

Retired Electric Utility Rate Book

The entire rate book entitled Alpena Power Company – MPSC No. 8, with approved rate schedules, rules, regulations, and standard forms, was retired July 10, 2008, in compliance with the Commission's Order in Case No. U-15152 issued on October 9, 2007.

ALPENA POWER COMPANY

RATE BOOK

GOVERNING THE SALE OF ELECTRIC SERVICE

SCHEDULE OF RATES, RULES AND REGULATIONS

AS FILED WITH THE MICHIGAN PUBLIC SERVICE COMMISSION

TERRITORY

This Rate Book applies to the entire territory served by Alpena Power Company. All rates contained in this schedule are standard rates and have general application.

THIS RATE BOOK, DESIGNATED M.P.S.C. NO. 8, SUPERSEDES AND CANCELS THE SCHEDULE OF RATES PREVIOUSLY ON FILE, DESIGNATED M.P.S.C. NO. 7.

Issued: May 14, 1993

By: Stephen H. Fletcher
President

Alpena, Michigan



Effective for service rendered
on and after May 17, 1993

Issued under authority of the
Michigan Public Service Commission
dated May 11, 1993
in Case No. U-10228

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Alpena, Michigan

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By: Steven K. Mitchell
Executive Vice President

Alpena, Michigan

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Alpena, Michigan

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Issued: February 15, 2008

By: Steven K. Mitchell
Executive Vice President

Alpena, Michigan

Michigan Public Service
Commission

February 19, 2008

Filed _____

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Effective: See Above

DESCRIPTION OF TERRITORY SERVED

Alpena Power Company supplies electric energy at retail *to the Township of Caledonia in Alpena County*; to the City of Alpena and the Townships of Alpena, *Green, Long Rapids*, Maple Ridge, Ossineke, Sanborn, *Wellington* and Wilson in Alpena County; to the Village of Hillman and Township of Hillman in Montmorency County; and to the Township of Presque Isle in Presque Isle County, all in the State of Michigan.

Issued: *December 30, 1994*

By: Stephen H. Fletcher
President

Alpena, Michigan

Effective for service rendered
on and after *January 1, 1995*

Issued under authority of the
Michigan Public Service Commission
dated May 11, 1993
in Case No. U-10228



DEFINITIONS, TECHNICAL TERMS AND ABBREVIATIONS

When used in Rates or Standard Rules and Regulations, the following terms and abbreviations shall have the meanings defined below:

*Acceptable to the
Commission*

- A Commission order has been obtained.

*Approved by the
Commission*

- A Commission order has been obtained.

Advance

- For the purposes of deposits and contributions, "in advance" means in advance of commencement of construction; however, under no circumstances will the meter(s) be set or the system energized until the required deposit or contribution has been made.

Ampere (A)

- Unit of electrical current.

Applicant

- Any person, firm or corporation applying for electrical service from the Company at one location.

Billing Error

- An undercharge or overcharge that is caused by any of the following:
1. An inaccurate actual meter read.
2. An inaccurate remote meter read.
3. An incorrect use of meter constants.
4. An incorrect calculation of the applicable rate.
5. A switched meter.
6. An incorrect application of the rate schedule.
7. Any other similar act or omission by the Company in determining the amount of a customer's bill.
An undercharge or overcharge that is caused by a nonregistering meter, a metering inaccuracy, or the use of an estimated meter read or a customer read is not a billing error.

Commission

- The Michigan Public Service Commission.

Company

- Alpena Power Company.

Connected Load

- A customer's connected load is the sum of the continuous rated capacities of the electric power consuming devices on his or her premises that are connected to the Company's electrical system, expressed in kilowatts.

Issued: **May 31, 1996**

Effective for service rendered
on and after **May 10, 1996**

By: Stephen H. Fletcher
President

Alpena, Michigan

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dated **April 10, 1996**
in Case No. **U-10661**



DEFINITIONS, TECHNICAL TERMS AND ABBREVIATIONS
Continued

| | |
|-----------------------|---|
| Customer | - except as used in <i>Sections IV, J and IX, C</i> , any person, firm, association, or corporation or any agency of the federal, state, county, or municipal government that purchases electric service supplied by the Company. |
| Demand | - The load at the terminals of an installation or system averaged over a specified period of time. Demand is expressed in kilowatts, kilovolt-amperes, or other suitable units. |
| Electric Plant | - All real estate, fixtures, or property that is owned, controlled, operated, or managed in connection with, or to facilitate the production, transmission, and delivery of, electric energy. |
| Energy | - Current consumed, expressed in kilowatt-hours. |
| Estimated Billing | - A bill rendered by the Company for energy use which is not calculated or computed by employing an actual reading of a meter or other measuring device. |
| File | - To deliver to the Commission's Executive Secretary. |
| Hertz (Hz) | - Cycle per second. |
| Horsepower (Hp) | - Unit of mechanical power equivalent to 746 watts. |
| Kilovolt-Ampere (kVA) | - The product of volts and amperes, divided by 1000. |
| Kilowatt (kW) | - Unit of electrical power, representing rate of usage of energy, equivalent to 1000 watts, or about 1-1/3 horsepower. |
| Kilowatt-hour (kWh) | - Unit of electrical energy equivalent to the use of one kilowatt for one hour. |
| Lumen | - Unit of output of a light source. |
| Meter | - Unless otherwise qualified, a device that measures and registers the integral of an electrical quantity with respect to time. |

