

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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In the matter of the application of)
CLOVERLAND ELECTRIC COOPERATIVE for)
 Authority to implement an Electric Select)
 (Schedule ES) Rate.)

Case No. U-14081

SETTLEMENT AGREEMENT

On March 18, 2004, Cloverland Electric Cooperative (Cloverland) filed an application seeking approval to implement a voluntary Electric Select (ES) Rate. The proposed ES Rate was designed as an alternative to higher kWh consumption farm and home and principal home member-consumers. Set forth below is a monthly charge comparison of the currently approved Farm and Home Service (FH) Rate and the proposed ES Rate:

	<u>FH Rate</u>	<u>ES Rate</u>
Facility Charge	\$9.00	\$13.00
Energy Charge		
First 500 kWh	7.23¢ per kWh	
Over 500 kWh	6.56¢ per kWh	
First 1000 kWh		6.80¢ per kWh
Over 1000 kWh		5.00¢ per kWh

In all other respects, the rates are the same, e.g., Optional Automatic Meter Reading Charge, Power Supply Cost Recovery Clause and Factor, etc.

On December 10, 2004, the Michigan Public Service Commission (Commission) issued its Notice of Hearing. In accordance with the Commission's Notice of Hearing, Cloverland provided notice of this proceeding throughout its service area.

MICHIGAN COOPERATIVE FEDERATION, 1500 WEST WASHINGTON STREET, SUITE 200, LANSING, MICHIGAN 48208

At the prehearing conference on January 25, 2005, Cloverland 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 notice. In addition, a schedule was established for the remainder of the proceeding. Only the Commission Staff (Staff) and Cloverland participated in these proceedings. This matter 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.*

Following the prehearing conference, the parties engaged in extensive discussion and exchanged much information. As a result of those discussions and the information exchanged, Cloverland and Staff have entered into this settlement agreement.

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, Cloverland and Staff hereby agree as follows:

A. Subject to the conditions set forth below, Cloverland should be authorized to implement the proposed ES Rate.

B. Within 60 days after the end of the 36th full month following the issuance of the Commission's order authorizing this settlement agreement, Cloverland will submit a report to the Commission Staff addressing the effectiveness of the ES Rate, *i.e.*, the increase in annual kWh sales and revenues to the ES Rate Class. If the report shows that the ES Rate has been effective, *i.e.*, no significant net revenue loss, which determination is to be made by the Staff, then the ES Rate may continue in effect until the Commission orders to the contrary. If the Staff advises Cloverland that the ES Rate has not been effective, then within 24 months of such notification, Cloverland must either submit a rate case filing to the Commission with a fully allocated cost of service study for all rate classes or file for approval to discontinue the ES Rate. The parties

understand that an application to discontinue the ES Rate, if filed, will be noticed in the same manner as a rate case since any future discontinuation of the ES rate will result in a rate increase to such customers.

C. The proposed ES tariff sheet is attached as Exhibit A.

D. 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.

E. Cloverland and the Commission Staff jointly recommend that the Commission issue its Order Adopting Settlement Agreement.

F. Section 81 of the Administrative Procedures Act of 1969 is waived if this Settlement Agreement is approved by the Commission without modification.

Dated: March 14, 2005

✓ *Michael J. Orris*

COMMISSION STAFF
By: Michael J. Orris (P51232)
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Dated: March 14, 2005

Albert Ernst Digitally signed by Albert Ernst
DN: CN = Albert Ernst, C = US
Date: 2005.03.14 10:46:06 -05'00

CLOVERLAND ENERGY COOPERATIVE

By:
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ELECTRIC SELECT
Schedule "ES"

Availability:

To member-consumers of the Cooperative for all normal farm and principal permanent home uses, subject to the established rules and regulations of the Cooperative. Member-consumers having small businesses on their residential premises may take service under this schedule provided such business use does not exceed 25 percent of the energy usage. This schedule is only available to member-consumers who agree to take service under this schedule for a minimum of 12 months. The agreement to take service under this schedule shall continue for 12 months, at the end of which the agreement shall continue month to month until the member-consumer cancels.

Type of Service:

Single-phase, alternating current, 60 hertz, approximately 120/240 volts.

Monthly Rate:

Facility Charge:	\$13.00 per month
Energy Charge:	
First 1000 kWh	\$0.0680 per kWh
Excess of 1000 kWh	\$0.0500 per kWh
Optional Automatic Meter Reading	\$4.50 per month

Minimum Charge:

The Minimum Monthly Charge under this schedule shall be the Facility Charge. For member-consumers participating in the Cooperative's Automatic Meter Reading option, the minimum charge shall be increased by \$4.50 per month.

Power Supply Cost Recovery Clause and Factor:

This rate schedule is subject to the Cooperative's Power Supply Cost Recovery Clause as set forth on Sheet No. 7.00.

Terms of Payment:

Issued:
By: Don Wozniak
General Manager
Dafter, Michigan

Effective for service rendered
on and after

Issued under the authority of M.P.S.C. Order
dated in Case No. U-14081

A one time late payment charge of 2% of the unpaid balance will be assessed on any bill not paid by the due date. This provision does not apply to member-consumers participating in the Winter Protection Plan set forth in U-4240.

Taxes:

Michigan State Sales Tax will be added to all billings whenever applicable.

Tax Adjustments:

- A. 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 customers from being compelled to share such local taxes.
- B. 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.

Terms of Service:

Terms or conditions of service under this schedule shall be governed by the Cooperative's Standard Rules and Regulations which are on file with the Michigan Public Service Commission.

Participation in the Cooperative's Automatic Meter Reading option requires at least a one year commitment to continuous participation and a continuously active telephone line at the location of the service participating in the Automatic Meter Reading option.

The Cooperative's Automatic Meter Reading option is available to members of the Cooperative unless the telephone line at the location of the service is not readily accessible to the member's meter, or the meter or meter base is not adaptable to conversion to the Cooperative's Automatic Meter Reading option. If conditions require additional expenditures on the part of the Cooperative, the Cooperative shall be reimbursed therefore.

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