

**SECTION D
RATE SCHEDULES**

A. GENERAL TERMS AND CONDITIONS OF THE RATE SCHEDULES

1. **SALES TAX** - Bills for electric service are subject to Michigan State Sales Tax. Customers may file a request with the Company for partial or total exemption from the application of sales tax in accordance with the laws of the State of Michigan and the rules of the Michigan State Department of Treasury.

2. **TAX ADJUSTMENTS**

- a. Bills shall be increased within the limits of political subdivisions which levy special taxes, license fees or rentals against the Company's property, or its operation, or the production and/or sale of electric energy, to offset such special charges and thereby prevent other customers from being compelled to share such local increases.
- b. Bills shall be increased to offset any new or increased specific tax or excise imposed by any governmental authority upon the Company's generation or sale of electrical energy.

B. POWER SUPPLY COST RECOVERY CLAUSE - This clause permits the monthly adjustment of rates for power supply to allow recovery of the booked costs of purchased power incurred under reasonable and prudent policies and practices.

1. **DEFINITIONS** - For purposes of this clause, the following definitions apply:

- a. **"Power Supply Cost Recovery Factor"** means that element of the rates to be charged for electric service to reflect power supply costs incurred and made pursuant to a power supply cost recovery clause incorporated in the rates or rate schedule.
- b. **"Power Supply Cost Recovery Plan"** means a filing made annually describing the expected sources of electric power supply and changes over a future 12 month period specified by the Commission and requesting for each of those 12 months a specified power supply cost recovery factor.
- a. **"Power Supply Costs"** means those elements of the costs of purchased power as determined by the Commission to be included in the calculation of the power supply cost recovery factor

(continued on Sheet No. D-2.00)

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POWER SUPPLY COST RECOVERY CLAUSE
(Continued from Sheet No. D-1.00)

2. **PSCR FACTOR** - All rates for metered electric service shall include an amount up to the Power Supply Cost Recovery Factor (PSCR Factor) for the specified billing period as set below. Beginning June 13, 2007 the PSCR factor shall consist of an increase or decrease of 0.010625 mills per kWh for each full 0.01 mill per kWh increase or decrease in the projected annual power supply costs above or below a base cost of 50.41 mills per kWh, rounded to the nearest one-hundredth of a mill per kWh. The projected power supply costs per kWh shall equal the total projected annual net power cost divided by the projected annual net system energy requirements. Net system energy requirements shall be the sum of net generation and net purchased and interchange power.

Should the Company apply lesser factors than those shown below or if the factors are later revised pursuant to Commission orders or 1982 PA 304, the Company will notify the Commission if necessary and file a revision.

3. **MONTHLY REPORTS** - Not more than 45 days following the last day of each billing month in which a PSCR factor has been applied to customers' bills, the Company shall file with the Commission a detailed statement for that month of the revenues recorded pursuant to the PSCR factor and the allowance for cost of power included in the base rates established in the latest Commission Order for the Company, and the cost of power supply.
4. **ANNUAL RECONCILIATION** - All power supply revenues received by the Company, whether included in base rates or collected pursuant to a PSCR clause, shall be subject to annual reconciliation with the cost of power supply. Such annual reconciliations shall be conducted in accordance with the reconciliation procedures described in section 6j(12) to (18) of 1939 PA 3, as amended, including the provisions for refunds, additional charges, deferral and recovery, and shall include consideration by the Commission of the reasonableness and prudence of expenditures charged pursuant to any PSCR clause in existence during the period being reconciled.

(continued on Sheet No. D-3.00)

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POWER SUPPLY COST RECOVERY CLAUSE
(Continued from Sheet No. D.2.00)

POWER SUPPLY COST RECOVERY FACTORS

Billing Month	Maximum Authorized 2009 PSCR Factor (\$/kWh)	Actual Factor Billed (\$/kWh)
Jan-2009	0.01357	0.01250
Feb-2009	0.01357	0.01250
Mar-2009	0.01357	0.01250
Apr-2009	0.01357	0.01250
May-2009	0.01357	0.01250
Jun-2009	0.01357	0.01250
Jul-2009	0.01357	0.01357
Aug-2009	0.01357	
Sep-2009	0.01357	
Oct-2009	0.01357	
Nov-2009	0.01357	
Dec-2009	0.01357	

The Company will file a revised Sheet No. D-3.00 monthly to reflect the actual factor to be billed the following month.

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(continued on Sheet No. D-4.00)
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POWER SUPPLY COST RECOVERY CLAUSE
(Continued from Sheet No. D-3.00)

POWER SUPPLY COST RECOVERY FACTORS

Billing Month	Maximum Authorized 2008 PSCR Factor (\$/kWh)	Actual Factor Billed (\$/kWh)
Jan-2008	0.00474	0.00474
Feb-2008	0.00474	0.00474
Mar-2008	0.00474	0.00400
Apr-2008	0.00474	0.00400
May-2008	0.00474	0.00474
Jun-2008	0.00474	0.00474
Jul-2008	0.00474	0.00474
Aug-2008	0.00474	0.00474
Sep-2008	0.00474	0.00474
Oct-2008	0.00474	0.00474
Nov-2008	0.00474	0.00474
Dec-2008	0.00474	0.00474

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DEFINITIONS

- A. RENEWABLE ENERGY PROGRAM CLAUSE** - This clause permits, pursuant to Section 45(1) of 2008 PA 295, the adjustment of rates for power supply, through the application of a Renewable Energy Surcharge, to allow recovery of the incremental cost of compliance with the renewable energy standards included in 2008 PA 295.

Customers of Alternative Energy Suppliers do not pay the Renewable Energy surcharge to Alpena Power Company.

An annual renewable cost reconciliation shall be conducted pursuant to Section 49 of 2008 PA 295.

The approved Renewable Energy Surcharges are shown on Sheet No. D-4.90.

- B. ENERGY OPTIMIZATION PROGRAM CLAUSE** - This clause permits, pursuant to Section 91(4) of 2008 PA 295, the adjustment of distribution rates, via the application of an Energy Optimization Surcharge, to allow recovery of the energy optimization alternative compliance payment made by the Company in compliance with Section 91(1) of 2008 PA 295.

Customers of Alternative Energy Suppliers must continue to the Energy Optimization surcharge.

An annual energy optimization cost reconciliation shall be conducted.

The approved Energy Optimization Surcharges are shown on Sheet No. D-4.90.

(continued on Sheet No. D-4.90)

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SURCHARGES
 (continued from Sheet No. D-4.01)

<u>Rate Schedule</u>	<u>Renewable Energy Surcharge Effective September 2009 Bill Month</u>	<u>Energy Optimization Surcharge Effective July 2009 Bill Month</u>
Residential	\$3.00/meter/month	\$0.00130 / kWh
General Service	\$9.10/meter/month	\$1.33/meter/month
Standard Power	\$16.58/meter/month	\$18.83/meter/month
Large Power (less than 13,200 volts)	\$16.58/meter/month	\$162.72/meter/month
Large Power (13,200 volts or higher)	\$187.50/meter/month	\$162.72/meter/month
Large Industrial (13,200 volts or lower)	\$187.50/meter/month	\$573.50/meter/month
Large Industrial (higher than 13,200 volts)	\$187.50/meter/month	\$2,744.32/meter/month
Alternative Energy Economic Development	\$187.50/meter/month	\$324.92/meter/month
Outdoor Protective Lighting (100 watt)	\$0.37/light/month	\$0.13/light/month
Outdoor Protective Lighting (250 watt)	\$1.00/light/month	\$0.23/light/month
Street & Highway Lighting	\$0.37/light/month	\$0.12/light/month
Special Power Contracts	\$187.50/meter/month	\$3,775.03/meter/month

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RESIDENTIAL SERVICE

Availability:

Open to any customer desiring service for domestic and farm uses, which include only those purposes which are usual in individual private family dwellings, or separately metered apartments, and in the usual appurtenant buildings served through the residential meter. This rate is not available for commercial or industrial service, or for resale purposes.

Residences in conjunction with commercial or industrial enterprises; homes or dormitories for groups other than private family units; apartment buildings or multiple dwellings; and mobile homes in courts may take service on this rate only under the terms and conditions contained in the Company's Standard Rules and Regulations.

Service for single phase motors may be included under this rate, provided the individual capacity of such motors does not exceed 3 Hp, and the total capacity of such motors does not exceed 10 Hp, without the specific consent of the Company.

Nature of Service:

Alternating current, 60 hertz, single phase, 120/240 volts.

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 (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: \$4.25 per customer per month

Energy Charge: \$0.04728 per kWh for all kWh

Energy Optimization Surcharge:

This rate is subject to the Energy Optimization Surcharge shown on Sheet No. D 4.90.

Power Supply Charges:

Energy Charge: \$0.05375 per kWh for all kWh

(continued on Sheet No. D-6.00)

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RESIDENTIAL SERVICE
(Continued from Sheet No. D-5.00)

Power Supply Charges (Continued):

Power Supply Cost Recovery:

This rate is subject to the Company's Power Supply Cost Recovery Factors as shown on Sheet Nos. D-3.00 and D-4.00.

Renewable Energy Surcharge:

This rate is subject to the Renewable Energy Surcharge shown on Sheet No. D-4.90.

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

Minimum Charge:

The customer charge.

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 of (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.

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%, not compounded, of the unpaid balance, net of taxes, shall be assessed to any bill which is delinquent. The late payment charge shall not apply to customers participating in the Winter Protection Plan.

Auxiliary Power Provision:

Customers desiring electric service as an auxiliary source of power to wind- or solar-powered generating equipment may take service under this rate schedule under special agreement with the Company.

A customer taking auxiliary power under this rate shall pay all reasonable direct costs of metering, controlling, and protective equipment necessitated by the presence of a source of power on his premises. Minor modifications off the premises of the customer shall be the responsibility of the Company. The customer shall pay the monthly rate set forth above. The customer may elect to sell energy to the Company at the Company's Average Avoided Energy Cost.

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RESIDENTIAL SERVICE
(Continued from Sheet No. D-6.00)

Average Avoided Energy Cost:

Average Avoided Energy Cost is the average cost of Supplemental Energy, including both energy and capacity charges, billed to the Company by Consumers Energy Company, based on the rolling average of the six consecutive months ending on the last day of the second month prior to the month that purchases are made by the Company (e.g., the August billing month cost will be calculated using the avoided energy costs for the six months ending in June).

The power supply bills used to determine avoided costs will be kept on file at the Company's office. Personnel shall be available, during normal business hours, to explain how this methodology is applied to these bills to obtain the avoided energy costs for any particular month.

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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GENERAL SERVICE

Availability:

Open to any customer desiring lighting and incidental power service for any metered non-residential use, provided the load does not exceed 35 kW, measured on a 15-minute interval basis.

Nature of Service:

Alternating current, 60 hertz, single phase or three-phase, the particular voltage level in each case to be determined by the Company.