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By: Steven K. Mitchell
Executive Vice President

Alpena, Michigan



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DEFINITIONS, TECHNICAL TERMS AND ABBREVIATIONS
Continued

- Metering Inaccuracy** - A failure to accurately measure and record all of the electrical quantities that are required by the applicable rate or rates.
- Meter Shop** - A shop where meters are inspected, repaired, and tested. A meter shop may be at a fixed location or may be mobile.
- Month** - Unless preceded by the word "calendar" the term "month" shall refer to a "billing month".
- Power Factor** - Ratio of kilowatt power to kilovolt-ampere apparent power.
- Premises** - An undivided piece of land that is not separated by public roads, streets, or alleys.
- Submit** - To deliver to the Commission's designated representative.
- Utility** - An electric company, whether private, corporate, or cooperative, that operates under the jurisdiction of the Commission.
- Volt (V)** - Unit of electrical force.
- Watt (W)** - Unit of electrical power.

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President

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STANDARD RULES AND REGULATIONS

SECTION I - INTRODUCTION

- A. These Rules and Regulations set forth the terms and conditions under which electric service will be provided by the Company. They shall apply to all classes of service and shall govern the terms of all contracts for such service except that the Company reserves the right to enter into special contracts subject to the general regulations of the Michigan Public Service Commission. Failure of the Company to enforce any of the terms of these Standard Rules and Regulations shall not be deemed as a waiver of the right to do so.
- B. Any promises or agreements made by agents or employees of the Company which are not in conformance with these Standard Rules and Regulations nor with the terms of special contracts executed by authorized representatives of the Company shall not have binding effect on the Company.
- C. No ownership rights in any facilities provided by the Company shall pass to any person as a result of any contribution or deposit made under these rules. No deposits or contributions made by customers shall be refundable unless expressly so provided in these rules.
- D. Copies of the Company's Standard Rules and Regulations and Rate Schedules for electric service, as filed with the Michigan Public Service Commission, are open to public inspection at the Company's offices and are available upon request.

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President

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STANDARD RULES AND REGULATIONS

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STANDARD RULES AND REGULATIONS

SECTION II - TERMS AND CONDITIONS OF SERVICE

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STANDARD RULES AND REGULATIONS

SECTION II - TERMS AND CONDITIONS OF SERVICE

- A. ELECTRIC SERVICE** - Each applicant for electric service will be required to sign the Company's "Application For Electric Service". Acceptance of service, with or without a signed application, shall be subject to compliance with the terms of the Standard Rules and Regulations and Rate Schedules as filed with the Michigan Public Service Commission.
- B. OWNERSHIP AND RESPONSIBILITY**
- 1. COMPANY OWNED FACILITIES** - The Company will normally install, own, operate and maintain all distribution facilities on the supply side of the point of attachment as shown on the Company's Standard Drawings, including metering equipment. All service entrance conductor wiring from a point of connection to the Company's service line at a location satisfactory to the Company shall be the responsibility of the customer. If building modifications hinder access to metering facilities, create a hazardous condition, or cause a violation of code, the customer will be responsible for all costs incurred by the Company to correct these conditions.
- a. ACCESS TO PREMISES** - The customer shall provide at no expense to the Company suitable space with provisions for installation and maintenance of the Company's facilities on the customer's premises. Authorized agents of the Company shall have access to the premises at all reasonable times to install, read, repair or remove its meters; to install, operate or maintain other Company property; to perform tree-trimming and brushing to maintain line clearance standards; to determine the connected electrical load; and to inspect the customer's facilities. Authorized employees and agents shall carry identification furnished by the Company and shall display it upon request. Failure to provide access for any of the above reasons may result in termination of service, and assurance of access may be required before service is restored.
- b. USE OF FACILITIES** - The Company will not allow use of its poles or other facilities by others for installations or attachments of any kind without written authorization from the Company. This includes, but is not limited to, electrical or communication equipment, lights, signs, and fences. The Company assumes no liability for property owned by others attached to its facilities. Unauthorized attachments to Company facilities may be removed by the Company.

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STANDARD RULES AND REGULATIONS

