
ALTERNATIVE ENERGY ECONOMIC DEVELOPMENT SERVICE

Availability:

Available to any customer desiring service that meets each of the following requirements: 1) a new facility or an existing facility that has been closed for at least six months; 2) a facility that receives at least 50% of its revenue from sales to alternative energy markets; and 3) a facility that has a capacity requirement of 2,500 kW or more. However, customers whose capacity requirements exceed 10,000 kW, or whose service requirements involve unusual Company investments, may be required to enter into a special contract. This rate is not available for resale purposes. This rate shall terminate as of December 31, 2024.

Nature of Service:

Alternating current, 60 hertz, three-phase, 34,500 volts.

Term and Form of Contract:

All service under this rate shall require a written contract with a minimum term of one year.

Customer Choice of Generation Service Provider:

A customer may choose to have its Generation Service provided by an Alternative Electric Supplier, under the terms and conditions applicable to Retail Access Service as delineated in Section E, starting on (Sheet No. E-1.00). A customer whose Generation Service is provided by an AES is subject to the Distribution Charges shown below but is not subject to the Power Supply Charges shown below.

A customer that does not choose to have its Generation Service provided by an AES shall be provided Full Requirements Service by the Company and is subject to both the Distribution Charges and the Power Supply Charges shown below.

Monthly Rate:

Distribution Charges:

Customer Charge: \$400.00 per month

Capacity Charge:

Maximum Demand Charge: \$0.260 per kW of maximum demand

On-Peak Billing Demand Charge: \$7.480 per kW of on-peak billing demand

Power Factor Charge: \$0.20 per excess kilovar

Power Supply Charges:

Note: Power Supply Charges are applicable only to customers who receive Full Requirements Service from the Company.

(continued on Sheet No. D-25.00)

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ALTERNATIVE ENERGY ECONOMIC DEVELOPMENT SERVICE
(Continued from Sheet No. D-24.00)

Monthly Rate (Continued):

Power Supply Charges (Continued):

Energy Charge:

The actual incremental cost, calculated on an hourly basis, of the energy used by the Customer. The actual incremental cost shall be determined for each hour of the billing month by subtracting 2) from 1).

- 1) The actual cost incurred by the Company, under the Wholesale for Resale Electric Service contract dated September 19, 1994 between Consumers Energy Company and the Company, as amended, for both firm and supplemental energy.
- 2) The pro-forma cost the Company would have incurred, under the same contract, for both firm and supplemental energy, had the customer not existed. The pro-forma billing determinants used in this calculation shall be the Company's actual kWh purchased under the contract less the customer's actual kWh.

For both 1) and 2) the cost for firm and supplemental energy shall include: a) the energy cost of firm energy; b) the cost of firm energy not delivered; and c) the energy and capacity cost of supplemental energy.

If more than one customer is taking service under this rate the actual incremental cost shall be calculated as above except that the pro-forma billing determinants shall be calculated using the sum of all customers' kWh usage and the resulting incremental cost shall be allocated hourly between each customer ratably based on their individual kWh usage.

Transformation and Line Loss Charge:

3.0% of the energy charge

On-Peak Power Factor Charge:

For power supplied prior to January 1, 2010:
\$0.2496 per on-peak kilovar

For power supplied subsequent to December 31, 2009 and prior to January 1, 2018:
\$0.2696 per on-peak kilovar

For power supplied after December 31, 2017:
\$0.2912 per on-peak kilovar

Power Supply Cost Recovery:

This rate is not subject to the Company's Power Supply Cost Recovery Factors as shown on Sheet Nos. D-3.00 and D-4.00.

(continued on Sheet No. D-26.00)

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ALTERNATIVE ENERGY ECONOMIC DEVELOPMENT SERVICE
(Continued from Sheet No. D-25.00)

Monthly Rate (Continued):

On-Peak Billing Demand:

The on-peak billing demand shall be based on the highest on-peak demand created during the billing month, provided that no on-peak billing demand shall be less than 50% of the highest on-peak billing demand of the previous eleven billing months.

The on-peak demand shall be the highest 60-minute demand created entirely during on-peak hours. On-peak billing demand determinations shall be rounded to the next highest full kilowatt.

Maximum Demand:

The maximum demand shall be the highest 60-minute demand created during the current month or previous eleven billing months. Maximum demand determinations shall be rounded to the next highest full kilowatt.

Schedule of On-Peak and Off-Peak Hours:

For all purposes, other than determining the on-peak kilovar amount, the following schedule shall apply, except for holidays, which shall be off-peak.

On-Peak Hours: 9:00 a.m. to 9:00 p.m., Monday through Friday

Off-Peak Hours: All other hours

For the purpose of determining the on-peak kilovar amount only, the following schedule shall apply, except for holidays, which shall be off-peak.

On-Peak Hours: 7:00 a.m. to 11:00 p.m., Monday through Saturday

Off-Peak Hours: All other hours

Holidays:

The following are designated as holidays by the Company:

New Year's Day
The day Memorial Day is observed
Independence Day

Labor Day
Thanksgiving Day
Christmas Day

Extension of Off-Peak Hours:

The customer may request that the off-peak billing hours be extended beyond 9:00 a.m. for a time period of two to twelve additional hours. The first hour of any such extension shall be the hour ending at 10:00 a.m. Such extension of the off-peak hours shall be continuous and may last for the entire on-peak period of that day.