When the service is three-phase, 3-wire, lighting may be included provided the customer furnishes all transformation facilities required for such purpose, and so arranges the lighting circuits as to avoid excessive unbalance of the three-phase load. When service is single-phase, or 4-wire, three-phase, the single-phase individual motor capacity shall not exceed 3 Hp, and the total single-phase motor capacity shall not exceed 10 Hp, without the specific consent of the Company.

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: \$6.75 per customer per month

Energy Charge: \$0.04791 per kWh for all kWh

Energy Optimization Surcharge:

This rate is subject to the Energy Optimization Surcharge shown on Sheet No. D-4.90.

Power Supply Charges:

Energy Charge: \$0.05613 per kWh for all kWh

Power Supply Cost Recovery:

This rate is subject to the Company's Power Supply Cost Recovery Factors as shown on Sheet Nos. D-3.00 and D-4.00.

Renewable Energy Surcharge:

This rate is subject to the Renewable Energy Surcharge shown on Sheet No. D-4.90.

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GENERAL SERVICE
(Continued from Sheet No. D-8.00)

Monthly Rate (Continued):

Power Supply Charges (Continued):

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

Minimum Charge:

The customer charge.

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.

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.

Unmetered Service:

Loads that can be readily calculated and are impractical to meter, such as CATV Power Supply Units, may, at the option of the Company, be served hereunder without the use of a meter. In such cases a flat kWh usage per month shall be billed.

Monthly kWh usage shall be determined by multiplying the total connected load in kW (including the lamps, ballasts, transformers, amplifiers, and control devices) times 730 hours. The kWh for cyclical devices shall be 50% of the total kWh so calculated. The kWh for continuous, nonintermittent devices shall be 100% of the total kWh so calculated. No reduction in kWh shall be made for devices not operated 24 hours per day, or not operated every day.

The kWh for CATV Power Supply Units shall be 50% of the total kWh as determined from the manufacturer's rated input capacity of the Power Supply Units or the actual test load, whichever is greater.

The Company may, at its option, install test meters for the purpose of determining the monthly kWh usage to be used for billing purposes.

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GENERAL SERVICE
(Continued from Sheet No. D-9.00)

Auxiliary Power Provision:

Customers desiring electric service as an auxiliary source of power to wind- or solar-powered generating equipment may take service under this rate schedule under special agreement with the Company.

A customer taking auxiliary power under this rate shall pay all reasonable direct costs of metering, controlling, and protective equipment necessitated by the presence of a source of power on his premises. Minor modifications off the premises of the customer shall be the responsibility of the Company. The customer shall pay the monthly rate set forth above. The customer may elect to sell energy to the Company at the Company's Average Avoided Energy Cost.

Average Avoided Energy Cost:

Average Avoided Energy Cost is the average cost of Supplemental Energy, including both energy and capacity charges, billed to the Company by Consumers Energy Company, based on the rolling average of the six consecutive months ending on the last day of the second month prior to the month that purchases are made by the Company (e.g., the August billing month cost will be calculated using the avoided energy costs for the six months ending in June).

The power supply bills used to determine avoided costs will be kept on file at the Company's office. Personnel shall be available, during normal business hours, to explain how this methodology is applied to these bills to obtain the avoided energy costs for any particular month.

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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STANDARD POWER SERVICE

Availability:

Open to any customer desiring secondary or primary voltage service where the annual highest actual demand, measured on a 15-minute interval basis, is at least 30 kW but less than 275 kW.

This rate is not available for street lighting service or for resale purposes.

Nature of Service:

Alternating current, 60 hertz, single phase or three-phase, the particular voltage level in each case to be determined by the Company.

When the service is three-phase, 3-wire, lighting may be included provided the customer furnishes all transformation facilities required for such purpose, and so arranges the lighting circuits as to avoid excessive unbalance of the three-phase load. When service is single-phase, or 4-wire, three-phase, the single-phase individual motor capacity shall not exceed 3 Hp, and the total single-phase motor capacity shall not exceed 10 Hp, without the specific consent of the Company.

Where the Company elects to measure the service on the primary side of the transformers, 2% shall be deducted for billing purposes from the energy measurements thus made.

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:

\$30.00 per customer per month

Capacity Charge:

\$9.48 per kW of billing demand.

Energy Optimization Surcharge:

This rate is subject to the Energy Optimization Surcharge shown on Sheet No. D-4.90.

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STANDARD POWER SERVICE
(Continued from Sheet No. D-11.00)

Monthly Rate (Continued):

Power Supply Charges:

Energy Charge:

\$0.05687 per kWh for the first 300 kWh per kW of billing demand,
\$0.05087 per kWh for the excess kWh.

Power Supply Cost Recovery:

This rate is subject to the Company's Power Supply Cost Recovery Factors as shown on Sheet Nos. D-3.00 and D-4.00.

Renewable Energy Surcharge:

This rate is subject to the Renewable Energy Surcharge shown on Sheet No. D-4.90.

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

Billing Demand:

The billing demand shall be the maximum kilowatt demand, on a 15-minute interval basis, during the billing month, but not less than 50% of the highest billing demand of the preceding eleven months.

Billing demand determinations shall be rounded to the next highest full kilowatt.

Adjustment for Power Factor:

When the average power factor during the billing month is less than 80% lagging, the Company reserves the right to increase the capacity charge or charges, as applicable, for such billing month in the ratio that 80% bears to such average power factor. The Company shall determine the average power factor by test or by permanently installed measuring equipment.

Substation Ownership Credit:

When the customer furnishes and maintains complete substation equipment, including all transformers, switches, and other apparatus necessary to take service at primary voltage, 3% of the capacity charge or charges, as applicable, shall be deducted for billing purposes.

Minimum Charge:

The customer charge plus the capacity charge .

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STANDARD POWER SERVICE
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Monthly Rate (Continued):

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.

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.

Auxiliary Power Provision:

Customers desiring electric service as an auxiliary source of power to wind- or solar-powered generating equipment may take service under this rate schedule under special agreement with the Company.

A customer taking auxiliary power under this rate shall pay all reasonable direct costs of metering, controlling, and protective equipment necessitated by the presence of a source of power on his premises. Minor modifications off the premises of the customer shall be the responsibility of the Company. The customer shall pay the monthly rate set forth above. The customer may elect to sell energy to the Company at the Company's Average Avoided Energy Cost.

Average Avoided Energy Cost:

Average Avoided Energy Cost is the average cost of Supplemental Energy, including both energy and capacity charges, billed to the Company by Consumers Energy Company, based on the rolling average of the six consecutive months ending on the last day of the second month prior to the month that purchases are made by the Company (e.g., the August billing month cost will be calculated using the avoided energy costs for the six months ending in June).

The power supply bills used to determine avoided costs will be kept on file at the Company's office. Personnel shall be available, during normal business hours, to explain how this methodology is applied to these bills to obtain the avoided energy costs for any particular month.

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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LARGE POWER SERVICE

Availability:

Available to any customer where the annual highest actual demand is at least 250 kW, measured on a 15-minute interval basis, but not more than 1,300 kW, measured on a 60-minute interval basis.

This rate is not available for resale purposes.

Nature of Service:

Alternating current, 60 hertz, three-phase, the particular voltage level in each case to be determined by the Company.

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:

\$100.00 per month

Capacity Charge:

Maximum Demand Charge:

For service provided at 13,200 volts or higher nominal voltage:

\$2.800 per kW of maximum demand

For service provided at less than 13,200 volts nominal voltage:

\$4.200 per kW of maximum demand

On-Peak Billing Demand Charge:

For service provided at 13,200 volts or higher nominal voltage:

\$6.300 per kW of on-peak billing demand

For service provided at less than 13,200 volts nominal voltage:

\$6.426 per kW of on-peak billing demand

Power Factor Charge:

\$0.20 per excess kVar

Energy Optimization Surcharge:

This rate is subject to the Energy Optimization Surcharge shown on Sheet No. D-4.90.

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LARGE POWER SERVICE
(Continued from Sheet No. D-14.00)

Monthly Rate (Continued):

Power Supply Charges:

Capacity Charge:

On-Peak Billing Demand Charge:

For service provided at 13,200 volts or higher nominal voltage:

\$0.470 per kW of on-peak billing demand

For service provided at less than 13,200 volts nominal voltage:

\$0.479 per kW of on-peak billing demand

Energy Charge:

For service provided at 13,200 volts or higher nominal voltage:

\$0.05837 per kWh for all kWh consumed during the on-peak period

\$0.04670 per kWh for all kWh consumed during the off-peak period

For service provided at less than 13,200 volts nominal voltage:

\$0.05954 per kWh for all kWh consumed during the on-peak period

\$0.04763 per kWh for all kWh consumed during the off-peak period

Power Factor Charge:

\$0.35 per excess kVar

Power Supply Cost Recovery:

This rate is subject to the Company's Power Supply Cost Recovery Factors as shown on Sheet Nos. D-3.00 and D-4.00.

Renewable Energy Surcharge:

This rate is subject to the Renewable Energy Surcharge shown on Sheet No. D-4.90.

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

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 during on-peak hours. Billing demand determinations shall be rounded to the next highest full kilowatt.

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(continued on Sheet No. D-16.00)
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U-15804

LARGE POWER SERVICE
(Continued from Sheet No. D-15.00)

Monthly Rate (Continued):

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.

Existing Customers:

Customers who switch to this rate from another rate shall have their demand history utilized in determining the minimum on-peak billing demand and maximum demand, until they have been on this rate for a full year.

Schedule of On-Peak and Off-Peak Hours:

The following schedule shall apply Monday through Friday (except holidays designated by the Company). Weekends and holidays are off-peak.

On-Peak Hours: 9:00 a.m. to 9:00 p.m.

Off-Peak Hours: All other hours

Holidays Designated by the Company:

The following are designated as holidays by the Company:

New Year's Day

Labor Day

The day Memorial Day is observed

Thanksgiving Day

Independence Day

Christmas Day

Power Factor:

This rate requires the metering of kilovar-hours during the billing period. Each month an excess kilovar amount will 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 result by the actual 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-17.00)

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LARGE POWER SERVICE
(Continued from Sheet No. D-16.00)

Monthly Rate (Continued):

Billing Determinants:

All billing determinants shall be based upon recorded meter information.

Primary Metering of Secondary Service:

When a customer's secondary service is metered at the primary voltage the energy charges shall be based upon the rates for 13,200 volts or higher and the capacity charges shall be based upon the rates for less than 13,200 volts.

Minimum Charge:

The capacity charge plus the customer charge.

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 of Section E, starting on (Sheet No. E-1.00). 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.

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.

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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LARGE INDUSTRIAL SERVICE

Availability:

Available to any customer desiring primary voltage service where the capacity requirement is 1,250 kW or more. However, customers whose capacity requirements exceed 2,000 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.

Nature of Service:

Alternating current, 60 hertz, three-phase, the particular voltage level in each case to be determined by the Company.