SECTION II, B, 1, c

- c. **PROTECTION** - See Section IV, Rule H for the required protection of the Company's facilities located on the customer's premises.
2. **CUSTOMER OWNED FACILITIES** - The Company reserves the right to deny or terminate service to any customer whose wiring or equipment shall constitute a hazard to the Company's **employees or** equipment or its service to others. However, it disclaims any responsibility to inspect customer's wiring, equipment or any subsequent wiring changes or modifications and shall not be held liable for any injury or damage or billing errors resulting from the condition thereof.
- a. The customer shall be responsible for inadequate performance of such facilities. Before purchasing equipment or installing wiring, it shall be the customer's responsibility to check with the Company as to the characteristics of the service available. Any changes required to bring customer's service into compliance with code will be paid for by the customer. The Company reserves the right to make reasonable service charges for work performed by Company personnel resulting from malfunction of the customer's facilities.
- b. The customer shall be responsible for notifying the Company of any additions to or changes in the customer's equipment which might exceed the capacity of the Company's facilities, or otherwise affect the quality of service. The customer shall also be responsible for the installation of auxiliary or standby equipment and of alarms and protective devices as required to provide reasonable protection in the event of disturbance or interruption of electrical service. The customer shall install and maintain the necessary devices to protect his equipment against service interruptions and other disturbances on the Company's system, as well as the necessary devices to protect the Company's facilities against overload caused by the customer's equipment. Characteristics and installation of all such equipment or devices shall meet the approval of the Company.
- c. Existing customer electrical service equipment that has been disconnected from the Company's facilities for sixty or more continuous days must be reinspected by the state or local electrical inspector having jurisdiction for electrical inspections in the area that the existing service is located prior to being reconnected to the Company's facilities. The customer shall be responsible for scheduling the inspection and shall pay for all

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STANDARD RULES AND REGULATIONS

SECTION II, B, 2, c (Continued)

costs associated with the inspection. The Company shall not reconnect the service until it receives authorization to do so from the appropriate electrical inspector.

- C. USE OF SERVICE** - Each customer shall, as soon as electric service becomes available, purchase from the Company practically all electric energy used on the premise, and shall become liable for all charges incurred in the purchase of said electrical energy from the Company. Standby and/or supplemental on-site generation may be utilized only if approved by the Company and properly connected so as to prevent parallel operations with the Company's system.

1. NOTICE OF INTENT

- a. APPLICATION** - Prior to use of electric service, each customer shall make proper application to the Company, and shall furnish all reasonable information required by the Company. Failure to comply with this requirement may result in refusal by the Company to provide service.

Any customer using service without first notifying and enabling the Company to establish a beginning meter reading may be held responsible for any amounts due for service supplied to the premises from the time of last reading reported immediately preceding his occupancy.

- b. TERMINATION** - Any customer desiring termination of service shall so notify the Company a minimum of five (5) working days in advance so the service may be discontinued on a mutually agreeable date. Customers failing to give proper notice of intent to vacate the premises may be held responsible for use of service until a meter reading acceptable to the Company is obtained.

- 2. CONDITIONS OF USE** - The customer shall not use the service in any way that causes a safety hazard, endangers the Company's facilities, or disturbs service to other customers. Failure to comply with this provision may result in discontinuance of the customer's service.

The customer shall install only such motors or other apparatus or appliances as are suitable for operation with the character of the service supplied by the Company, and electric energy must not be used in such a manner as to cause detrimental voltage fluctuations or disturbances in the Company's distribution system.

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STANDARD RULES AND REGULATIONS

SECTION II, C, 3

3. NONSTANDARD SERVICE

a. **NONSTANDARD VOLTAGE REQUIREMENTS** - The customer shall be liable for the cost of any special installation necessary to meet particular requirements for service at other than standard voltages or for the supply of closer voltage regulation than required by standard practice.

b. **EXTRAORDINARY FACILITY REQUIREMENTS AND CHARGES** - The Company reserves the right to charge a monthly extraordinary facilities charge or to make special contractual arrangements when, in the opinion of the Company, extraordinary facilities are required by the customer. Extraordinary facilities include, but are not limited to, the following:

- (1) Facilities required to accommodate a customer whose capacity requirements exceed 1,000 kW.
- (2) Facilities required to accommodate a customer whose establishment is remote from the Company's existing suitable facilities.
- (3) Facilities required to accommodate a customer's service requirements necessitating unusual investment by the Company and/or not normally provided by the Company.
- (4) Facilities required to accommodate a customer's service which may be of a short-term, temporary or transient nature.
- (5) Facilities required to avoid disturbing the service to others.

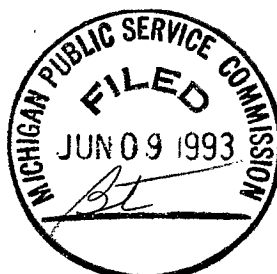
The Company shall build, own and maintain all such facilities, to and including any substation required at the customer's premises. The customer will have the following options:

- (1) Pay a monthly extraordinary facilities charge equal to 2 percent of the Company's total investment in such facilities, or
- (2) Make special contractual arrangements as to the provision of necessary service facilities, duration of contract, minimum bills, or other service conditions.

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STANDARD RULES AND REGULATIONS

SECTION II,C,4

4. **RESALE OF ELECTRIC ENERGY** - The customer shall not resell to, or share with others, any electric service furnished by the Company under the terms of its filed Rate Schedules (except Rate Schedules applicable to such resale of energy), unless otherwise authorized by the Michigan Public Service Commission.
5. **SERVICE TO SINGLE METERING POINTS** - Where resale of electric service exists, the Company will be under no obligation to furnish or maintain meters or other facilities for the resale of service by the reselling customer to the ultimate user.

Electric service will no longer be granted where connection is made to a single metering point for the purpose of resale to the reselling customer's ultimate user. Each user will be metered as an individual unit. For the purposes of this rule, resale will also include sales where the electric service is included in the rent.

