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September 20, 2018

Ms. Kavita Kale  
Executive Secretary  
Michigan Public Service Commission  
7109 W. Saginaw Highway  
P.O. Box 30221  
Lansing, MI 48917

**Re: Cloverland Electric Cooperative  
MPSC Case Nos. U-18258 and U-20144**

Dear Ms. Kale:

Enclosed for filing on behalf of Cloverland Electric Co-Operative in the above captioned case is a Settlement Agreement between Cloverland and the Staff, along with a Proof of Service.

Please contact the undersigned if you have any questions.

Very truly yours,

LOOMIS, EWERT, PARSLEY,  
DAVIS & GOTTING, P.C.

Michael G. Oliva

MGO:kms  
Enclosures



relieving Cloverland from implementing the SRM capacity charge rate schedule in its November 30 Order, due to the significant negative impact to Cloverland's member-customers pending further calculation of the SRM capacity charge, and ordering Cloverland to recalculate the SRM capacity charges using one of the three methodologies set forth in Paragraph C of the Stay Order.<sup>3</sup>

3. On August 8, 2018, the Commission Staff filed supporting testimony and exhibits of Nicholas M. Revere proposing an SRM rate schedule that would avoid the negative member-customer impact that led to the Stay Order by splitting the SRM charge between demand and energy charges, pursuant to the second methodology described in the Stay Order.

4. The Parties agree that, subject to approval of this Settlement Agreement by the Commission, Cloverland will voluntarily implement the SRM capacity charges proposed by the Commission's Staff for service rendered on and after June 1, 2019, and attached hereto as *Exhibit A*.

5. It is understood among the Parties that Cloverland intends to offset the SRM capacity charges by identical reductions to its base rates to its full-service retail member/customers effective at the point in time the SRM capacity charges become effective to make the SRM capacity charges revenue neutral to its member/customers.

6. The Parties agree that this Agreement and the implementation of the SRM capacity charge rate schedule shown on Exhibit A shall be implemented on a non-precedential basis and the Parties reserve the right to take different positions in future rate proceedings regarding such issue.

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<sup>3</sup> Ordering Paragraph B of the Stay Order states that "The motion for stay of enforcement of the November 30, 2017 order in Case No. U-18258 shall expire when the Commission issues an order in the company's annual state reliability mechanism review case, Case No. U-20144."

7. The Parties agree that the Stay of the November 30 Order granted by the Stay Order should be extended and continued for service rendered through May 31, 2019. The Parties will file a joint motion in Case No. U-18258 for extension of the Stay Order within seven (7) days of the filing of this Agreement.

8. In the November 30 Order, case U-18258, the Commission held that Cloverland is subject to the requirements of 2016 PA 341 and MCL460.6w(5), mandating that Cloverland issue an SRM capacity charge on its full-service member/customers. The Parties recognize that Cloverland maintains that the Commission's November 30 Order is unreasonable and unlawful, and has appealed the November 30 Order to the Michigan Court of Appeals in *Cloverland Electric Co-Operative v Michigan Public Service Commission*, Court of Appeals Docket No. 342552 (the "Appeal"), which Cloverland intends to pursue.

9. The Parties agree that in signing this Agreement, the Parties do not waive any legal right to pursue the Appeal, do not waive any claims or defenses raised in the Appeal, and do not waive any other legal rights or remedies available from the Appeal and Case No. U-18258. The Parties agree that this Agreement shall not be considered an admission or waiver of any of their respective positions or rights in the Appeal and Case No. U-18258. The Parties further agree that the terms of this Agreement shall not be affected by the Court of Appeal's decision in the Appeal.

10. This Agreement is for the sole purposes of this case, U-20144, and is intended to be a final disposition thereof, and for extension of the Stay Order in Case No. U-18258. Upon approval by Commission, the Parties agree not to appeal, contest or challenge this Agreement or the Commission's Order approving this Agreement without modification.

11. This agreement is non-severable. Each provision of the Agreement is dependent upon all other provisions. Failure to comply with any provision of this Agreement constitutes

failure to comply with the entire Agreement. If the Commission rejects or modifies this Agreement in any way, this Agreement shall be deemed to be withdrawn and shall not constitute any part of the record in this proceeding or be used for any other purpose.

12. It is the opinion of the Parties that this Agreement, if approved unmodified by the Commission, would be reasonable, in the public interest, and promote an expeditious conclusion to this case.

13. This settlement is entered into for the sole and express purpose of reaching a compromise among the Parties in this case. All offers of settlement and discussions relating to this settlement are and shall be considered protected under MRE 408. If the Commission approves this Agreement, neither party to this Agreement nor the Commission shall utilize this Agreement in any way, or the Order approving it, as evidence, authority, or rationale for taking any action or position or making any subsequent decision in any other case or proceeding. However, such references may be made to enforce or implement the provisions of this Agreement.

14. The Parties agree to waive Section 81 if the Administrative Procedures Act of 1969, MCL 24.281, as it applies to the issue resolved in this Agreement if this Agreement is approved without modification by the Commission.

WHEREFORE, the undersigned Parties respectfully request that the Commission approve this Settlement Agreement without modification and make it effective, in accordance with its terms, by final order.

Respectfully Submitted,

September 20, 2018

**CLOVERLAND ELECTRIC CO-OPERATIVE**

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**MPSC Case No. U-18258**

**SERVICE LIST**

**ADMINISTRATIVE LAW JUDGE**

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**MPSC Case No. U-20144**

**SERVICE LIST**

**ADMINISTRATIVE LAW JUDGE**

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