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:

For service provided at 34,500 volts nominal voltage:

\$0.920 per kW of maximum demand

For service provided at 13,800 volts nominal voltage:

\$0.828 per kW of maximum demand

For service provided at 13,200 or lower volts nominal voltage:

\$1.380 per kW of maximum demand

(continued on Sheet No. D-19.00)

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LARGE INDUSTRIAL SERVICE
(Continued from Sheet No. D-18.00)

Monthly Rate (Continued):

Distribution Charges (Continued):

Capacity Charges (Continued):

On-Peak Billing Demand Charge:

For service provided at 34,500 volts nominal voltage:

\$2.039 per kW of on-peak billing demand

For service provided at 13,800 volts nominal voltage:

\$2.039 per kW of on-peak billing demand

For service provided at 13,200 volts or lower nominal voltage:

\$2.121 per kW of on-peak billing demand

Power Factor Charge: \$0.20 per excess kVar

Energy Optimization Surcharge:

This rate is subject to the Energy Optimization Surcharge shown on Sheet No. D-4.90.

Power Supply Charges:

Capacity Charge:

On-Peak Billing Demand Charge:

For service provided at 34,500 volts nominal voltage:

\$6.300 per kW of on-peak billing demand

For service provided at 13,800 volts nominal voltage:

\$6.300 per kW of on-peak billing demand

For service provided at 13,200 volts or lower nominal voltage:

\$6.426 per kW of on-peak billing demand

Energy Charge:

For service provided at 34,500 volts nominal voltage:

\$0.04728 per kWh for all kWh consumed during the on-peak period

\$0.03782 per kWh for all kWh consumed during the off-peak period

For service provided at 13,800 volts nominal voltage:

\$0.04728 per kWh for all kWh consumed during the on-peak period

\$0.03782 per kWh for all kWh consumed during the off-peak period

For service provided at 13,200 volts or lower nominal voltage:

\$0.04823 per kWh for all kWh consumed during the on-peak period

\$0.03858 per kWh for all kWh consumed during the off-peak period

Power Factor Charge: \$0.35 per excess kVar

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(continued on Sheet No. D-20.00)

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LARGE INDUSTRIAL SERVICE
(Continued from Sheet No. D-19.00)

Monthly Rate (Continued):

Power Supply Charges (Continued):

Power Supply Cost Recovery:

This rate is subject to the Company's Power Supply Cost Recovery Factors as shown on Sheet Nos. D-3.00 and D-4.00.

Renewable Energy Surcharge:

This rate is subject to the Renewable Energy Surcharge shown on Sheet No. D-4.90.

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

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 during on-peak hours. 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.

Existing Customers:

Customers who switch to this rate from another rate (including special contract rates) shall have their demand history utilized in determining the minimum on-peak billing demand and maximum demand, until they have been on this rate for a full year.

Schedule of On-Peak and Off-Peak Hours:

The following schedule shall apply Monday through Friday (except holidays designated by the Company). Weekends and holidays are off-peak.

On-Peak Hours: 9:00 a.m. to 9:00 p.m.

Off-Peak Hours: All other hours

Holidays Designated by the Company:

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

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LARGE INDUSTRIAL SERVICE
(Continued from Sheet No. D-20.00)

Monthly Rate (Continued):

Extension of Off-Peak Hours:

The Customer may request that the off-peak billing hours be extended beyond 9:00 a.m., on any day of the year, for a time period of one 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.

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.

During extended off-peak hours the Customer's energy charge shall be computed using the on-peak energy rate. When computing the monthly on-peak billing demand, demands set during extended off-peak hours will not be considered.

Power Factor:

This rate requires the metering of kilovar-hours during the billing period. Each month an excess kilovar amount will 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 result by the actual 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-22.00)

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LARGE INDUSTRIAL SERVICE
(Continued from Sheet No. D-21.00)

Monthly Rate (Continued):

Interruptible Load Discount:

A credit of \$3.04 per kW of on-peak billing demand shall be applied to any Full Requirements Service customer who contracts in writing to permit the Company to curtail its entire load during a period of short-term power emergency.

If the customer wishes to allow a portion, but not all, of its load to be curtailed during a period of short-term power emergency, it can, subject to approval by the Company, nominate a firm load reservation that is no more than 25% of its maximum load. The customer's load above the firm load reservation will then be subject to curtailment. A credit of \$2.90 per kW of that portion of the on-peak billing demand which is in excess of the customer's firm load reservation shall be applied to any customer who contracts in writing to permit the Company to curtail a portion of its load during a period of short-term power emergency.

The customer shall be provided, whenever possible, notice in advance of probable interruption and the estimated duration of the interruption. Customers who do not interrupt within one hour following notice of an interruption order shall be billed at the cost of replacement energy plus \$0.01 per kWh during the time of the interruption, but not less than \$0.07 per kWh. Additionally the customer shall be billed at the rate of \$50 per kW for the highest 60-minute kW demand created during the interruption period for all usage above the customer's firm demand, in addition to the prescribed monthly rate.

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

Billing Determinants:

All billing determinants shall be based upon recorded meter information.

Minimum Charge:

The capacity charge plus the customer charge.

(continued on Sheet No. D-23.00)

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LARGE INDUSTRIAL SERVICE
(Continued from Sheet No. D-22.00)

Monthly Rate (Continued):

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.

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.

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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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

Energy Optimization Surcharge:

This rate is subject to the Energy Optimization Surcharge shown on Sheet No. D-4.90.

Power Supply Charges:

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

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(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.

Renewable Energy Surcharge:

This rate is subject to the Renewable Energy Surcharge shown on Sheet No. D-4.90.

(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 kilowatt 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 kilowatt 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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ALTERNATIVE ENERGY ECONOMIC DEVELOPMENT SERVICE
(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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OUTDOOR PROTECTIVE LIGHTING SERVICE

Availability:

Customers desiring controlled service for outdoor protective lighting on premises where the customer is presently taking service under a standard rate schedule.

Hours of Service:

Dusk to dawn service controlled by photo-sensitive devices which provide service every night and all night for approximately 4,200 hours per year.

Nature of Service:

Service will consist of a high pressure sodium vapor fixture appropriately mounted. The Company shall own, operate and maintain the lights. Non-functioning lights must be reported by the customer and the Company shall undertake to repair the lights as soon as reasonably possible during regular working hours.

Monthly Rate:

Existing pole and existing secondary facilities:

100 watt, 8,500 nom. lumens	\$10.75 per month, per light
250 watt, 24,000 nom. lumens	\$17.90 per month, per light

New pole and single span of new secondary facilities:

100 watt, 8,500 nom. lumens	\$12.45 per month, per light
250 watt, 24,000 nom. lumens	\$19.60 per month, per light

Bills shall be rendered in equal monthly installments without provision for partial or seasonal service.

Energy Optimization Surcharge:

This rate is subject to the Energy Optimization Surcharge shown on Sheet No. D-4.90.

Power Supply Cost Recovery:

This rate is subject to the Company's Power Supply Cost Recovery Factors as shown on Sheet Nos. D-3.00 and D-4.00.

The monthly kilowatt-hours for application of the Power Supply Cost Recovery Factor shall be 41 kWh for 100 watt lights and 111 kWh for 250 watt lights.

Renewable Energy Surcharge:

This rate is subject to the Renewable Energy Surcharge shown on Sheet No. D-4.90.

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.

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Ann K. Burton, President
Alpena, MI 49707

Michigan Public Service Commission
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(continued on Sheet No. D-31.00)
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OUTDOOR PROTECTIVE LIGHTING SERVICE
(Continued from Sheet No. D-30.00)

Special Terms and Conditions:

Outdoor protective lighting is primarily intended for installations on existing poles and served from existing secondary facilities. All lights will be installed so as to overhang private property from existing or new poles set at points satisfactory to the customer and the Company.

Special purpose facilities are considered to be line extensions, transformers and any additional poles without lights, excluding facilities provided under stated charges above. Where special purpose facilities are required, the customer shall make a non-refundable contribution in aid of construction for 100% of the cost of such special purpose facilities.

In the event the customer discontinues service before the end of one year, the established rate for the remaining portion of the year shall immediately become due and payable.

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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STREET AND HIGHWAY LIGHTING SERVICE
(Continued from Sheet No. D-32.00)

Special Terms and Conditions:

In case of new or added installations, requiring a substantial investment, the Company may require a contract for a reasonable period not exceeding 10 years.

The Company reserves the right to make special contractual arrangements as to term or duration of contract, termination charges, annual charges, or other special consideration when the customer requests service, equipment or facilities not normally provided under this rate.

In the event the customer discontinues service before the end of one year, the established rate for the remaining portion of the year shall immediately become due and payable.

The customer shall be obligated to reimburse the cost of relocation made necessary by street and highway construction repairs.

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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SPECIAL POWER CONTRACTS

The Company reserves the right to make Special Contracts for the sale of primary power or large blocks of secondary power for use in a tax-supported enterprise for resale, for institutional, or for industrial purposes. Such Special Contracts shall be subject to approval by the Michigan Public Service Commission.

Energy Optimization Surcharge:

This rate is subject to the Energy Optimization Surcharge shown on Sheet No. D-4.90.

Renewable Energy Surcharge:

This rate is subject to the Renewable Energy Surcharge shown on Sheet No. D-4.90.

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COGENERATION AND SMALL POWER PRODUCTION PURCHASE RATE "1"

Availability:

Available to any generating installation with a capacity of 100 kW or less which employs cogeneration or other small power production technology utilizing biomass, waste, renewable resources or geothermal energy as fuel and which meets the Federal Energy Regulatory Commission's criteria for a Qualifying Facility. Purchases shall be covered by contract.

The terms and conditions applicable under this schedule are controlled by the Michigan Public Service Commission's order in Case U-6798 dated August 27, 1982 and by the Code of Federal Regulations, Title 18, Part 292.

Nature of Service:

Except for billing meters for the sale of energy under any other of the Company's rate schedules, the operator shall be responsible for furnishing, installing and maintaining at his expense, all necessary controlling and protective equipment for connecting the generating facility to the Company's electric system. Such equipment and its installation shall be in accordance with specifications and standards of the Company. The Company shall not be liable for damage to the operator's equipment caused by the interconnection. The Company shall own, operate and maintain all metering devices; however, the operator shall be required to pay for the cost of such equipment. No refund shall be made for any operator contribution required under this rate schedule.

Domestic or commercial customers desiring electric service as an auxiliary source of power for wind- or solar-powered generating equipment and who elect to sell energy back to the Company under the "Auxiliary Power Provision" of the applicable rate shall pay the charge set forth in the "Auxiliary Power Provision" of the applicable rate.

Energy delivered to the Company shall be alternating current, 60 hertz, single or three-phase, the particular voltage in each case to be determined by the Company.

The Company may discontinue purchases during system emergencies and other operational circumstances such as light load conditions.

(continued on Sheet No. D-36.00)

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COGENERATION AND SMALL POWER PRODUCTION PURCHASE RATE "1"

(Continued from Sheet No. D-35.00)

Monthly Purchase Price:

The operator may elect to sell energy to the Company under one of the following options:

1. The "Auxiliary Power Provision" of the rate schedule under which energy is being purchased or,
2. The average avoided energy cost (requires the operator to have installed a ratcheted watt-hour meter) or,
3. The operator may enter into a contract for at least four years providing for the sale of both capacity and energy. The rate for on-peak hours shall consist of both a capacity component and an energy component. The rate for off-peak hours shall consist of an energy component only. The energy component shall be the Company's average avoided energy cost. The capacity component is determined by dividing the avoided capacity cost per kW in the Company's latest wholesale for resale contract with Consumers Energy Company by 320 hours. (Requires the operator to have installed a ratcheted time-of-day meter.)