6. **SERVICE REQUIREMENTS** - The customer may be required to provide, at no expense to the Company, space for Company facilities on the customer's premises.

Where a suitable distribution line is available, the Company shall install service connections from its distribution lines to a suitable point of attachment on the customer's premises designated by the Company. Where the customer requests a point of attachment other than that specified by the Company, and such alternative point of attachment is approved by the Company, the additional cost resulting therefrom shall be borne by the customer. This includes, but is not limited to, the cost of installing additional intermediate supports, wires or fixtures necessary to reach the point of attachment requested by the customer.

For overhead service, the location of the point of attachment must be such that the Company's service conductors can be installed without attachment to the building in any other locations.

For underground service, the point of attachment may be on the building, meter pedestal, or other agreed point.

Service will be provided to **meters on poles for the following:**

Modular or pre-built homes

Trailers

Temporary construction services

Permanent services where more than one structure is to be supplied from a single meter.

The customer shall be required to install a fused disconnect switch on the pole **below the Company's meter**, at **the customer's** expense, in accordance with Company specifications.

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STANDARD RULES AND REGULATIONS

SECTION II,C,6 (Continued)

Should it become necessary for any cause beyond the Company's control to change the location of the point of attachment of service connections, the entire cost of any changes in the customer's wiring made necessary thereby shall be borne by the customer.

When relocation or modification of the Company's facilities is requested or made necessary by the customer, all costs for relocation or modification may be charged to the requesting party. However, relocation or modification necessary to accommodate load additions or changes in service characteristics are governed by other provisions of these Standard Rules and Regulations.

All service entrances shall comply with the National Electrical Code and/or local electrical codes, whichever governs. Any poles, wires or other equipment required beyond the customer's meter shall be furnished, installed and maintained by the customer. The customer is responsible for obtaining all permits and inspections of customer's wiring or equipment required by applicable law. Service shall be denied for failure to obtain such permits or inspections.

All residential customers shall install three-wire service entrance connections of not less than 100 ampere capacity, except as required with pre-manufactured mobile homes.

The customer may have to provide a deposit and/or contribution if the service the customer requires cannot be provided from available distribution lines. The extension policy is stated in Section VII.

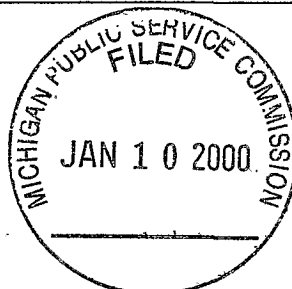
7. SERVICE TO HOUSE TRAILERS, VANS, OR BUSES USED AS DWELLING UNITS - To be considered as permanent, house trailers, vans, or buses used as dwelling units shall meet the following requirements:

- a. Mounted on a permanent foundation so that it cannot be readily moved to a new location.
- b. Have its own well, or be connected to a central water system, or have an executed contract for such a well or connection.
- c. Have its own septic system or connected to a central sewer system.

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STANDARD RULES AND REGULATIONS

SECTION II, C, 7, d

- d. Have electrical wiring that meets the requirements of the regulatory electrical codes governing the area within which the service has been requested.

For permanent house trailers, vans, or buses used as dwelling units, the Company will make service connections at an appropriate structure adjacent to the house trailer, van, or bus without special charges, except as specified herein under Section VII.

If the above conditions are not met, such installations and service facilities shall be considered to be Temporary Service as applicable under Section VII, D, 1.

8. **AUXILIARY OR STANDBY SERVICE** - (These provisions shall not apply to customers served under auxiliary provisions of Residential Service or General Service Rates.)

"Auxiliary" service is defined as that electric service which supplements another source of power supply, there being throw-over arrangements, either electrical or mechanical, which enables either or both sources of supply to be utilized for all or any part of the customer's total requirements.

"Standby" service is defined as that electric service which is capable of being used in place of the generally used source of power supply, there being no actual use of the "standby" service except in emergency.

Customers who purchase all or practically all of their energy requirements from the Company, but who install generating equipment for use only in case of failure of the Company's service, or who use a relatively small amount of energy generated as a by-product of testing or manufacturing processes, will not be considered to be using the Company's service for either auxiliary or standby purposes.

Where a customer desires to use the Company's facilities as an auxiliary or standby to primary or secondary service supplied or capable of being supplied from another source, the Company only offers its **Large Power and** Standard Power Service **rates** for such service.

The application of the above rates to auxiliary or standby service shall be subject to the following special conditions:

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STANDARD RULES AND REGULATIONS

SECTION II, C, 8, a

- a. Contracts for such service shall be executed on a special contract form.
- b. A "contract demand" shall be initially established by mutual agreement between the Company and the customer and stated in the service contract. The Company shall not be required to supply power to the customer in excess of the contract demand; however, the Company will at the written request of the customer made at least thirty days in advance, permit an increase in the contract demand provided the Company has power available.
- c. No customer shall be permitted to effect a reduction in his contract demand by recontracting for the same service, unless a bona fide reduction in load has occurred.
- d. The billing demand provisions in the Standard Power Service Rate shall be modified to provide that the billing demand shall not be less than **50%** of the highest billing demand of the preceding 11 months, or **50%** of the contract demand. In no case will billing demand be less than **15 kW**.

