

June 14, 2006

Mary Jo Kunkle
Executive Secretary
Michigan Public Service Commission
6545 Mercantile Way, Suite 7
Lansing, MI 48911

Re: Case No. U-14409
AEP v Midwest Energy
Settlement Agreement

Dear Ms. Kunkle:

Enclosed please find original and four copies of Settlement Agreement and Proof of Service upon the parties of record in the above-referenced matter. These documents will also be electronically filed.

If you have any questions, please contact me.

Sincerely,

DYKEMA GOSSETT PLLC

Christine
Mason Soneral

Digitally signed by Christine Mason
Soneral
DN: cn=Christine Mason Soneral,
c=US, o=Dykema Gossett PLLC
Date: 2006.06.14 10:28:40 -04'00'

Christine Mason Soneral

CMMS/cmk

Enclosures

cc: Service List
Bob Hance
Terry Rubenthaler

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STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

* * * * *

In the matter of the complaint of)
Indiana Michigan Power Company)
Against Midwest Energy Cooperative)
Regarding service in Hartford and Keeler)
Townships, Van Buren County.)

Case No. U-14409

SETTLEMENT AGREEMENT

On January 10, 2005, Indiana Michigan Power Company (I&M) filed a complaint against Midwest Energy Cooperative (Midwest) regarding electric service to the Red Arrow Dairy (a/k/a Hartford Dairy Farm) in Hartford and Keeler Townships, Van Buren County. The complaint alleged that Midwest was in violation of the Rules adopted by the Commission in Case No. U-6400, dated December 7, 1982, specifically Rule 411 thereof, entitled "Extension of Electric Service in Areas Served by Two or More Utilities" (R 460.3411). Midwest filed its answer on January 22, 2005 denying that it violated Rule 411.

The case proceeded to hearing on September 13, 2005 and I&M, Midwest, and Michigan Public Service Commission Staff (Staff) filed initial and reply briefs on October 7, 2005 and November 14, 2005, respectively. A proposal for decision was issued on December 22, 2005, and exceptions and replies to exceptions were filed on January 19, 2006 and February 2, 2006, respectively.

Based on discussions, I&M, Midwest and Staff desire to settle this case. 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), I&M, Midwest and Staff agree as follows:

A. Contemporaneously with the signing of this Agreement, and consistent with Rule 411(12), I&M will submit a letter to the Commission waiving I&M's right to serve the customer issue in this case.

B. Midwest will purchase the 3-phase electric facilities installed by Red Arrow Dairy. Midwest will secure all appropriate easements.

C. Within two (2) days of this settlement agreement being approved by the Commission, Midwest will file with the Ingham Circuit Court a Voluntary Dismissal with prejudice of its appeals in Ingham Circuit Court Docket No. 05-1326-AA (Commission Case No. U-14193) and Ingham Circuit Court Docket No. 06-113-AA (Commission Case No. U-13764).

D. This case should be dismissed with prejudice and without fines, costs or attorneys fees to any party.

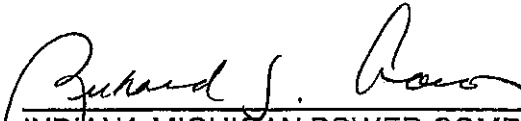
E. If the Commission does not accept this settlement agreement without modification, this settlement agreement shall be withdrawn and shall not constitute any part of the record in the proceeding or be used for any purpose whatsoever.

Dated: June 5, 2006



MIDWEST ELECTRIC COOPERATIVE
By Christine Mason Soneral (P58820)
DYKEMA GOSSETT PLLC
124 W. Allegan, Suite 800
Lansing, MI 48933
(517) 374-9184

Dated: June 6, 2006



INDIANA MICHIGAN POWER COMPANY
By Richard J. Aaron (P35605)

HONIGMAN MILLER SCHWARTZ AND COHN
LLP

222 N. Washington Square, Suite 400
Lansing, MI 48933-1800
(517) 377-0701

Dated: June 12, 2006



COMMISSION STAFF

By Patricia S. Barone (P29560)
Assistant Attorney General
Public Service Division
6545 Mercantile Way, Ste. 15
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(517) 241-6680

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STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

* * * * *

In the matter of the complaint of Indiana Michigan Power Company Against Midwest Energy Cooperative regarding service in Hartford and Keeler <u>Townships, Van Buren County.</u>	))))))	Case No. U-14409
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PROOF OF SERVICE

STATE OF MICHIGAN	)	
	) SS.	
COUNTY OF INGHAM	)	

Jeanne M. Beachnau, an employee of Dykema Gossett PLLC, being first duly sworn, deposes and says that on the 14th day of June, 2006, she served a copy of fully executed Settlement Agreement upon the persons listed in the attached Service List, by enclosing copies of same in envelopes properly addressed, and by depositing said envelopes in the United States Mail with postage having been fully prepaid thereon and by electronic mail.

Jeanne Beachnau _____ Jeanne M. Beachnau	Digitally signed by Jeanne Beachnau DN: cn=Jeanne Beachnau, c=US, o=Dykema Gossett PLLC Date: 2006.06.14 10:29:04 -04'00'
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Subscribed and sworn before
me this 14^h day of June, 2006.

Carolyn Ann Priest _____ Carolyn Ann Priest, Notary Public, Ingham Co., MI Acting in Ingham County, Michigan My Commission Expires: 07/01/12	Digitally signed by Carolyn Ann Priest DN: cn=Carolyn Ann Priest, c=US, o=Dykema Gossett, email=cpriest@dykema.com Date: 2006.06.14 10:29:20 -04'00'
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SERVICE LIST

Mr. Richard J Aaron
Honigman Miller Schwartz and Cohn LLP
222 North Washington Square
Suite 400
Lansing, MI 48933-1800

Patricia S. Barone
Assistant Attorney General
State of Michigan Attorney General's Office
6545 Mercantile Way # 15
Lansing, MI 48911

Hon. Mark D. Eyster
Administrative Law Judge
Michigan Public Service Commission
6545 Mercantile Way, Ste. 14
Lansing, MI 48911

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