Administrative Cost Charge:

0.10 cents per kWh purchased except for those operators electing to sell energy under the "Auxiliary Power Provision".

Average Avoided Energy Cost:

Average Avoided Energy Cost is the average cost of Supplemental Energy, including both energy and capacity charges, billed to the Company by Consumers Energy Company, based on the rolling average of the six consecutive months ending on the last day of the second month prior to the month that purchases are made by the Company (e.g., the August billing month cost will be calculated using the avoided energy costs for the six months ending in June).

The power supply bills used to determine avoided costs will be kept on file at the Company's office. Personnel shall be available, during normal business hours, to explain how this methodology is applied to these bills to obtain the avoided energy costs for any particular month.

(continued on Sheet No. D-37.00)

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COGENERATION AND SMALL POWER PRODUCTION PURCHASE RATE "1"

(Continued from Sheet No. D-36.00)

Schedule of On-Peak and Off-Peak Hours:

The on-peak hours shall be 7:00 a.m. to 10:00 p.m. of each weekday excluding the holidays of New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and Christmas Day. All other times shall be considered off-peak.

Standby Power:

The operator may contract for standby power for equipment failure or maintenance in accordance with (Sheet No. C-8.00, Section 8), Auxiliary or Standby Service.

Optional Standby Rate:

An operator who otherwise would qualify under terms defined in (Sheet No. C-8.00, Section 8), Auxiliary or Standby Service, may at the time the purchase contract is entered into, agree to a payment of \$0.60 per kW per day for the highest on-peak demand occurring each day in which standby service is utilized. The operator shall pay a monthly maximum demand charge of \$1.42 per kW of maximum demand. A maximum demand in kilowatts shall be initially established by mutual agreement for electrical capacity sufficient to meet the maximum standby requirements which the Company is expected to supply. Whenever the standby capacity so established is exceeded by the creation of a greater actual maximum demand then such greater demand becomes the new standby capacity. Energy costs shall be the average avoided energy cost. The on-peak demand shall be the highest 15-minute demand during the on-peak hours included in the above Schedule of On-Peak and Off-Peak Hours.

An operator who has agreed to this Optional Standby Rate shall also be eligible to receive supplemental power and/or maintenance power under the following provisions:

1. Supplemental Power:

An operator may contract to purchase power from the Company to supplement his generation. The Company only offers its Standard Power Service as modified below, for such service and for a minimum term of one year. A "contract demand" shall be established for such service by mutual agreement between the Company and the operator. The billing demand shall be the highest demand during the month but shall not be less than 60% of the "contract demand" and shall in no case be less than 30 kW. Any billing demand above the "contract demand" shall be considered as standby service and priced according to the above Optional Standby Rate.

(continued on Sheet No. D-38.00)

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COGENERATION AND SMALL POWER PRODUCTION PURCHASE RATE "1"

(Continued from Sheet No. D-37.00)

Optional Standby Rate (Continued):

2. Maintenance Power:

Standby power for maintenance shall be available to an operator for a maximum of 30 consecutive days once per calendar year upon 90 days' written request by the operator and agreement by the Company as to when the maintenance power will be supplied within that calendar year. At least 60 days prior to the commencement date of the requested period of maintenance power, the Company shall notify the operator as to whether it is in agreement with the period of maintenance power. During the period of maintenance, the charge of \$0.60 per kW per day under the Optional Standby Power Rate shall be waived. The operator shall continue to pay the monthly maximum demand charge provided for in the first paragraph of the above Optional Standby Rate. Energy charges for the period of maintenance power shall be the average avoided energy cost plus 25 percent.

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COGENERATION AND SMALL POWER PRODUCTION PURCHASE RATE "2"

Availability:

Available to any generating installation with a capacity of over 100 kW which employs cogeneration or other small power production technology utilizing biomass, waste, renewable resources or geothermal energy as fuel and which meets the Federal Energy Regulatory Commission's criteria for a Qualifying Facility. Purchases shall be covered by contract.

The terms and conditions applicable under this schedule are controlled by the Michigan Public Service Commission's order in Case U-6798 dated August 27, 1982 and by the Code of Federal Regulations, Title 18, Part 292.

Nature of Service:

Except for billing meters for the sale of energy under any other of the Company's rate schedules, the operator shall be responsible for furnishing, installing and maintaining at his expense, all necessary controlling and protective equipment for connecting the generating facility to the Company's electric system. Such equipment and its installation shall be in accordance with specifications and standards of the Company. The Company shall not be liable for damage to the operator's equipment caused by the interconnection. The Company shall own, operate and maintain all metering devices; however, the operator shall be required to pay for the cost of such equipment. No refund shall be made for any operator contribution required under this rate schedule.

Energy delivered to the Company shall be alternating current, 60 hertz, single or three-phase, the particular voltage in each case to be determined by the Company.

The Company may discontinue purchases during system emergencies and other operational circumstances such as light load conditions.

Monthly Purchase Price:

As negotiated.

Schedule of On-Peak and Off-Peak Hours:

The on-peak hours shall be 7:00 a.m. to 10:00 p.m. of each weekday excluding the holidays of New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and Christmas Day. All other times shall be considered off-peak.

(continued on Sheet No. D-40.00)

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COGENERATION AND SMALL POWER PRODUCTION PURCHASE RATE "2"

(Continued from Sheet No. D-39.00)

Standby Power:

The operator may contract for standby power for equipment failure or maintenance in accordance with (Sheet No. C-8.00, Section 8), Auxiliary or Standby Service.

Optional Standby Rate:

An operator who otherwise would qualify under the terms starting at (Sheet No. C-8.00), Auxiliary or Standby Service, may at the time the purchase contract is entered into, agree to a payment of \$0.60 per kW per day for the highest on-peak demand occurring each day in which standby service is utilized. The operator shall pay a monthly maximum demand charge of \$1.42 per kW of maximum demand. A maximum demand in kilowatts shall be initially established by mutual agreement for electrical capacity sufficient to meet the maximum standby requirements which the Company is expected to supply. Whenever the standby capacity so established is exceeded by the creation of a greater actual maximum demand, then such greater demand becomes the new standby capacity. Energy costs shall be the average avoided energy cost as determined in Rate "1". The on-peak demand shall be the highest 15-minute demand during the on-peak hours included in the above Schedule of On-Peak and Off-Peak Hours.

An operator who has agreed to this Optional Standby Rate shall also be eligible to receive supplemental power and/or maintenance power under the following provisions:

1. Supplemental Power:

An operator may contract to purchase power from the Company to supplement his generation. The Company only offers its Standard Power Service as modified below, or its Large Industrial Service for such service. A "contract demand" shall be established for such service by mutual agreement between the Company and the operator. The on-peak billing demand shall be the highest demand during the on-peak hours included in the above Schedule of On-Peak and Off-Peak Hours but shall not be less than 60% of the "contract demand" and shall in no case be less than 30 kW. Any on-peak billing demand above the "contract demand" shall be considered as standby service and priced according to the above Optional Standby Rate.

(continued on Sheet No. D-41.00)

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COGENERATION AND SMALL POWER PRODUCTION PURCHASE RATE "2"

(Continued from Sheet No. D-40.00)

Optional Standby Rate (Continued):

2. Maintenance Power:

Standby power for maintenance shall be available to an operator for a maximum of 30 consecutive days once per calendar year upon 90 days' written request by the operator and agreement by the Company as to when the maintenance power will be supplied within that calendar year. At least 60 days prior to the commencement date of the requested period of maintenance power, the Company shall notify the operator as to whether it is in agreement with the period of maintenance power. During the period of maintenance, the charge of \$0.60 per kW per day under the Optional Standby Power Rate shall be waived. The operator shall continue to pay the monthly maximum demand charge provided for in the first paragraph of the above Optional Standby Rate. Energy charges for the period of maintenance power shall be the average avoided energy cost plus 25 percent.

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POLE ATTACHMENT RATE

Availability:

This rate is open to any customer other than a utility or municipality seeking to attach to three or more of the Company's electric distribution poles for any wire, cable, facility or apparatus used for the transmission of electricity or any form of intelligence (herein referred to as an Attachment). Service is governed by the Company's Standard Rules and Regulations. A written contract is required. Such contract sets out in detail terms and conditions of service which are summarized in this schedule.

Nature of Service:

Attachments to Company poles must conform to applicable National, State and local electrical code requirements, as well as the Company's standards for separation of services. The customer must obtain all necessary permits and approvals from private property owners and governmental authorities. The Company reserves the right to designate the particular locations at which the Attachments may be made and the manner in which the Attachments will be supported. The Company also reserves the right to remove or relocate poles at its sole discretion. The Customer taking service under this rate (Customer) shall, upon 30 days' written notice, remove its Attachments from such poles. The Company also reserves the right to remove Attachments at any time without notice if removal is required for safety reasons.

The Customer shall indemnify the Company against all costs associated with legal claims arising from the Customer's Attachments to the Company's facilities.

The Company reserves to itself, its successors and assigns, the right to maintain its poles and to operate its facilities thereon in such a manner as will best enable it to fulfill its own service requirements. The Company shall not be liable to the Customer for any damage to the Customer's equipment or for any interruption in the use of the Customer's Attachments or for interference with the operation of the cables, equipment and facilities of the Customer arising in any manner, unless caused by the Company's gross negligence or willful misconduct.

Prior to the Customer making an Attachment to any pole, the Customer shall apply for a pole attachment license, and the Company shall inspect the pole(s) for which a license is requested to see if the Attachment can be safely made. If such Attachment cannot be safely made or cannot be made in conformance to applicable codes, the Company shall notify the Customer. With respect to pole attachments, the Company shall, if required, modify its facilities or replace the pole in accordance with the Facility Modification provision of this schedule, to accommodate the Customer's Attachment.

(continued on Sheet No. D-43.00)

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POLE ATTACHMENT RATE
(Continued from Sheet No. D-42.00)

Rate and Charges:

Application Fees:

Pole Application Fee: \$1.00 per pole, but not less than \$25.00
per application, nonrefundable.

Annual Fees:

Pole Attachment Annual Fee: \$3.74 per pole.

Other:

Inspection Fee: Actual cost.

Unauthorized Attachment Fee:

An Unauthorized Attachment shall be treated as having existed for a period of three years, and unless satisfactory evidence is presented to the contrary, shall require payment of the Annual Rate(s) applicable to such a period of time. An Unauthorized Attachment is an Attachment made without the Company's prior approval.