When the billing demand is determined by any of the modifications stated above, the capacity charge credit based on average power factor shall not apply.

- e. For the protection of the Company's facilities, the customer may be required to furnish, install and maintain a load limiting device approved by and under the sole control of the Company.
- D. NATURE AND QUALITY OF SERVICE** - The Company will endeavor to, but does not guarantee to, furnish a continuous supply of electric energy and to maintain voltage and frequency within reasonable limits. (See subrule 3 of this rule for voltage regulations.)
- 1. INTERRUPTIONS OF SERVICE; RECORDS; PLANNED INTERRUPTION; NOTICE TO THE MICHIGAN PUBLIC SERVICE COMMISSION**
- a. The Company shall make a reasonable effort to avoid interruptions of service. When interruptions occur, service shall be reestablished within the shortest time practicable, consistent with safety.
 - b. The Company shall keep records of interruptions of service on its primary distribution system and shall make an analysis of the

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STANDARD RULES AND REGULATIONS

SECTION II, D, 1, b (Continued)

records for the purpose of determining steps to be taken to prevent recurrence of such interruptions. Such records shall include the following information concerning the interruptions: Cause; Date and time; and, Duration.

- c. The log for each unattended substation shall show interruptions which require attention at the substation to restore service, together with the estimated time of service restoration.
- d. Planned interruptions shall be made at a time that will not cause unreasonable inconvenience to customers and shall be preceded, if feasible, by adequate notice to those who will be affected.
- e. The Company shall notify the Michigan Public Service Commission by telephone of any interruption to the service of a major portion of its distribution system if such interruption lasts for more than 1 hour.

2. **LIABILITY FOR SERVICE INTERRUPTIONS** - The Company shall not be liable for interruptions in the service, phase failure or reversal, or variations in the service characteristics, or for any loss or damage of any kind or character occasioned thereby, due to causes or conditions beyond the Company's control, and such causes or conditions shall be deemed to specifically include, but not be limited to, the following: acts or omissions of customers or third parties; operation of safety devices, except when such operation is caused by the negligence of the Company; absence of an alternate supply of service; failure, malfunction, breakage, necessary repairs or inspection of machinery, facilities or equipment when the Company has carried on a program of maintenance consistent with the general practices prevailing in the industry; act of God; war; action of the elements; storm or flood; fire; riot; labor dispute or disturbances; or the exercise of authority or regulation by governmental or military authorities.

The customer shall be responsible for giving immediate notice to the Company of interruptions or variations in electric service so that appropriate corrective action can be taken.

The Company reserves the right to temporarily interrupt service for construction, repairs, emergency operations, shortages in power supply, safety, and State or National emergencies and shall be under no liability with respect to any such interruption, curtailment or suspension.

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STANDARD RULES AND REGULATIONS

SECTION II, D, 3

3. STANDARD NOMINAL SERVICE VOLTAGE; LIMITS; EXCEPTIONS

- a. The Company shall adopt and file with the Michigan Public Service Commission standard nominal service voltages used on its distribution system.
- b. With respect to secondary voltages, the following provisions shall apply:
 - (1) For all retail service, the variations of voltage shall be not more than 5% above or below the standard voltage, except as noted in subdivision d of this subrule.
 - (2) Where 3-phase service is provided, the Company shall exercise reasonable care to assure that the phase voltages are balanced within practical tolerances.
- c. With respect to primary voltages, the following provisions shall apply:
 - (1) For service rendered principally for industrial or power purposes, the voltage variation shall not be more than 5% above or below the standard nominal voltages as filed, except as noted in subdivision d of this subrule.
 - (2) The limitations in subdivision (1) of this subdivision do not apply to special contracts in which the customer specifically agrees to accept service with unregulated voltage.
- d. Voltages outside the limits specified in this subrule shall not be considered a violation in the following situations:
 - (1) If they arise from the action of the elements.
 - (2) If they are infrequent fluctuations.
 - (3) If they arise from service interruptions.
 - (4) If they arise from temporary separation of parts of the system from the main system.
 - (5) If they arise from voltage reductions that are required to reduce the system load at times of supply deficiency.

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STANDARD RULES AND REGULATIONS

SECTION II,D,3,d, (6)

(6) If they are from causes beyond the control of the Company.

E. METERS AND METERING EQUIPMENT - The customer shall provide, free of expense to the Company and close to the point of service entrance, a space suitable to the Company for the installation of the necessary metering equipment. The customer shall permit only authorized agents of the Company or other persons lawfully authorized to do so, to initiate service or to inspect, test, repair, or remove Company owned equipment. If the meters or metering equipment are tampered with, damaged or destroyed through either the intent or neglect of the customer, the cost of necessary repairs or replacements shall be paid by the customer.

The Company reserves the right to make the final decision with respect to methods and equipment used in measurement of loads for billing purposes.

Meters for all **new or relocated** single **or multiple** family residential service will be installed outdoors.