(continued on Sheet No. D-27.00)

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ALTERNATIVE ENERGY ECONOMIC DEVELOPMENT SERVICE
(Continued from Sheet No. D-26.00)

Monthly Rate (Continued):

Extension of Off-Peak Hours (Continued):

The customer shall request such extension at least 90 minutes before the beginning of the hour that would otherwise be an on-peak hour. The customer's request will be automatically deemed approved by the Company unless the Company, at its sole discretion, specifically denies the request by informing the customer of its denial at least 45 minutes prior to the beginning of the hour that would otherwise be an on-peak hour. All requests, approvals, or denials shall be transmitted in a mutually agreed upon method.

The total number of off-peak extended hours shall be limited to 72 hours in a calendar year. Once a customer's request for extending off-peak hours is approved, either directly or indirectly, such request is irrevocable and the requested hours shall count against the 72 hour limit, regardless of the customer's actual load during such hours.

When computing the monthly on-peak billing demand, demands set during extended off-peak hours will not be considered. An extension of off-peak hours shall have no effect on the calculation of the on-peak kilovar amount.

Power Factor:

This rate requires the metering of kilovar-hours during the billing period. Each month two different power factor billing determinants shall be determined.

- A. An excess kilovar amount, to be utilized to calculate the distribution charge, shall be calculated using the following method:
- 1) Determine total lagging kilovar-hour usage by subtracting the metered leading kilovar-hours from the metered lagging kilovar-hours.
 - 2) Determine the total lagging kilovar-hours that would have resulted in an average power factor of 90% for the billing month.
 - 3) Subtract 2) from 1), divide the remainder by the number of hours in the billing month, and round to the nearest whole number.

If the excess kilovar amount is positive a power factor charge will be added to the bill. If the excess kilovar amount is negative a power factor charge will be credited to the bill.

(continued on Sheet No. D-28.00)

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ALTERNATIVE ENERGY ECONOMIC DEVELOPMENT SERVICE
(Continued from Sheet No. D-27.00)

Monthly Rate (Continued):

Power Factor (Continued):

- B. An on-peak kilovar amount, to be utilized to calculate the power supply charges, shall be calculated using the following method:
- 1) Determine the total lagging kilovar-hours during on-peak hours.
 - 2) Determine the total leading kilovar-hours during on-peak hours.
 - 3) Subtract 2) from 1), divide the remainder by the number of on-peak hours in the billing month, and round to the nearest whole number.

If the on-peak kilovar amount is positive an on-peak power factor charge will be added to the bill. If the on-peak kilovar amount is negative an on-peak power factor charge will be credited to the bill.

Load Curtailment Option:

A credit of \$5.984 per kW of that portion of the on-peak billing demand that is in excess of 10% of the customer's highest 60-minute demand set in the prior 12 billing months shall be applied to any Full Requirements Service customer who contracts in writing to permit the Company, when the Company is experiencing a short-term power emergency, to curtail, during on-peak hours, that portion of the customer's load that is in excess of 10% of the customer's highest 60-minute demand set in the prior 12 billing months.

The customer shall be provided, whenever possible, notice in advance of probable curtailment and the estimated duration of the curtailment. Customers who do not curtail their load within one hour following notice of an curtailment order shall be billed on an hourly basis for any excess kWh taken at the greater of 1) the actual cost of replacement energy plus \$0.01 per kWh, or 2) \$0.07 per kWh. Also, in addition to the prescribed monthly rate, the customer shall be billed at the rate of \$50 per kW for the highest 60-minute demand created during the curtailment period(s) that is in excess of 10% of the customer's highest 60-minute demand set in the prior 12 billing months.

Once the customer has contracted in writing to permit a portion of its load to be curtailed it must provide 24 months written notice of its desire to revert to firm service. The Company may waive all or a portion of this notice requirement.

(continued on Sheet No. D-29.00)

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(Continued from Sheet No. D-28.00)

Monthly Rate (Continued):

Billing Determinants:

All billing determinants shall be based upon recorded meter information.

Minimum Charge:

The distribution capacity charge plus the customer charge.

Due Date and Late Payment Charge:

The due date of the customer bill shall be 21 days from the date of transmittal. A late payment charge of 2% of the total net bill shall be added to any bill which is not paid on or before the due date shown thereon.

Customer Switching Service Charge:

\$5.00 each time a customer switches between Generation Service providers. This includes switches from one AES to another, from the Company to an AES, and from an AES to the Company. The customer may switch Generation Service providers at the end of any billing month provided the notice requirements on (Sheet No. E-6.00, Section 2.4) are met. The Customer Switching Service Charge shall not be applied for the first switch of each calendar year or at a time the customer returns to its immediately previous Generation Service provider because the customer was slammed by an AES.

Rules and Regulations:

Service under this rate is governed by the Company's Standard Rules and Regulations. The charges under this rate are subject to the General Terms and Conditions of Rate Schedules (Sheet No. D-1.00 through Sheet No. D-4.00).

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