Facility Modification:

The Customer shall pay the Company all costs (including overheads) associated with modifying Company facilities to accommodate any Customer Attachments. These costs shall be determined in accordance with the regular and customary methods used by the Company in determining same. The Customer shall also reimburse the owners of any other Attachments for the cost of modifying their facilities except to the extent, if any, that such other party has agreed to pay same. If the Company modifies its facilities after the Customer makes an Attachment, the Customer shall, at no expense to the Company, move its Attachments as required to accommodate the modified facility. Payment for facility alterations shall not vest the Customer with any ownership or property rights in such facilities.

Contract:

Customers desiring service under this rate schedule shall execute a standard Pole License Agreement. For purposes of applying the rate contained herein, a license year shall begin on January 1 and continue through December 31. The annual rate for additions or removals shall be prorated for the time such Attachments are in existence.

(continued on Sheet No. D-44.00)

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POLE ATTACHMENT RATE
(Continued from Sheet No. D-43.00)

Due Date and Late Payment Charge:

Payment of the Annual Rate shall be due February 1 of each year for the license year beginning January 1 preceding that February 1. However, the Annual Rate shall be due 21 days following the date the bill is mailed, if such mailing is later than January 10. The Application Fee is due with the Application.

The due date for all other fees and charges shall be 21 days following the date a bill is mailed.

A late payment charge of 2%, not compounded, of the unpaid balance net of taxes, shall be added to any bill not paid by the due date shown thereon.

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EXPERIMENTAL PRIMARY DISTRIBUTION SERVICE

Availability:

Available to any customer desiring delivery of customer owned power from a primary (nominal voltage of either 4,160 volts or 13,200 volts) connection point located within 4,000 circuit feet of either 1) a Company interchange point or 2) a Company owned substation, to a Company interchange point.

Each connection point shall be considered a separate service.

Nature of Service:

Alternating current, 60-hertz, three-phase, the particular nature of the voltage in each case to be determined by the Company.

Term and Form of Contract:

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

Metering Equipment:

The load under this tariff shall be separately metered by demand and energy hourly recording (Time-of-Use) meters of billing quality. Such metering equipment shall be furnished, installed, maintained and owned by the Company.

Monthly Rate:

Customer Charge:

\$100.00 per month

Distribution Service Charge:

\$0.29 per kW of maximum demand

Reactive Power Supply Service Charge:

If the customer's monthly average power factor is lagging then there shall be no charge. If the customer's monthly average power factor is leading then there shall be a charge based upon the hourly average kilovars as follows:

Prior to January 1, 2002 \$0.2311 per kilovar

After December 31, 2001 \$0.2496 per kilovar

Real Power Losses:

There shall be no real power losses associated with this rate.

Maximum Demand:

The maximum demand shall be the highest 60-minute demand created during the current month or the previous eleven months.

(continued on Sheet No. D-46.00)

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EXPERIMENTAL PRIMARY DISTRIBUTION SERVICE

(Continued from Sheet No. D-45.00)

Minimum Charge:

The Customer Charge plus the Distribution Service Charge included in the rate.

Due Date and Late Payment Charge:

The due date of the customer bill shall be 21 days from the date of mailing. A late payment charge of 2% of the unpaid balance, net of taxes, shall be assessed to any bill which is not paid on or before the due date shown thereon.

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), except for Rule B, Power Supply Cost Recovery Clause.

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REACTIVE SUPPLY SERVICE

Availability:

Available to any Alternative Electricity Supplier. This service must be purchased by an AES serving retail customers located on the Company's distribution system, unless alternative comparable arrangements for reactive supply service that are satisfactory to the Company have been made by the AES.

Nature of Service:

The Company will supply reactive power to the AES's customers.

Monthly Rate:

Reactive Supply Charge:

\$0.080 per kW of aggregated maximum demand.

Aggregated Maximum Demand:

The aggregated maximum demand shall be the sum of the individual maximum demands of each of the AES's customers created in the current month or the previous eleven months.

A 15-minute period shall be used to determine the maximum demand period for all customers, except those that are served under the Company's Large Power, Large Industrial, and Large Electric Furnace rates, whose maximum demand shall be based upon a 60-minute period.

For those customers without a demand meter, the maximum demand shall be estimated using the appropriate load profile.

Maximum demand determinations shall be rounded to the next highest full kilowatt.

Due Date and Late Payment Charge:

The due date of the 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.

Rules and Regulations:

Service under this rate is governed by the Company's Retail Access Service Tariff, as set forth in Section E, starting on (Sheet No. E-1.00). 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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ENERGY IMBALANCE SERVICE

Availability:

Available to any Alternative Electricity Supplier. This service must be purchased by an AES serving retail customers located on the Company's distribution system, unless alternative comparable arrangements for energy imbalance service that are satisfactory to the Company have been made by the AES.

Nature of Service:

Energy Imbalance Service is provided by the Company when a difference occurs between the energy actually received at the Distribution Point of Receipt and the energy actually delivered to the Distribution Point of Delivery (adjusted for distribution losses) over a single hour. In hours when the energy received is less than the energy delivered (adjusted for distribution losses) the Company will supply the difference. In hours when the energy received is greater than the energy delivered (adjusted for distribution losses) the Company will absorb the difference.

Monthly Rate:

Energy Imbalance Charge:

The energy imbalance charge shall be calculated for each hour that an imbalance occurs as follows:

For hours that the energy received is less than the energy delivered:

A charge to the AES of 110% of the Company's Incremental Power Cost Rate on an hourly basis applied to the hourly usage (adjusted for distribution losses).

For hours that the energy received is greater than the energy delivered:

A credit to the AES of 90% of the Company's Avoided Cost Rate on an hourly basis applied to the hourly usage (adjusted for distribution losses).

Incremental Power Cost Rate:

The Incremental Power Cost Rate shall be the hourly cost rate of Supplemental Power, including energy and capacity charges, under the Company's September 19, 1994 contract with Consumers Energy, as amended.

(continued on Sheet No. D-49.00)

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ENERGY IMBALANCE SERVICE
(Continued from Sheet No. D-48.00)

Monthly Rate (Continued):

Avoided Cost Rate:

The Avoided Cost Rate shall be as follows:

For hours when the Company actually purchases Supplemental Power from Consumers Energy:

The hourly cost rate of Supplemental Power, including energy and capacity charges, under the Company's September 19, 1994 contract with Consumers Energy, as amended.

For hours when the Company does not actually purchase Supplemental Power from Consumers Energy:

The lesser of 1) the hourly energy cost rate of Firm Power, and 2) the hourly energy cost rate of Supplemental Power, both under the Company's September 19, 1994 contract with Consumers Energy, as amended.

Due Date and Late Payment Charge:

The due date of the 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.

Rules and Regulations:

Service under this rate is governed by the Company's Retail Access Service Tariff, as set forth in Section E, starting on (Sheet No. E-1.00). 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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DEFAULT SUPPLY SERVICE

Availability:

This service is mandatory, for the period that begins with the Company's provision of Generation Service and ends with the first regular scheduled meter reading after the expiration of the six month notice requirement of (Sheet No. E-9.00, Section 2.6), for any customer, who has previously chosen to utilize an AES, that requests that the Company provide Generation Service.

This service does not apply and is not available to any customer who has provided the six-month notice requirement of (Sheet No. E-9.00, Section 2.6). This service also does not apply and is not available to any customer who was Slammed.

The Company will provide this service on a best-efforts basis and is not required to build or purchase new capacity or interrupt customers receiving firm service to provide service under this rate.

Nature of Service:

The Company will provide, if available, Generation Service to meet the customer's load. The Generation Service supplied will include applicable distribution losses.

Monthly Rate:

Default Supply Service Charge:

The default supply service charge shall be calculated for each hour utilizing the greater of:

1. The Power Supply Energy Charge rate (under the applicable Full Requirements Service rate for the customer) applied to the hourly usage (excluding distribution losses), or
2. 110% of the Company's Incremental Power Cost Rate on an hourly basis applied to the hourly usage (including distribution losses).

Incremental Power Cost Rate:

The Incremental Power Cost Rate shall be the hourly cost rate of Supplemental Power, including energy and capacity charges, under the Company's September 19, 1994 contract with Consumers Energy, as amended.

Due Date and Late Payment Charge:

The due date of the 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.

Rules and Regulations:

Service under this rate is governed by the Company's Retail Access Service Tariff, as set forth in Section E, starting on (Sheet No. E-1.00). 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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NET METERING PROGRAM

Program Availability:

The Company's Net Metering Program is available on a first come, first served basis until the nameplate capacity of all participating generators is equal to the maximum program limit of 1% of the Company's peak load for the preceding calendar year allocated to include no more than 0.5% for customers generating 20kW or less, no more than 0.25% for customers generating more than 20kW and up to 150 kW and no more than 0.25% for customers generating more than 150 kW and up to 550 kW. Upon enrolling in the Net Metering Program customers shall be eligible to continue participation for a minimum period of ten years. A participating customer may terminate participation in the Company's Net Metering Program at any time for any reason.

Customer Eligibility:

To be eligible to participate in the Net Metering Program, customers must generate a portion or all of their own retail electricity requirements using a renewable energy resource. A renewable energy resource comes from the sun or from thermal inertia of the earth and minimizes the output of toxic material in the conversion of the energy and includes, but is not limited to, all of the following:

- a. Biomass
- b. Solar and solar thermal energy
- c. Wind energy
- d. Kinetic energy of moving water, including the following:
 - i. Waves, tides or currents
 - ii. Water released through a dam
- e. Geothermal energy
- f. Municipal solid waste
- g. Landfill gas produced by municipal solid waste.

Eligible customers must be Full Requirements Service customers under either the Residential, General, Standard Power or Large Power services. A customer using biomass blended with fossil fuel as their renewable energy source must submit proof to the Company substantiating the percentage of the fossil fuel blend either by (1) separately metering the fossil fuel, or (2) providing other documentation that will allow the Company to correctly apply a generation credit to the output associated with the customer's renewable fuel only.

The generation equipment must be located on the customer's premises, serving only the customer's premises and must be intended primarily to offset a portion or all of the customer's requirements for electricity. At the customer's option, the generation capacity shall be determined by 1 of the following methods:

- (i) Aggregate nameplate capacity of the generator(s).

(continued on Sheet No. D 52.00)

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NET METERING PROGRAM
(Continued from Sheet No. D 51.00)

Customer Eligibility (Continued):

- (ii) An estimate of the expected annual kWh output of the generator(s).

Customers shall not be allowed to switch their generation back and forth between two or more rate schedules to circumvent the intent of rate design. At the customer's option, the customer's annual electricity needs shall be determined by one of the following methods: (1) the customer's annual energy usage, measured in kWh, during the previous 12 month period: (2) for a customer with metered demand data available, the maximum integrated hourly demand measured in kW during the previous 12 month period: or (3) in cases where no data, incomplete data, or incorrect data for the customer's past annual energy usage is available, or where the customer is making changes on site that will affect their future total annual electric usage, the Company and the customer shall mutually agree on a method to determine the customer's future annual energy usage.