Meters for other services may be installed outdoors if they are located so they are protected from traffic and are readily accessible for reading and testing. Meters which must be protected from inclement weather while being serviced or tested shall be located indoors or in a suitable housing where such work can be performed.

Meters located indoors shall be as near as possible to the service entrance, in a clean, dry place, reasonably secure from injury, not subject to vibration, and readily accessible for reading and testing.

An authorized representative of the Company will determine the acceptability of the meter location in all cases.

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STANDARD RULES AND REGULATIONS

SECTION II,F

F. SPECIAL CHARGES - The Company will make such charges for reasonable special services as necessary to discourage abuse, and to prevent subsidy of such services by other customers.

1. AMOUNTS - The following schedule of amounts shall apply as applicable:

| | |
|--|-------------|
| Charge for any Special Services at Customer's Request - | |
| During Regular Working Hours | \$35 |
| Outside Regular Working Hours | \$70 |
| Meter Reading Charge | \$15 |
| Meter Test Charge | \$30 |
| Meter Relocation Charge | Actual Cost |
| Reconnect Charge - | |
| Disconnected at Meter, During Regular Working Hours | \$30 |
| Disconnected at Pole, During Regular Working Hours | \$35 |
| Collection Charge When Nonpayment Disconnect Order is Written | \$15 |
| Bad Check Handling Charge | \$25 |

2. DESCRIPTIONS - The above charges shall be applied in the following instances:

a. CHARGES FOR ANY SPECIAL SERVICES AT CUSTOMER'S REQUEST - Special services provided by the Company at the customer's request including, but not limited to, the following items:

- (1) When the Company temporarily disconnects service to facilitate repairs or other work on the customer's premises.
- (2) When the Company reconnects service after repairs or other work on the customer's premises have been completed.
- (3) When the Company makes a service call in response to an outage and it is determined that the outage was caused by a problem with the customer's facilities and not by the Company's facilities.

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By: Stephen H. Fletcher
President

Alpena, Michigan



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STANDARD RULES AND REGULATIONS

SECTION II, F, 2, b

- b. **METER READING CHARGE** - If the customer requests the Company to read his meter, the meter reading charge shall be paid in advance by the customer. If such read reveals that the Company had misread the meter, the meter reading charge shall be refunded and a billing adjustment made. This charge does not apply to meter reads made in conjunction with service connects or disconnects.
- c. **METER TEST CHARGE** - If the customer requests a test of his meter the meter test charge shall be paid in advance by the customer. If such test reveals the meter registration to be outside the accuracy limits prescribed in Section VIII, the meter test charge shall be refunded and a billing adjustment made.
- d. **METER RELOCATION CHARGE** - Where service has been discontinued for reasons outlined in Section II, C, Section V, F or Section VI, C a meter relocation charge, if applicable, and assessed in accordance with Section V, E, 5, shall be collected from the customer whose service was discontinued. The Company shall charge the customer for relocating the meter, based on the Company's actual cost.
- e. **RECONNECT CHARGE** - Where service has been discontinued for reasons outlined in **Section II, C, 1, b, Section II, C, 2, Section V, F (other than Section V, F, 13), or Section VI, C** a reconnect charge shall be collected from the customer as follows:
 - (1) Reconnections during regular working hours where the service was disconnected at the meter shall be **\$30**.
 - (2) Reconnections during regular working hours where the service was disconnected at the point of contact with the Company's distribution system shall be **\$35**.
- f. **COLLECTION CHARGE WHEN NONPAYMENT DISCONNECT ORDER IS WRITTEN**
If the customer, about to be disconnected for nonpayment, elects to pay the energy arrears in full at the time of disconnection, the Company employee shall be authorized to accept payment. In addition to full payment of arrears, **an additional \$15** charge shall be paid by the customer ***if the Company has dispatched an employee to the customer's premises for the purpose of disconnecting the customer's service for nonpayment and the customer pays the full amount of the arrearage before the disconnection has occurred.***

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STANDARD RULES AND REGULATIONS

SECTION II, F, 2, g

- g. **BAD CHECK HANDLING CHARGE** - A \$25 charge shall be assessed to the customer for processing a check returned by a bank or other financial institution for reason of insufficient funds, account closed, no account and similar situations, excluding bank or financial institution errors.

G. **SERVICE DISCONNECT (CUSTOMER REQUEST)** - Service to the customer's premises may be discontinued by the Company at the request of the customer under the following conditions:

1. **UPON TERMINATION** - The Company will disconnect service with no charge to the customer upon due notice as provided elsewhere in these rules. However, if restoration of service at the same location is requested by the same customer or property owner(s), a reconnect charge will be applied. The reconnect charge will be increased by the amount of the minimum charge in the applicable rate schedule for the months service was disconnected, provided such reconnect is made during the twelve (12) month period immediately following disconnect.
2. **FOR REPAIRS** - The Company will temporarily disconnect service to facilitate repairs or other work on the customer's equipment or premises. Special service charges as set forth in Section II, F, will be applied.

H. APPLICATION OF RATES

1. **CLASSES OF SERVICE** - The rates specified in this schedule are predicated upon the delivery of each class of service to a single metering point for the total requirements of each separate premises of the customer, unless otherwise provided for in these Standard Rules and Regulations.

