

Alger Delta Cooperative Electric Association

OWNED BY THOSE WE SERVE

426 North 9th St
Gladstone, MI 49837

Phone: 906-428-4141 / 800-562-0950
Fax: 906-428-3840

March 11, 2011

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

Re: Case No. U-16515 - Alger Delta Cooperative Electric Association's Self-Assessment of Ability to Meet Customer's Expected Electric Requirements in 2011

To Whom It May Concern:

The Michigan Public Service Commission (Commission) issued an order on December 21, 2010 in Case No. U-16515 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, 2011.

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 9,900 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 2011

Alger Delta anticipates purchasing approximately 60,000,000 kWh from its power supplier in 2011. Alger Delta's source of electric power supply during the 12-month period ending December 31, 2011 is WPPI Energy, Inc. (WPPI) located in Sun Prairie, WI.

In December of 2006 Alger Delta signed a Long Term Power Supply Agreement (LTPSA) with 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.

Description of Alger Delta's Monitoring Activities

In order to obtain reliable and economical power supply, Alger Delta regularly monitors the activities of its wholesale provider. 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 contract, described above. Alger Delta's power supply contract requires filing an annual projection of load requirements. This task is now taking place through WPPI Energy. WPPI Energy ensures 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 2011.

2. Alger Delta's expected peak demand:

Alger Delta's expected peak demand is 19 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 supplier. 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
General Manager