The requirements for interconnecting a generator with the Company's facilities are contained in the Michigan Public Service Commission's Electric Interconnection and Net Metering Standards Rules (R 460.601a 460.656) and the Company's Michigan Electric Utility Generator Interconnection Requirements, copies of which will be provided to customers upon request. Customer's shall be provided a copy of the Company's Generator Interconnection Application and Net Metering Application and shall be required to complete both applications and submit them with all applicable application fees for review and approval prior to interconnection of their generator to the Company's facilities. The Company's net metering application fee is \$25. All requirements of the MPSC's Electric Interconnection and Net Metering Standards and the Company's Net Metering Program must be met prior to commencing Net Metering service.

A customer that is enrolled in the Net Metering Program will continue to take electric service under the Company's applicable service tariff.

Metering:

For a customer with a generating system capable of generating 20 kW or less, the Company may determine the customer's net usage using the customer's existing meter if it is capable of reverse registration or may, at the Company's expense, install a single meter with separate registers measuring power flow in each direction. If the Company uses the customer's existing meter, the Company shall test and calibrate the meter to assure accuracy in both directions. If the customer's meter is not capable of reverse registration and if meter upgrades or modifications are required, the Company shall provide a meter or meters capable of measuring the flow of energy in both directions to the customer

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NET METERING PROGRAM
(Continued from Sheet No. D 52.00)

Metering(Continued):

at cost. Only the incremental cost above that for meter(s) provided by the Company to similarly situated nongenerating customers shall be paid by the eligible customer. A generator meter will be supplied to the customer, at the customer's request, at cost.

For a customer with a generation system capable of generating more than 20 kW, if the existing electrical meter installed at the customer's facility is not capable of separately measuring the flow of electricity in both directions, the Company shall install appropriate metering equipment at cost. Only the incremental cost above that for meter(s) provided by the Company to similarly situated nongenerating customers shall be paid by the eligible customer. For customers with generators capable of generating more than 20 kW and not more than 150 kW, the Company shall provide a generator meter. The cost of the generator meter shall be considered a cost of operating a net metering program.

For customers with generators capable of generating more than 150 kW, the customer will be responsible for paying the costs of providing any new meters where meter upgrades are necessary.

Monthly Charges:

Customers enrolled in the Net Metering Program with a system capable of generating 20 kW or less qualify for true net metering billings or credits under the program. The customer shall pay the Distribution Charges and Power Supply Charges associated with the customer's standard service tariff applicable to the customer when the customer's monthly net usage results in a net flow of energy from the Company to the customer. When the customer's monthly net usage results in a net flow of energy from the customer to the Company, the customer shall be credited for the energy provided to the Company at full retail rate from their applicable service tariff.

Customers enrolled in the Net Metering Program with a system capable of generating more than 20 kW qualify for modified net metering billings or credits under the program. The customer shall pay the Power Supply Charges associated with the customer's standard service tariff applicable to the customer when the customer's monthly net usage results in a net flow of energy from the Company to the customer. A negative net metered quantity of energy during a billing period shall reflect a net excess of energy provided to the Company from the generator for which the customer shall receive a credit equal to the Power Supply Charge associated with the customer's standard service tariff. Customers with generators capable of generating more than 20 kW and not more than 150 kW, shall pay Distribution Charges associated with the customer's standard service tariff for energy delivered by the Company to the customer. A customer that qualifies for modified net metering shall not have net metering credits applied against the Distribution Charge component of their bill.

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Monthly Charges(Continued):

Standby charges shall not be applied to customers with systems capable of generating 150 kW or less. Standby charges for modified net metering customers on an energy rate schedule shall be equal to the retail Distribution Charge applied to the imputed customer usage during the billing period. The imputed customer usage is calculated as the sum of the metered on site generation and the net of the bidirectional flow of flow of energy across the customer's net meter during the billing period. If standby charges for demand based customers have not been established by the Commission, upon receipt of a request for net metering service by a demand based customer, the Company shall file an application requesting approval of a method for calculating standby charges.

For customers that qualify for true net metering or modified net metering under the Net Metering Program, the credit for any excess generation, as determined by each month's meter reading, shall be credited against the following month's bill. Any credit carried forward to the following month that is not used up that month, shall be carried forward for use in subsequent billing periods. If a customer terminates service with the Company while having a net metering credit amount on their account, the Company shall refund the remaining credit amount to the customer following a final reading by the Company of the customer's net meter.

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SECTION E
RETAIL ACCESS SERVICE TARIFF

1.0 INTRODUCTION AND DEFINITIONS

This tariff is intended to provide the terms and conditions associated with Retail Access Service as well as provide information regarding the roles of the various market participants. This tariff includes the following sections:

Introduction and Definitions	Section 1.0
Customer	Section 2.0
Alternative Electric Supplier (AES)	Section 3.0
Dispute Resolution	Section 4.0
Liability	Section 5.0

In cases where a Customer chooses to participate in Retail Access Service and obtain Generation Service from an Alternative Electric Supplier (AES), the Company will maintain a relationship and interact with two separate participants -- the Customer and the AES.

1.1 The Customer Role

The Customer is the end-user of Power at one or more locations in the State of Michigan who has facilities connected to the Company's Distribution System. Under Retail Access Service, the Customer will conduct transactions with at least two participants - the Company and an AES. The decision to choose an AES or to remain on Company service will be made by the Customer.

The Customer must already be connected to the Company's Distribution System as a Full Requirements Service Customer or meet the requirements for new Customers connecting to the Company's Distribution System as defined in the Company's applicable tariffs and service rules.

1.2 The Supplier Role

An Alternative Electric Supplier (AES) is a Person that has been licensed to sell retail electricity in Michigan. AESs take title to Power and sell Power in Michigan's retail electric market.

An AES makes necessary arrangements to provide Power to Customers, assembles products and/or services, and sells the products and/or services to Customers. AESs must meet all applicable statutory and regulatory requirements of Michigan and federal law.

(continued on Sheet No. E-2.00)

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RETAIL ACCESS SERVICE TARIFF
(Continued from Sheet No. E-1.00)

Market participation responsibilities of the AES include: scheduling energy, obtaining and paying for transmission and ancillary services (including energy imbalance charges), and payment or provision of energy for losses incurred on the Transmission System and the Distribution System to deliver Power. The AES is responsible for assuring power supply, arranging deliveries to the Company's Distribution System and managing its own retail sales.

1.3 Definitions

"Alternative Electric Supplier" or "AES" means a Person properly licensed by the Commission to sell electric Generation Service to retail Customers in the state of Michigan. AES does not include the Person who physically delivers electricity from the AES directly to retail Customers in Michigan.

"Commission" means the Michigan Public Service Commission.

"Company" means Alpena Power Company or its agent.

"Customer" means, for purposes of Retail Access Service, a Person with electrical load facilities connected to the Company's Distribution System and to whom Power is delivered to its Location(s) pursuant to this tariff. All Customers, regardless of the voltage level of the service, are considered to be connected to the Company's Distribution System.

"Default Service" means Generation Service provided by the Company to Customers who are no longer being served by an AES for any number of reasons, in situations where the Customer is not eligible for Full Requirements Service.

"Demand" means the amount of Power required to meet the Customer's load at a given instant or averaged over any designated interval of time, expressed in kilowatts or megawatts.

"Distribution Point of Delivery" means the point of interconnection between the Company's Distribution System and the Customer's service Location.

"Distribution Point of Receipt" means the point of interconnection between the Company's Distribution System and the Transmission System or other facilities where electric Energy is received for delivery to a Customer.

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(Continued from Sheet No. E-2.00)

"Distribution System" means facilities operated by the Company for the purpose of distributing electric power within the Company's electric service territory, which are subject to the jurisdiction of the Commission.

"Drop Request" means a request by an AES to terminate Generation Service to a Customer.

"Energy" means the capacity for doing work. In the context of this tariff the word energy refers to "electrical energy". Energy is usually measured in kilowatt-hours (kWh).

"Energy Meter" means a meter capable of measuring and recording energy on a kWh basis.

"Enrollment" means a transaction between an AES and a Customer whereby a Customer accepts electric service from the AES according to the terms of the AES's offer.

"Full Requirements Service" means the provision of retail regulated electric service including generation, transmission, distribution and ancillary services all provided by the Company.

"Generation Service" means the provision of electric Power and related ancillary services.

"Interval Demand Meter" means a meter capable of measuring and recording kW demands and kVAR demands on a sub-hour time interval and hourly integrated basis and measuring energy in kWh on a cumulative basis.

"Load" means any end-use device drawing energy from the electric system.

"Load Profile" means an allocation of a Customer's electricity usage to discrete time intervals over a period of time, based on individual Customer data or class averages, used to estimate electric supply requirements and to determine cost of service to the Customer.

"Location" means each Customer facility whether owned or leased.

"Maximum Demand" means for Large Power, Large Industrial and Large Electric Furnace Customers the highest 60-minute and for all other Customers the highest 15-minute integrated demand created during the current and previous 11 billing months at each voltage level, whether the Customer received service under this tariff or another

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RETAIL ACCESS SERVICE TARIFF
(Continued from Sheet No. E-3.00)

Company retail tariff. For Customers that do not have an Interval Demand Meter installed, the Company will determine the Maximum Demand utilizing the average load factor of the rate class of the Customer.

"Open Access Transmission Tariff (OATT)" means the Open Access Transmission Tariff of a Person owning or controlling the Transmission System, on file with the Federal Energy Regulatory Commission, as amended from time to time.

"Person" means an individual, governmental body, corporation, partnership, association, or other legal entity.

"Power" means a combination of the electric Demand and Energy requirements of the Customer.

"Retail Access Service" means the service offered by the Company under applicable laws, regulations, tariffs and agreements, which allows the Customer to purchase Generation Service and transmission service from a licensed AES, with Power delivered through the Company's Distribution System.

"Regulated Electric Service" means the services offered by the Company under terms and conditions approved by the Commission.

"Settlement Invoice" means a detailed bill of all energy and ancillary services provided to an AES by the transmission service provider, control area operator, or the Company, as appropriate.

"Settlement Statement" means a reconciliation of the energy and ancillary services scheduled by the AES with those actually consumed or used by the AES and its Retail Access Service customers. The energy and ancillary services will be quantified in units generally accepted by the utility industry, e.g., energy will be measured in kilowatt-hours or megawatt-hours. Contents of the Settlement Statement will be suitable for the preparation of the Settlement Invoice, i.e., energy and ancillary services scheduled and used will be presented for discrete time periods such as hourly or 15-minute intervals.

"Slamming" means the act of changing the Customer's chosen AES, or changing the Customer from Full Requirements Service to Generation Service from an AES, without the Customer's consent.

"Switch" means a Customer move from one provider of Generation Service and transmission service to another.

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(Continued from Sheet No. E-4.00)

"Switch Date" means the date on which the Customer is actually assigned to a new AES for purposes of Energy supply responsibility.

"Switch Request" means a request by an AES to switch a Customer from the Company or another AES to the requesting AES, for Generation Service.

"Switch Response" means a response sent by the Company to an AES which submitted a Switch Request that confirms the requested Customer switch as pending and provides certain Customer information or, if the Switch Request is denied, provides a reason or invalidation code explaining why the request was denied.

