Alger Delta Cooperative Electric Association

OWNED BY THOSE WE SERVE

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February 10, 2010

Michigan Public Service Commission
6545 Mercantile Way, Ste. 7
Lansing, MI 48933

Re: Case No. U-16160 - Alger Delta Cooperative Electric Association's Self-Assessment of Ability to Meet Customer's Expected Electric Requirements in 2010

To Whom It May Concern:

The Michigan Public Service Commission (Commission) issued an order on January 11, 2010 in Case No. U-16160 requiring electric utilities to file an assessment of their ability to meet customers expected electric requirements. The order requires the reports to be filed by March 31, 2010.

Alger Delta Cooperative Electric Association (Alger Delta) states the following in compliance with the Commission's order:

Description of Alger Delta and Its Customers

Alger Delta is a Michigan non-profit corporation with principal offices located in Gladstone, Michigan, and is engaged in the distribution and sale of electric energy to approximately 9,858 member-consumers in the counties of Alger, Delta, Dickinson, Marquette, Menominee and Schoolcraft in Michigan's Upper Peninsula. Alger Delta provides services to residential, seasonal, small commercial, outdoor lighting, and large power accounts.

Description of Alger Delta's Power Supply Arrangements For 2009

Alger Delta anticipates purchasing approximately 69,000,000 kWh from its power suppliers in 2010. Alger Delta's sources of electric power supply during the 12-month period ending December 31, 2010 will be:

- The Marquette Board of Light & Power (MBLP)
- Upper Peninsula Power Company (UPPCO)
- The Wisconsin Electric Power Company (WE Energies)

- Wisconsin Public Service Corporation (WPS)
- Wisconsin Public Power, Inc. (WPPI)

Alger Delta purchases power from the above listed companies under wholesale power contracts.

Alger Delta's contract with the Marquette Board of Light and Power dated January 1, 1995 has been assigned to WPPI Energy and will remain in effect beyond its initial five (5) year term on a year-to-year basis unless either party gives sixty (60) days written notice of termination.

Alger Delta's contract with Wisconsin Public Service Corporation (WPS) has been assigned to WPPI Energy and is a continuing arrangement without a specific termination date, but is subject to change based on authorization by the Federal Energy Regulatory Commission (FERC).

Alger Delta's contract with Upper Peninsula Power Company, which took effect January 1, 2006, has been assigned to WPPI Energy.

A new power supply contract with WE Energies of Wisconsin took effect in May of 2006. This agreement with WE Energies is "evergreen," meaning that it will continue in perpetuity until either party gives the required notice to terminate. This contract has not been assigned to WPPI Energy.

In December of 2006 Alger Delta agreed to a Long Term Power Supply Agreement (LTPSA) with Wisconsin Public Power, Incorporated (WPPI). As part of Alger Delta's PSCR Reconciliation filing in case U-15009, the Commission approved the LTPSA on May 22, 2007. On September 17, 2007 the Rural Utilities Services (RUS) in Washington, DC approved the LTPSA with WPPI.

Alger Delta also directs the Commission's attention to any electric assessment filed by the Marquette Board of Light & Power, Upper Peninsula Power Company, The Wisconsin Electric Power Company, and Wisconsin Public Service Corporation, and Wisconsin Public Power, Inc., particularly with regards to classification between state and out-of-state generation.

<u>Description of Alger Delta's Monitoring Activities</u>

In order to obtain reliable and economical power supply, Alger Delta regularly monitors the activities of its wholesale providers. Alger Delta also has provisions in its rates which encourage member-customers to pursue alternative energy sources such as wind, solar, co-generation, or small power production. For the foreseeable future, however, these sources are not expected to have a significant impact on Alger Delta's power supply or needs. Also, the service territory characteristics of rural electric cooperatives generally lead to higher retail rates, which provide incentives to customers to use power efficiently and conserve energy.

Other Considerations

Additional information sought by the Commission includes:

1. Alger Delta's plan for meeting customer load:

   Alger Delta plans to meet customer load through its existing power supply contracts, described in detail above. Alger Delta's power supply contracts require filing an annual projection of load requirements with each wholesale power supplier. This task is now taking place through WPPI Energy. Both WPPI Energy and the power supplier ensure that supply is adequate to meet projected load. Alger Delta does not anticipate that customer choice will have any effect on its ability to meet customers' expected electric requirements in 2009.

2. Alger Delta's expected peak demand:

   Alger Delta's expected peak demand is 14 megawatts (non-coincident, aggregate of all delivery points). Alger Delta's resources available to meet peak demand are acquired through the provisions of its power supply contracts.

3. Alger Delta's amount of expected reserves:

   Alger Delta does not own, operate, or maintain power generation or other power supply reserves.

4. Alger Delta's justification of expected reserve margin in light of circumstances, including reliability characteristics of resource base and the characteristics/diversity of the customer load:

   Alger Delta does not own, operate, or maintain generation resources. Alger Delta has no reserve margin.

5. Alger Delta's distinction between in-state and out-of-state generation resources and analysis of how generation is expected to affect service to customers:

   Alger Delta does not own, operate, or maintain any generation resources.

6. Alger Delta's details regarding the actual deliverability of generation output and purchased power under peak operation conditions and transmission capabilities and constraints or other factors affecting deliverability:

   Alger Delta does not own, operate, or maintain any generation resources.

7. Alger Delta's identification of all resources designated to meet reserve requirements, including generation units owned or other wide committed to serve

the load, firm contract capacity supported by commitments of designated unit or system resources, and demand response or load curtailment measures:

Alger Delta does not own, operate, or maintain any generation resources. Further, Alger Delta does not engage in any financial arrangements for securing separate or additional capacity outside its firm power supply arrangements.

8. Alger Delta's details regarding plans for complying with standards set by ReliabilityFirst or other relevant regional reliability organizations, either as an individual load-serving entity or through participation in planned reserve-sharing group:

   Alger Delta participates in reliability compliance through the reserve requirements and other standards set by ReliabilityFirst as they apply to our suppliers. Alger Delta will comply with any safety or reliability related directive provided by ReliabilityFirst.

Please contact me if you require any further information.

Sincerely,

Tom Harrell

Digitally signed by Tom Harrell
DN: cn=Tom Harrell, o=Alger Delta Cooperative Electric Association, ou, email=tharrell@charterinternet.com, c=US
Date: 2010.02.10 16:08:23 -05'00'

Tom Harrell
General Manager