Service to different points and/or different classes of service on the same premises shall be **separately** metered and separately billed. In no case shall service be shared with another premises or transmitted off the premises to which it is delivered.

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STANDARD RULES AND REGULATIONS

SECTION II, H, 2

2. **CHOICE OF RATES** - When a customer is eligible to have service billed under any one of two or more rates or provisions of a rate, upon request, the Company shall advise the customer in the selection of the rate or rate provision which is most likely to give the customer the lowest cost of service based on the information provided to the Company. The selection of the rate or provision of a rate is the responsibility of the customer. Because of varying customer usage patterns and other reasons beyond its reasonable knowledge or control, the Company does not guarantee that the most economical applicable rate will be applied.

After the customer has selected the rate and rate provision under which service shall be provided, the customer shall not be permitted to change from that rate and rate provision to another until at least twelve months have elapsed. The customer shall not be permitted to evade this rule by temporarily terminating service. However, the Company may, at its option, waive the provisions of this paragraph where it appears a change is for permanent rather than temporary or seasonal advantage. The provisions of this paragraph may also be waived where the customer can demonstrate that a bona fide change in load has occurred. The effective date of a rate change under this rule shall be the beginning read date of the next bill issued. The intent of this rule is to prohibit frequent shifts from rate to rate.

The Company shall not make refunds in instances where the customer would have paid less for service had the customer been billed on another applicable rate or provision of a rate.

Where the customer has provided the Company with incorrect information to gain an economic benefit, backbilling may be rendered to the date the incorrect rate selection initially occurred.

3. **APPLICATION OF RESIDENTIAL USAGE AND NONRESIDENTIAL USAGE**
a. **RESIDENTIAL USAGE AND RATE APPLICATION**

- (1) **GENERAL** - For purposes of rate application "residential usage" shall be usage metered and consumed within an individual household, and reasonably appurtenant and related to and normally associated with such a household, for such applications as space conditioning, cooking, water heating, refrigeration, clothes drying, incineration, lighting and other similar household applications.

The term "household" includes single-family homes, farm

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STANDARD RULES AND REGULATIONS

SECTION II, H, 3, a, (1) (Continued)

homes, seasonal dwellings, duplexes, and individual living units within mobile home parks, condominiums, apartments and cooperatives; provided, however, to qualify for residential usage a household must have the normal household facilities such as bathroom, individual cooking and kitchen sink facilities.

- (2) **PRIVATE FAMILY DWELLINGS** - Private family dwellings where individual household usage is separately metered and consumed shall be billed on a Residential Service rate. A private family dwelling shall include:

- (a) a single-family home
- (b) a farm home
- (c) a seasonal dwelling
- (d) a duplex
- (e) a separately metered mobile home
- (f) a separately metered household within a condominium
- (g) a separately metered household within an apartment complex
- (h) a separately metered household within a cooperative complex

- (3) **COTTAGES AND CABINS** - Cottages and cabins where individual household usage is separately metered and consumed shall be billed on the appropriate Residential Service Rate. Cottages and cabins shall not be served at Residential Service Rates through the same meter with year-round residences. All newly constructed cottages and cabins shall be metered separately from year-round residences.

Groups of 2 or more cottages and/or cabins may be served through one meter and billed on the appropriate General Service or Standard Power Service Rate or through individual meters which will be billed on the appropriate Residential Rate. The appropriate General Service or Standard Power Service Rate shall apply where year-round residence and cottages or cabins are combined.

- (4) **HOMES OR DORMITORIES FOR GROUPS OTHER THAN PRIVATE FAMILY DWELLINGS** - Tourist homes, rooming houses, dormitories, nursing homes and other similarly occupied buildings containing sleeping accommodations for up to 6 persons where residential

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STANDARD RULES AND REGULATIONS

SECTION II, H, 3, a, (4) (Continued)

usage is metered and consumed shall be classified as residential. The landlord and his immediate family are not included in the 6-person limitation.

(5) MULTIFAMILY DWELLINGS

(a) **GENERAL** - A "multifamily dwelling" shall be considered any duplex, apartment building, mobile home park, condominium, cooperative or other grouping of households. All newly constructed multifamily dwellings shall have separately metered households.

(b) **COMMON AREA USAGE IN MULTIFAMILY DWELLINGS CONTAINING SEPARATELY METERED HOUSEHOLDS** - Common area usage, excluding mobile home parks, shall be metered and billed as follows:

(i) Dwellings containing less than five households shall be separately metered and billed as residential usage. When the landlord lives in one of the units, the common area usage may be metered and billed through the landlord's meter.

(ii) Dwellings containing five or more households shall be separately metered and billed on the appropriate General Service or Standard Power Service Rate.

Common area usage in mobile home parks shall be separately metered and billed on the appropriate General Service or Standard Power Service Rate.

(c) **MULTIFAMILY DWELLINGS SERVED THROUGH A SINGLE METER** - A multifamily dwelling served through a single meter shall be billed as follows:

(i) Dwellings containing two households, including common area, shall be billed on the appropriate Residential Service Rate.

