

EDISON SAULT ELECTRIC COMPANY

Original Sheet No. 9.13

M.P.S.C. No. 8

NET METERING PROGRAM

Definition:

Net Metering is an accounting mechanism whereby retail electric utility customers who generate a portion or all of their own retail electricity needs are billed for generation (or energy) by their electric utility for only their net energy consumption during each billing period.

Program Availability:

The Company's Net Metering Program is available for electrical generating facilities that have a total rated capacity of less than 30 KW on a first come, first served basis until the nameplate capacity of all participating generators is equal to the maximum program limit of 0.1% of the Company's previous year's peak demand. The Company's Net Metering Program will be open for customer enrollments through July 1, 2010. 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:

In order to be eligible to participate in the Net Metering Program, customers must (1) generate a portion or all of their own retail electricity requirements using a renewable energy source, specifically solar, wind, geothermal, biomass, including waste-to-energy and land fill gas, or hydroelectric, as set forth in Public Act 141 and (2) be Full Service customers. Biomass systems are allowed to blend up to 25% fossil-fuel as needed to ensure safe, environmentally sound operation of the renewable energy system. 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. For dispatchable generators, the nameplate rating of the generator shall not be sized to exceed the customer's capacity needs. For non-dispatchable generators, the system shall not exceed the customer's annual energy needs, measured in kWh. The customer is required to provide the Company with a capacity rating in kW of the generating unit and a projected monthly and annual kilowatt-hour output of the generating unit when completing the Company's Net Metering Application. The requirements for interconnecting a generator with the Company's facilities are contained in the Michigan Public Service Commission's Electric Interconnection Standards Rules (R 460.481-460.489) and the Company's Michigan Electric Utility Generator Interconnection Requirements, copies of which will be provided to customers upon request. All requirements 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.

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Donald Sawruk, President

Sault Ste. Marie, Michigan 49783

Effective for Electric Service Rendered
on and after July 1, 2005

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EDISON SAULT ELECTRIC COMPANY

Original Sheet No. 9.14

M.P.S.C. No. 8

NET METERING PROGRAM (continued)

Metering:

Participation in the Net Metering Program requires metering equipment capable of measuring the energy that is supplied by the Company to the customer separately from the energy generated by the customer and delivered to the Company. 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 customer shall be responsible for all expenses for the purchase and installation of an appropriate meter or meters with such capability.

Monthly Charges:

Distribution Charges -- A customer enrolled in the Net Metering Program shall pay the Distribution Charges associated with the Company's standard service tariff applicable to the customer. Such charges shall be computed based upon the energy delivered by the Company to the customer without reduction for the energy, if any, delivered by the customer to the Company.

Power Supply Charges -- A customer enrolled in the Net Metering Program shall pay the Power Supply Charges associated with the Company's standard service tariff applicable to the customer. Such charges shall be computed based upon the net energy delivered by the Company to the customer, calculated by subtracting the energy, if any, delivered by the customer to the Company from the energy delivered by the Company to the customer. However, if the Power Supply Charge is negative, the negative Power Supply Charge shall not be used to reduce the customer's current monthly bill, instead, the negative Power Supply Charge shall be allowed to accumulate as a credit to offset Power Supply Charges in the next billing period. Such credits, if any, will be carried over from month to month until the December billing period. At the end of the December billing period, cumulative credits, if any, will be retained by the Company (to offset costs associated with the Net Metering Program) and the customer's credit balance shall be reset to zero.

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