

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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In the matter of the application of)	
CLOVERLAND ELECTRIC COOPERATIVE,)	
for approval of a renewable energy plan)	Case No. U-16592
to comply with the requirements of)	
Public Act 295 of 2008.)	
_____)	

At the July 12, 2011 meeting of the Michigan Public Service Commission in Lansing, Michigan.

PRESENT: Hon. Orjiakor N. Isiogu, Chairman
Hon. Monica Martinez, Commissioner
Hon. Greg R. White, Commissioner

ORDER APPROVING SETTLEMENT AGREEMENT

Public Act 295 of 2008 (Act 295), MCL 460.1001 *et seq.*, also known as the “Clean, Renewable, and Efficient Energy Act,” requires all providers of electric service in this state to establish renewable energy programs by filing renewable energy plans (REP) with the Commission. On May 12, 2009, the Commission approved Cloverland Electric Cooperative’s (Cloverland) initial REP in Case No. U-15816. On February 22, 2011, the Commission issued an order providing Cloverland a May 12, 2011 deadline for filing its next REP in the current docket.

On May 11, 2011, Cloverland filed an application, with supporting testimony and exhibits, seeking approval of its REP.

On May 23, 2011, a prehearing conference was held before Administrative Law Judge Dennis W. Mack. Cloverland and the Commission Staff participated in the proceedings. Subsequently, the parties submitted a settlement agreement resolving all issues in the case.

According to the terms of the settlement agreement, the parties agree that Cloverland will comply with the renewable energy standards of Act 295 through existing renewable generation, which already makes up greater than 30% of Cloverland's generation capacity.

Cloverland does not expect to incur incremental costs of compliance, as defined in Section 47 of Act 295.

Pursuant to Section 21(2)(b) of Act 295, Cloverland will calculate the required megawatt-hours (MWh) of renewable resource using the average number of MWh of electricity sold by the provider annually during the previous three years to retail customers in the state.

Cloverland shall file an annual report with the Commission no later than July 31 of each year.

The Commission finds that the settlement agreement is reasonable and in the public interest, and should be approved.

THEREFORE, IT IS ORDERED that:

- A. The settlement agreement, attached as Exhibit A, is approved.
- B. Cloverland Electric Cooperative shall file an annual report with the Commission describing the status of compliance with the requirements of Public Act 295 of 2008 by July 31, 2012, and annually thereafter until further order of the Commission.
- C. Absent an earlier application filed by Cloverland Electric Cooperative for authority to amend its plan, the renewable energy plan approved by this order shall be reviewed by the Commission in two years.

The Commission reserves jurisdiction and may issue further orders as necessary.

Any party desiring to appeal this order must do so in the appropriate court within 30 days after issuance and notice of this order, under MCL 462.26.

MICHIGAN PUBLIC SERVICE COMMISSION

Orjiakor N. Isiogu, Chairman

Monica Martinez, Commissioner

Greg R. White, Commissioner

By its action of July 12, 2011.

Mary Jo Kunkle, Executive Secretary

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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In the matter, on the Commission's own motion,)
 regarding the regulatory reviews, revisions,)
 determinations, and/or approvals necessary for) **Case No. U-16592**
 CLOVERLAND ELECTRIC COOPERATIVE to fully)
 comply with Public Acts 286 and 295 of 2008.)
 _____)

SETTLEMENT AGREEMENT APPROVING RENEWABLE ENERGY PLAN

On April 12, 2011, Cloverland Electric Cooperative ("Applicant") filed its Notice of Intent to file its Renewable Energy Plan ("REP") on or before May 12, 2011.

On April 25, 2011, the Michigan Public Service Commission ("Commission") issued its Notice of Hearing for Applicant's REP. On May 11, 2011, Applicant filed its application with supporting testimony and exhibits, seeking approval of its Renewable Energy Plan. On May 12, 2009 the Commission approved Applicant's original REP in Case Nos. U-15807 and U-15816.

On May 23, 2011, the prehearing conference was held pursuant to the Commission's Notice of Hearing. The Commission Staff ("Staff") and Applicant participated in the proceedings. At the prehearing conference, Applicant presented proof of service of the Notice of Hearing on all cities, incorporated villages, townships and counties in Applicant's service area and also presented an affidavit evidencing the requisite publication of notice. The prehearing conference 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.

Pursuant to the schedule adopted at the prehearing conference, on June 6, 2011, Staff filed testimony and one exhibit.

DYKEMA GOSSETT A PROFESSIONAL LIMITED LIABILITY COMPANY CAPTOL VIEW 201 TOWNSEND STREET SUITE 900 LANSING, MICHIGAN 48933

The parties have agreed to enter into this Settlement Agreement recommending approval of Applicant's REP. 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), Applicant and Staff hereby agree as follows:

A. Section 21(2)(b) of Act 295 requires that the REP specify whether the number of megawatt hours used in the calculation of the renewable energy credit portfolio will be weather-normalized or based on the average number of megawatt hours of electricity sold by the electric provider annually during the previous 3 years to retail customers in this state. Applicant has elected to use the average number of megawatt hours of electricity sold annually during the previous 3 years to retail customers in this state in the calculation of their renewable energy credit portfolios.

B. Section 21(2)(c) of Act 295 requires that the REP include the expected incremental cost of compliance with the renewable energy standards for a 20-year period beginning when the plan is approved by the Commission. Applicant does not expect to incur incremental costs of compliance, as defined in Section 47 of Act 295.

C. Applicant plans to comply with the renewable energy standards of Act 295 through existing renewable generation, which already makes up greater than 30% of Applicant's generation capacity. Applicant agrees with Staff's compliance requirement calculation methodology.

D. Applicant will file an amended renewable energy plan advising of any changes if necessary.

E. Applicant will file an annual report with the Commission no later than July 31 of each year.

F. Applicant's Renewable Energy Plan is reasonable, appropriate, in the public interest, and consistent with Public Act 295 of 2008 and the Commission's Temporary Order issued in Case No. U-15800.

G. Section 21(6)b of Public Act 295, requires that the Commission determine that a provider's REP meet the following:

That the life-cycle cost of renewable energy acquired or generated under the plan less the projected life-cycle net savings associated with the provider's energy optimization plan does not exceed the expected life-cycle cost of electricity generated by a new conventional coal-fired facility.

This calculation is not necessary at this time since Applicant is not proposing to collect a renewable energy surcharge. At such time as Applicant requests authorization to implement a surcharge, Applicant will provide the calculation requested in Section 21(6)b of Public Act 295 of 2008.

H. No party will appeal, challenge or contest the REP approved by the Commission in this case if it is 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.

I. Section 81 of the Administrative Procedures Act of 1969 is waived.

Dated: June 23, 2011

**Spencer
Sattler**

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**MICHIGAN PUBLIC SERVICE COMMISSION
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