

GILLARD, BAUER, MAZBUM, FLORIP, SMIGELSKI, & GULDEN

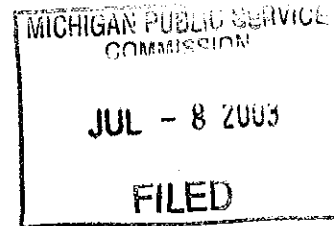
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JOEL W. GILLARD
(1944 - 1997)

July 7, 2003



Robert Kehres
Executive Secretary
Michigan Public Service Commission
6545 Mercantile Way
P.O. Box 30221
Lansing, MI 48909

RE: MPSC Case No. U-12133
CHOICE Education - Application to Refund

Dear Mr. Kehres:

Enclosed for filing in the above matter are an original and four copies of Alpena Power Company's Application to refund amounts collected by Alpena pursuant to the Choice Advisory Council Program. Also enclosed for filing is a Proof of Service.

This filing is also being made electronically pursuant to the Commission's Electronic Filing Project.

Should you have any questions or need anything additional, please give me a call.

Very truly yours,

A handwritten signature in black ink, appearing to read "James D. Florip".

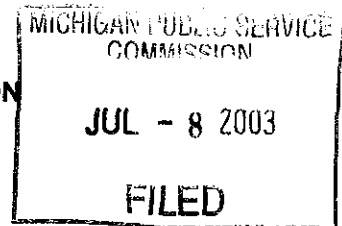
James D. Florip
Attorney for Alpena Power Company

JDF:jrm

Enc.

cc: S. Mitchell
Parties of Record

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION



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In the matter of the proposal of the
CHOICE ADVISORY COUNCIL for a statewide
customer education program and other related
matters.)
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Case No. U-12133

**APPLICATION OF ALPENA POWER COMPANY
TO REFUND AMOUNTS COLLECTED
PURSUANT TO THE CHOICE ADVISORY COUNCIL PROGRAM**

On April 17, 2003, the Commission issued its order in this case that, among other things, required Alpena Power Company ("Alpena") to: 1) suspend collection of the 18¢ per meter per month for consumer education activities; 2) submit a report, no later than August 1, 2003, regarding the amounts collected or expended during 2003 pursuant to the cost recovery mechanism; and 3) file an application proposing how it intends to use the funds collected pursuant to the CHOICE Advisory program to promote green power or how it will refund such funds to its customers. This application is being filed in compliance with item 3) above.

SUMMARY OF AMOUNTS COLLECTED

1. Alpena began collecting the 18¢ per meter surcharge with the beginning of the January 2002 billing month and suspended the surcharge at the end of the April 2003 billing month. Thus, the surcharge was in effect for 16 full billing months, and amounted to \$2.88 for those customers who were customers for the entire collection period. Alpena collected a total of \$45,862.05 during the collection period and incurred no CHOICE Advisory program expenses.

ALPENA'S REFUND PROPOSAL

2. Alpena proposes to refund the entire amount collected by application of a prospective one-time credit of \$2.88 per meter for all customers that have a meter. The credit would be applied

during the first billing month that begins after the issuance of the Commission's order approving the credit. The credit would be applied to all then existing customers, regardless of the length of time that they have been customers. Customers who leave Alpena's system before the refund month would not receive credits or refunds.

3. Any over or under refund as a result of the application of the credits is expected to be de minimus and would therefore not be subject to further adjustment. As an alternative, Alpena would propose that any over or under refund be rolled into Alpena's 2003 PSCR reconciliation, with no interest accruing on such over or under refund amounts until after December 31, 2003.

BENEFITS OF ALPENA'S REFUND PROPOSAL

4. Alpena proposes to refund the entire amount collected in one month to return the collected funds as soon as possible to its customers. (This is also a major reason why Alpena is filing this application well in advance of the required filing date of August 1.) The credit amount of \$2.88 is exactly equal to the amount that a customer would have paid over the 16 months that the surcharge was collected.

5. By making the refund through credits on customers' bills on a prospective basis Alpena will avoid significant expenses that it would incur if it was to make the refund on a historical basis. During the surcharge period Alpena upgraded its billing software and would have difficulty in applying a historical refund for that part of the collection period that occurred before the upgrade. In any case the size of the refund does not, in Alpena's opinion, warrant refunding on a historical basis.

GREEN POWER PROMOTION

6. In its April 17 order the Commission encouraged each utility to use a portion of the funds collected to promote green power if the utility has the capability to provide green power to its customers. Although Alpena is evaluating several alternatives as a precursor to offering a green

power program, Alpena currently does not have such a program. Therefore, Alpena believes that at this time it would not be a prudent use of customer supplied funds to promote green power.

7. Further, Alpena would like to point out that, for the year ended April 30, 2003, green power comprised 11.9% of Alpena's fuel mix (including 9.0% hydroelectric and 2.9% other renewable fuel sources). This is a significantly higher amount than the regional average of 1.4%. Accordingly, Alpena's customers are already purchasing a significant portion of green power. Nonetheless, Alpena is, as previously stated, investigating ways to obtain more green power and to offer a green power program in the future.

RELIEF REQUESTED

Alpena respectfully requests that the Commission:

1. Accept this Application for filing.
2. Grant the relief requested in an expeditions manner on an ex parte basis and without the time and expense of a public hearing.
3. Make such investigation as it may deem necessary or advisable in the circumstances.
4. Approve Alpena's plan to refund the entire amount of the funds it has collected pursuant to the 18¢ per meter per month surcharge by application of a credit to its customers bills of \$2.88 per meter in the first billing month beginning after the issuance of the Commission's order approving such refund.
5. Approve Alpena's request to not require any further rate adjustments to handle any over or under refund that may occur as a result of Alpena's refund plan.
6. Or approve Alpena's alternative request to roll any over or under refund amount into Alpena's 2003 PSCR reconciliation case, with no interest accruing on such over or under refund amounts until after December 31, 2003.

Respectfully submitted,

ALPENA POWER COMPANY

Dated: July 1, 2003

By: Steven K. Mitchell
Steven K. Mitchell
Its: Executive Vice President, Treasurer & CFO

Attorney for Alpena Power Company:

James D. Florip
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109 E. Chisholm Street
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(989) 356-3444

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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MICHIGAN PUBLIC SERVICE
COMMISSION
JUL - 8 2003
FILED

Case No. U-12133

STATE OF MICHIGAN)
) ss.
COUNTY OF ALPENA)

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Consumers Energy Company

Indiana Michigan Power Company

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Wisconsin Public Service Corp.
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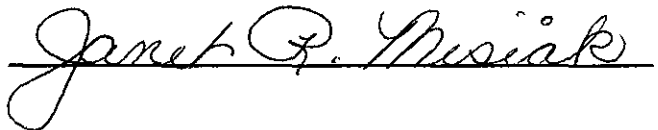
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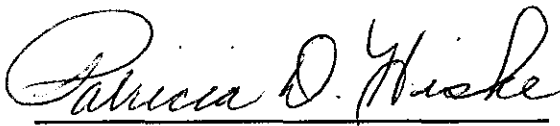
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Assistant Attorney General
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G. Mennen Williams Bldg., 6th Fl
Lansing, MI 48933



Janet R. Misiak

Subscribed and sworn to before me
this 7th day of July, 2003.



Patricia D. Hiske, Notary Public
Alpena County, Michigan
My commission expires: 06-28-2006