"Transition Charge" is a surcharge for the recovery of costs associated with the implementation of Retail Access Service and/or the Company's stranded costs arising from implementation of Retail Access Service.

"Transmission System" means facilities operated by a Person used for transmitting electric Power to the Distribution Point of Receipt, and subject to the jurisdiction of the Federal Energy Regulatory Commission.

"Uniform Data Transaction" means specific technical arrangements for trading information, initiating business requests and executing other common transactions. These arrangements may encompass a number of electronic media and use specified transport protocols.

2.0 CUSTOMER SECTION

2.1 Availability

Retail Access Service is available on and after January 1, 2002 to all existing or new Customers that meet the terms and conditions of this Retail Access Service tariff and other applicable Company tariffs, subject to contracting with an AES. The Company will begin to accept and process Switch Requests on and after January 1, 2002.

2.2 Eligibility

A Customer's eligibility to take Retail Access Service is subject to the full satisfaction of any terms or conditions imposed by pre-existing contracts with or tariffs of the Company. Customers must have satisfied any past due amounts for Regulated Electric Service owed to the Company under any other arrangements or provisions for Regulated Electric Service before taking service under this tariff.

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(Continued from Sheet No. E-5.00)

2.3 Customer Information

An AES must obtain written authorization from the Customer before the Company will provide an AES with a Customer's currently available usage and billing information. Customers will be provided their own usage and billing information upon request. No fee shall be charged for the first request per calendar year related to a specific Customer account. Subsequent requests will require a fee of \$8.00/account that will be billed to the Customer.

2.4 Customer Enrollment and Switching

2.4.1 A Customer will specify only one AES at any given time for the supply of Power to each Customer account or Customer Location.

2.4.2 The AES shall submit to the Company a Switch Request via a Uniform Data Transaction after a required 10-day customer rescission period. The Company's processing will not start until the legal rescission period is over.

2.4.3 The Company will process one (1) valid Switch Request per Customer per meter reading cycle. Where multiple Switch Requests for the same Customer are received during the same meter reading cycle, the Company will process the first valid switch request received during a meter read cycle. A Switch Response for each rejected Switch Request will be sent to the appropriate AES via a Uniform Data Transaction within three (3) business days.

2.4.4 The Company will normally validate a Switch Request within three (3) business days of the receipt of the Switch Request and will transmit a Switch Response to the AES. As part of the validation process, the Company shall notify the Customer in writing that a Switch Request has been received and is being processed. For valid Switch Requests, the Company will at the same time send to the AES currently serving the Customer, via the appropriate Uniform Data Transaction, notice that the AES's service is to be terminated, including the scheduled Customer Switch Date. In the event that the Customer or the new AES cancels the Switch before the Switch Date, the Company will send to the current AES, via appropriate Uniform Data Transaction, notice reinstating the current AES's service unless the current AES has submitted a valid Drop Request.

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RETAIL ACCESS SERVICE TARIFF
(Continued from Sheet No. E-6.00)

- 2.4.5 Customers shall be permitted to change AESs. Customers will be assessed a fee of \$5.00 processing charge per Customer account for each change beyond one (1) within a calendar year. The change will be submitted to the Company by the Customer's newly chosen AES as a Switch Request.
- 2.4.6 Other than in situations where Customers require new meter installations as part of a Switch, the Switch Date shall be effective on the next scheduled meter read date that is not less than eight (8) business days after a Switch Request has been validated by the Company. The AES change shall occur at midnight (00:00) local time at the beginning of the effective date.
- 2.4.7 For Customers required to have Interval Demand Meters, Retail Access Service will be subject to the Company installing an Interval Demand Meter at the Customer's expense and at the service location(s) designated for Retail Access Service. If the Customer is not required to have an Interval Data Meter, Retail Access Service is contingent upon the Customer agreeing to be subject to the load profiling method used by the Company to determine the Customer's interval load data or having the Company install an Interval Demand Meter at the Customer's expense.

2.5 Metering and Load Profiling

- 2.5.1 Metering equipment for Customers taking Retail Access Service shall be furnished, installed, read, maintained and owned by the Company. Customer accounts with a threshold of a Maximum Demand of 30 kW or more that receive service under Retail Access Service shall be required to have an Interval Demand Meter and time and material costs to install the Interval Demand Meter will be assessed to the Customers unless the charges are otherwise stated in the applicable distribution service tariff.

The Company reserves the right to require the installation of an Interval Demand Meter for a Customer not meeting the criteria in Section 2.5.1 of this tariff at the Company's expense, for the purpose of determining the Customer's hourly load for settlement. The Customer will not be subject to a fee for this service unless the growth in the Customer's load reaches or surpasses the criteria in Section 2.5.1 of this tariff.

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(Continued from Sheet No. E-7.00)

2.5.2 For Customers required or who elect to have an Interval Demand Meter, the Company may require that the meter be read via telephone. In such cases, Customers may be required to provide telephone connection for purposes of meter interrogation by the Company. The Customer shall be responsible for all costs of the telephone connection.

If a Customer is not able to allow sharing of a telephone connection, the Customer may be required to obtain a separate telephone connection for such purposes and Customer shall pay all charges therewith. The Customer is responsible for assuring the performance of the telephone connection.

2.5.3 In cases where a telephone connection used by the Company for meter interrogation is out of service, the Company may retrieve the data manually for a nominal monthly fee of \$15.00 payable by the Customer. In the event that the telephone connection is out for three consecutive billing months, the Customer's Retail Access Service may be terminated and the Customer will be returned to service under the Company's Full Requirements Service tariffs subject to the provisions of Section 2.6, (on sheet E-9.00) unless said outage is due to non-performance by the telecommunication service provider.

2.5.4 For Customers not required to have an Interval Demand Meter installed, i.e., subject to Load Profiling per section 2.5.7, (on Sheet E-9.00) when monthly metered Energy data is not available due to metering errors, malfunctions, or otherwise, the usage will be estimated by the Company using the procedure approved by the Commission under applicable rules and practices.

2.5.5 For Customers with Interval Demand Meters installed, i.e., not subject to Load Profiling requirements, where monthly metered Energy data is not available due to metering errors, malfunctions, or otherwise, the billing quantities will be estimated by the Company using the available historical data and other relevant information for the Customer.

2.5.6 Customers who choose Retail Access Service and who have Interval Demand Meters will have their Energy consumption and Demand for settlement purposes based on the data from the Interval Demand Meters. This method to calculate Energy consumption and Demand does not apply to those Customers who have an Interval Demand Meter installed by the Company solely for load research purposes.

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RETAIL ACCESS SERVICE TARIFF
(Continued from Sheet No. E-8.00)

2.5.7 Customers who choose Retail Access Service but do not meet the criteria in Section 2.5.1 (on Sheet No. E-7.00) of this tariff, will have, unless the Company has exercised its right to require an Interval Demand Meter under Section 2.5.1 (on Sheet No. E-7.00), the option to use a calculated Load Profile to estimate Energy consumption patterns. If a Customer chooses to install an Interval Demand Meter, that Customer will be assessed time and material costs to install the Interval Demand Meter unless charges are otherwise stated in the applicable distribution service tariff.

2.5.7.1 The Company will determine the Load Profiles utilizing the system residual method. The Company reserves the right to modify or change the Load Profiling method after proper review and consideration by the Commission.

2.5.7.2 The system residual Load is calculated for each one (1) hour interval as the difference between the total measured or estimated system Load and the sum of the Interval Demand Metered Loads including losses and the deemed Loads including losses.

2.5.7.3 The Company may apply a deemed profile to some Loads with simple predictable use patterns, such as street lighting or irrigation. Deemed profiles are calculated by assuming on- and off-times each day and assuming constant Load when on.

2.6 Return to Full Requirements Service

2.6.1 The AES shall transmit a Customer Drop Request to the Company via a Uniform Data Transaction when the Customer requests return to Full Requirements Service or when AES service is not being continued for any reason. The AES shall inform the Customer of the Drop Request in writing.

2.6.2 The Company will normally validate a Drop Request within three (3) business days of the receipt of the Drop Request and will transmit a Drop Response to the AES. As part of the validation process the Company will notify the Customer in writing that a Drop Request has been received and is being processed.

2.6.3 The actual switch of the Customer from AES service to Full Requirements Service shall be effective on the next scheduled meter read date that is not less than eight (8) business days after the Drop Request has been validated by the Company. The return to Full Requirements Service (or Default Service for Customers meeting criteria of 2.6.5) shall occur at midnight (00:00) local time at the beginning of the effective date.

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- 2.6.4 All customers whose total load is less than 4 MW Maximum Demand shall return to Full Requirements Service on the same terms as any new customer applying for Full Requirements Service. Any such Customers returning to Full Requirements Service shall be ineligible to switch to an AES for a period of twelve (12) months thereafter.
- 2.6.5 Customers whose total load is greater than or equal to 4 MW Maximum Demand ("large load Customers" as used herein) shall return to the Company's Default Service tariff initially and will not be eligible for Full Requirements Service until after a notice period, not to exceed 12 months, to allow the Company to secure incremental generating capacity to serve the returning large load Customer without adversely impacting Customers who have chosen to remain with the Company. The Company will return the large load Customer to Full Requirements Service from Default Service no later than 12 months after the Customer has returned to utility service. Customers may switch to another AES at any point during the period that they are on Default Service.
- 2.6.6 In the event that a Customer is slammed by an AES from Full Requirements Service and desires to return to Full Requirements Service, the Company will waive the notice period not to exceed twelve months. The Company's Default Service does not apply to such Customers.
- 2.6.7 In the event a Customer is returned to Company service after being dropped by the AES or due to the bankruptcy of the AES, or upon the AES's complete withdrawal from the market, the Customer will be served under the Company's Default Service tariff. The Customer may return to Full Requirements Service under the provisions of 2.6.1 to 2.6.3 above.

2.7 Billing and Payment

- 2.7.1 The Company will bill the Customer for Retail Access Service as outlined in section 3.3 (on Sheet No. E-12.00) of this tariff.
- 2.7.2 The Customer shall pay the Company the amount billed by the Company on or before a due date established by Customer billing rules approved by the Commission in accordance with the Commission's consumer standards and billing practices, MAC R 460.101 et seq., as amended, for residential customers, and MAC R 460.1601 et seq., as amended, for nonresidential customers.

(continued on Sheet No. E-11.00)

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2.7.3 Where incorrect billing results from a calculation error discovered by either the Company, the AES or the Customer, the error will be corrected and revised bills for the Customer and the AES will be calculated and settled on the next billing period after the error is discovered. Billing errors discovered by the Company shall be adjusted as provided for in the residential and commercial and industrial billing rules.

2.8 Disconnection of Service

2.8.1 The Company is the only Person allowed to physically shut off service to a Customer.

2.8.2 Disconnection of service to a Customer for nonpayment of the Company's bill or for any violation of the Company's tariffs shall be in accordance with applicable Commission rules and Company tariffs. The Company will provide notice to the AES of the date/time of actual disconnection. The Company shall not be liable for any losses to the AES due to disconnection.

