July 11, 2006

ALGER DELTA COOPERATIVE
ELECTRIC ASSOCIATION
By: Albert Ernst(P24059)
Christine Mason Soneral (P58820)
DYKEMA GOSSETT PLLC
124 W. Allegan, Suite 800
Lansing, MI 48933
(517) 374-9155

DYKEMA GOSSETT-A PROFESSIONAL LIMITED LIABILITY COMPANY, CAPTOL VIEW 201 TOWNSEND STREET SUITE 800, LANSING, MICHIGAN 48933

Not more than 45 days following the last day of each billing month in which a power supply recovery factor has been applied to customer's bills, Alger Delta Cooperative Electric Association shall file with the Commission a detailed statement for that month of the revenues recorded pursuant to the power supply cost recovery factor and the allowance for cost of power included in the base rates established in the latest Commission order for Alger Delta Cooperative Electric Association and the cost of power supply.

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

For the [] months ending [] 2006, the Power Supply Cost Recovery Factor is \$0.02085 per kWh. The allowance for cost of power supply included in base rates is \$0.05498 per kWh.

For the [] months ending December 2006, the Power Supply Cost Recovery Factor is \$0.01500 per kWh. The allowance for cost of power supply included in base rates is \$0.05498 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.

Continued on Sheet No. 15.02

Issued: [], 2006

By: Thomas G. Harrell, Manager
Gladstone, Michigan

Effective for all electric bills rendered for the 2006
PSCR Plan Year

Issued under the authority of the MPSC order
dated [], 2006 in Case No. U-14709

The following factors are applied pursuant to 1982 PA 304 in the 12 months ending December 2006:

<u>Month</u>	<u>Authorized Factor</u>	<u>Applied Factor</u>
Jan 06	\$0.02085	\$0.01459
Feb 06	\$0.02085	\$0.01459
Mar 06	\$0.02085	\$0.01459
Apr 06	\$0.02085	\$0.01459
May 06	\$0.02085	\$
Jun 06	\$0.02085	\$
Jul 06	\$0.02085	\$
Aug 06	\$0.01500	\$
Sep 06	\$0.01500	\$
Oct 06	\$0.01500	\$
Nov 06	\$0.01500	\$
Dec 06	\$0.01500	\$

Issued: [REDACTED], 2006

By: [REDACTED], Manager
Gladstone, Michigan

Effective for all electric bills rendered for the 2006
PSCR Plan Year

Issued under the authority of the MPSC order
dated [REDACTED], 2006 in Case No. U-14709

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	)	Case No. U-14709
its power supply cost recovery plan for the	)	
12-month period ending December 31, 2006.	)	

PROOF OF SERVICE

STATE OF MICHIGAN	)	
	)	SS.
COUNTY OF INGHAM	)	

Janice K. Atkins, an employee of Dykema Gossett PLLC, being first duly sworn, deposes and says that on the 14th of July, 2006, she served a copy of Settlement Agreement on Michael J. Orris, Assistant Attorney General, Commission Staff, 6545 Mercantile Way, Ste. 15, Lansing, MI 48911 by electronic mail and by enclosing a copy of said document in an envelope properly addressed and depositing same with the U. S. Postal Service, postage prepaid.

Janice K. Atkins

Digitally signed by Janice K. Atkins
DN: cn=Janice K. Atkins, c=US, o=Dykema
Gossett PLLC, email=jatkins@dykema.com
Date: 2006.07.14 14:13:07 -0400

Janice K. Atkins

Subscribed and sworn before
me this 14th day of July, 2006.

Christine M.
Kischnick

Digitally signed by Christine M. Kischnick
DN: cn=Christine M. Kischnick, o=US, o=DYKEMA
GOSSETT PLLC, email=ckischnick@dykema.com
Date: 2006.07.14 14:13:09 -0400

Christine M. Kischnick, Notary Public,
Tuscola County, MI
Acting in Ingham County, Michigan
My Commission Expires: September 21, 2007