3.0 ALTERNATIVE ELECTRIC SUPPLIER SECTION

3.1 Availability

The Company will not process any switch Request from an AES unless and until:

3.1.1 The AES has been granted a license as an electric Power provider by the Commission.

3.1.2 The AES has demonstrated creditworthiness as described in Section 3.5. (on Sheet No. E-14.00)

3.1.3 AES has complied with all applicable statutory and administrative requirements.

3.1.4 The AES has demonstrated Uniform Data Transaction capability, which meets the Company's defined standards and protocols.

3.1.5 The AES has executed a Retail Access Service agreement (which may include, but is not limited to, a portfolio of Customers, negotiated services, etc.) with the Company and complied with the Company's Customer enrollment requirements to prevent Slamming of Customers.

3.1.6 The AES has obtained a valid agreement from the Customer, indicating that the Customer has chosen to Switch to the AES for Generation Service.

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3.1.7 The AES has executed agreements with the appropriate transmission provider(s), control area(s) and ancillary services provider(s) as applicable.

3.2 Switch Requests

Service availability shall be on and after January 1, 2002 for all eligible Customers. All Switch Requests will be handled in accordance with Section 2.4 (on Sheet No. E-6.00) of this tariff, and will be accepted for processing by the Company on or after January 1, 2002.

3.3 Billing

3.3.1 Unless otherwise agreed, the Company and the AES will separately bill the Customer for the respective services provided by each. The Customer will receive two separate bills and is responsible for making payments to the Company for service provided in accordance with requirements of the Company as set forth in the applicable billing rules and Commission approved tariffs.

3.3.2 The Company may elect to offer a service where it bills the Customer for services that the Company provides as well as the services provided by an AES. When the Company bills for charges on behalf of an AES, the following conditions will apply:

- A. The Company and the AES must have entered into a billing agreement, which specifies the terms, conditions and charges under which such billing will occur.
- B. Any discrepancies in charges collected and remitted will be corrected and reflected in the subsequent billing cycles.
- C. Payments received from or on behalf of a Customer shall be applied in the following order:
 1. To the Company's past due and current distribution and distribution related charges,
 2. To the AES's past due and current Generation Service and transmission supply charges,
 3. To the Company's other charges, and
 4. To the AES's other charges.
- D. Optional Services (i.e., billing and remittance processing, credit and collections, meter read information, Customer information, etc.) may be provided by the Company pursuant to terms negotiated with the AES, and shall be offered on a non-discriminatory basis.

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- 3.4.6 The Company shall bill the AES for all associated switching fees incurred as a result of Slamming by the AES plus the actual administrative cost incurred for switching a Slammed Customer from one rate service to another.
- 3.4.7 An AES shall not resell Customer account information or transfer it to other parties for any purpose.

3.5 Creditworthiness

- 3.5.1 Except as otherwise provided in Sections 3.5.2 and 3.5.3 below, an AES must provide security for performance of its obligations to the Company in the form of cash deposit, surety bond, letter of credit, acceptable affiliate guarantee or a combination of these methods. The total amount of the security shall be equal to one third of the estimated total annual amount to be billed under this tariff by Company to the AES, to be revised as needed to account for AES customer additions during the year. The Company shall be a named beneficiary of any bond or letter of credit, and providers of such instruments shall have an acceptable credit rating. Interest earned on security deposits held by the Company shall be payable to the AES and deposits shall be returned when no longer required. Absent previous interactions between the AES and the Company, or where the business interactions span a time period of less than two (2) years, the AES shall provide to Company a historical record of up to two (2) years, documenting prompt and timely payment for all charges previously incurred with other business entities involved in the delivery of Power to customers whether in Michigan or another jurisdiction, if available. The AES shall provide copies of its financial statements and credit bureau rating(s) to Company on request.
- 3.5.2 The security deposit under Subsection 3.5.1 shall no longer be required after the AES has made timely payments of all amounts due under this tariff and has not otherwise defaulted on any obligations to Company for a period of twenty four (24) consecutive months. If the AES fails to make a timely payment or otherwise defaults on its obligations to Company following removal of the security deposit requirement under this subsection, then the security deposit obligation under Subsection 3.5.1 applies and continues in the same manner as provided above for an AES with no established payment and compliance history.

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3.5.3 In order to avoid duplication of effort, if the Company has another electric tariff approved by the Commission or FERC that includes creditworthiness standards applicable to AESs, the AES may demonstrate and maintain creditworthiness under those standards.

3.5.4 The AES will notify the Company immediately of any material adverse change in the AES's financial condition that prevents the AES from meeting the creditworthiness conditions of this tariff.

3.6 Real Power (Distribution) Losses

The AES is responsible for replacing losses associated with the delivery of Power to the Customer's meter. The amount of Power that the AES shall cause to be delivered to the Company's Distribution System will be the amount of Power delivered at the Customer meter plus an amount to reflect the Distribution System loss factors as set forth below:

The real Power loss factors shall be based upon the voltage at which the Customer's usage is metered in accordance with the following:

<u>Voltage</u>	<u>Loss Factor</u>
13.8 kV and above	2.44%
4.16 kV thru 13.2 kV (except where the transformation to 4.16 kV is directly from 13.2 kV)	4.87%
Below 4.16 kV (also 4.16 kV where transformation to 4.16 kV is directly from 13.2 kV)	7.22%

3.7 Settlement

3.7.1 The Company may produce a periodic preliminary Settlement Statement for the transmission service provider or control area operator, as appropriate, and each AES operating in the Company's distribution service territory. Periodic preliminary Settlement Statements may be issued every one (1) to seven (7) days.

3.7.2 The Company shall produce a final monthly Settlement Statement for the transmission service provider or control area operator, as appropriate, and each AES operating in the Company's distribution service territory.

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- 3.7.3 Final monthly Settlement Statements will be issued fifteen (15) calendar days following the completion of all scheduled meter reads for each billing cycle that begins in the calendar month of the settlement. In the event the fifteenth (15th) calendar day falls on a weekend or holiday, the final monthly Settlement Statement will be issued on the following business day.
- 3.7.4 The periodic and final monthly Settlement Statements may be issued in paper format or electronically.
- 3.7.5 The transmission service provider, control area operator, or Company, as appropriate, shall prepare a monthly Settlement Invoice for each AES operating in the Company's distribution service territory based on items listed in the final monthly Settlement Statement and other services that may be provided by the transmission service provider, control area operator, or the Company.
- 3.7.6 Payment process for the Settlement Invoice shall be comprised of the following two-step process:
- A. All Settlement Invoices with net funds owed by the AES are paid to the transmission service provider, control area operator, or the Company, as appropriate, by 1000 Eastern Prevailing Time (EPT) on the payment date, and
 - B. All Settlement Invoices with net funds owed to an AES shall be paid by 1400 EPT on the payment date.
- 3.7.7 In the event the AES does not remit full payment for the monthly Settlement Invoice, the transmission service provider, control area operator, or the Company, as appropriate, will initiate the following procedure:
- 3.7.7.1 The transmission service provider, control area operator, or the Company, as appropriate, will draw on any available line of credit or security posted by the AES to cover payment shortages.
 - 3.7.7.2 The transmission service provider, control area operator or the Company, as appropriate, may cease scheduling additional energy deliveries for the AES and petition the Commission to de-certify the AES if, after executing any available line of credit or security posted, there is still insufficient funds available to pay in full the monthly Settlement Invoice.

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3.7.8 Disputes between the transmission service provider, the control area operator, or the Company, where appropriate, and the AES regarding the final monthly Settlement Statement or the Settlement Invoice shall be resolved utilizing the procedure outlined in Section 4.0, below.

A revised final monthly Settlement Statement and/or a revised Settlement Invoice will be issued when disputes are resolved or when data errors are corrected that result in a two (2) percent change or greater from the initial final Settlement Statement or initial Settlement Invoice. Resolved disputes or data errors that result in a change to the final monthly Settlement Statement or Settlement Invoice of less than two (2) percent shall be addressed in the next monthly Settlement Statement.

4.0 DISPUTE RESOLUTION

4.1 The Company shall have no duty or obligation to resolve any complaints or disputes between AESs and their Customers.

4.2 In the event the Customer or AES has a dispute over the implementation service provided under the transmission service provider's OATT, the dispute shall be resolved using the dispute resolution procedures as described in the appropriate transmission service provider's OATT section.

4.3 In the event a dispute arises between an AES and the Company regarding the Company's Retail Access Service, then the party seeking resolution shall provide the other party with a statement of the dispute and the proposed resolution, delivered to the designated contact person. Upon receipt of a statement of dispute, the Company and/or AES shall attempt to resolve the dispute according to the following process:

4.3.1 The party receiving the statement will investigate the dispute and attempt to resolve the dispute informally in a manner that is satisfactory to both parties within 5 business days of initial receipt of the statement.

4.3.2 If the dispute is not resolved in five business days, the parties shall attempt to resolve the dispute by promptly appointing a senior representative of each party to attempt to mutually agree upon a resolution. The two senior representatives shall meet within ten (10) business days. If the two senior representatives cannot reach a resolution within a 30-day period, either party may then request arbitration or pursue other means of dispute resolution.

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- 4.3.3 The dispute, if mutually agreed by the parties, may be submitted for resolution in accordance with the American Arbitration Association ("AAA") commercial arbitration rules. The judgment rendered by the arbitrator may be enforced in any court having jurisdiction of the subject matter and the parties.
- 4.3.4 The arbitrator may be determined by AAA.
- 4.3.5 The findings and award of the arbitrator shall be final and conclusive and shall be binding upon the parties, except as otherwise provided by law. Any award shall specify the manner and extent of the division of the costs between the parties.
- 4.3.6 Nothing in this section shall restrict the rights of any party to seek resolution of the dispute with the appropriate regulatory agency with jurisdiction.

5.0 LIABILITY

- 5.1 In no event will the Company, its affiliates, or its suppliers be liable under any cause of action relating to the subject matter of this tariff, whether based on contract, warranty, tort (including negligence), strict liability, indemnity or otherwise for any incidental or consequential damages including but not limited to loss of use, interest charges, inability to operate full capacity, lost profits or claims of AES or Customers.
- 5.2 The Company will not be liable to an AES or Customer for damages caused by interruption of service, voltage or frequency variations, single-phase supply to three-phase lines, reversal of phase rotation, or carrier-current frequencies imposed by the Company for system operations or equipment control except such as result from the failure of the Company to exercise reasonable care and skill in furnishing the service.
- 5.3 In no event will the Company be liable to the AES or Customer for loss of revenue or other losses due to meter or calculation errors or malfunctions. The Company's sole obligation and the AES and Customer's sole remedy will be for the Company to repair or replace the meter and prepare revised bills as described above.

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**SECTION F
STANDARD FORMS INDEX**

**STANDARD FORMS, INCLUDING APPLICATIONS, AGREEMENTS AND CONTRACTS FOR
ELECTRIC SERVICE. ELECTRIC LINE EXTENSIONS, STREET LIGHTING ETC.**

<http://www.alpenapower.com/ratesandforms.aspx>

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