(ii) Dwellings containing three or four households, including common area, shall be billed under either the appropriate Residential Service Rate or the appropriate General Service or Standard Power Service Rate, at the customer's option.

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STANDARD RULES AND REGULATIONS

SECTION II, H, 3, a, (5), (c), (iii)

(iii) Dwellings containing five or more households, including common area, shall be billed on the appropriate General Service or Standard Power Service Rate.

(6) **FARM SERVICE** - Single-phase service shall be available to farms for residential use under the appropriate Residential Service Rate. In addition, service may be used through the same meter so long as such use is confined to single-phase service for the culture, processing and handling of products grown or used on the customer's farm. Use of service for purposes other than set forth above shall be served and billed on the appropriate General Service or Standard Power Service Rate.

b. NONRESIDENTIAL USAGE AND RATE APPLICATION - For purposes of rate application, "nonresidential usage" shall be usage metered and consumed that does not qualify for residential usage. Nonresidential usage includes usage associated with the purchase, sale, or supplying (for profit or otherwise) of a commodity or service by a public or private person, entity, organization or institution. Nonresidential usage includes usage associated with penal institutions, corrective institutions, motels, hotels, separately metered swimming pool heater usage, yachts, boats, tent, campers or recreational vehicles.

Nonresidential usage shall be billed on the appropriate General Service, Standard Power Service, **Large Power Service, Large Industrial Service or Large Electric Furnace Service rates.**

Tourist homes, rooming houses, dormitories, nursing homes and other similarly occupied buildings containing sleeping accommodations for more than six persons shall be classified as nonresidential and billed on the appropriate General Service or Standard Power Service Rate.

c. COMBINED RESIDENTIAL AND NONRESIDENTIAL USAGE AND RATE APPLICATION - When the electricity supplied to a customer is used for both residential and nonresidential purposes, the wiring may be so arranged that the residential and nonresidential usage are metered separately. Each type of usage shall be billed on the appropriate rate. If usage is not separately metered, the combined usage shall be billed on the appropriate General Service or Standard Power Service Rate.

Michigan Public Service
Commission

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STANDARD RULES AND REGULATIONS

SECTION II, H, 3, c (Continued)

When, in the Company's opinion, the usage attributable to the nonresidential purpose is not substantial in relation to the residential usage, the combined usage shall be billed on the appropriate Residential Service Rate.

I. UNCOLLECTIBLES ALLOWANCE RECOVERY FUND

1. The Company shall establish and administer an uncollectibles allowance recovery fund.
2. The Company shall annually deposit into its uncollectibles allowance recovery fund the difference between the uncollectible provision as recorded on the Company's financial records for 1999, (which was \$17,532.95), less the provision as recorded on the Company's financial records in each subsequent fiscal year.
3. Not less than 30 days after the close of the Company's fiscal year, the Company shall inform the Commission of the amount of money that the Company recorded on its financial records for that year.
4. A dispute regarding the reasonableness of an amount recorded on the Company's financial record as a provision for its uncollectible expenses or a dispute regarding the accuracy of the amount deposited into the Company's uncollectibles allowance recovery fund shall be resolved by the Commission after notice to the Company and an opportunity for the Company and the Commission staff to submit comments.
5. The Company shall annually disburse money from its uncollectibles allowance recovery fund according to the following formula:
 - a. Twenty-five percent (25%) shall be retained by the utility.
 - b. Seventy-five percent (75%) shall be contributed to the Michigan Clean Air Fund of the Department of Environmental Quality.

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STANDARD RULES AND REGULATIONS

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STANDARD RULES AND REGULATIONS

SECTION III - EMERGENCY ELECTRICAL PROCEDURES

- A. **GENERAL** - Emergency electrical procedures may be necessary if there is a shortage in the electrical energy supply to meet the demands of customers in the electrical service area of Alpena Power Company. It is recognized that such deficiencies can be short-term (less than one week) or long-term (more than one week) in duration; and, in view of the difference in nature between short-term and long-term deficiencies, different and appropriate procedures shall be adopted for each.

Essential health and safety customers given special consideration in these procedures shall, insofar as the situation permits, include the following types of customers and such other customers or types of customers which the Michigan Public Service Commission may subsequently identify:

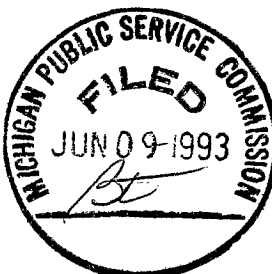
1. "Governmental Detention Institutions" which shall be limited to those facilities used for the detention of persons.
2. "Fire Stations" which shall be limited to attended, publicly owned facilities housing mobile fire fighting apparatus.
3. "Hospitals" which shall be limited to institutions providing medical care to patients and where surgical procedures are performed.
4. Life support equipment such as a kidney machine or respirator, used to sustain the life of a person.
5. "Water Pumping Plants" which shall be limited to publicly owned facilities essential to the supply of potable water to a community.
6. "Sewage Plants" which shall be limited to publicly owned facilities essential to the collection, treatment or disposal of a community's sewage.
7. Radio and television stations utilized for the transmittal of emergency messages and public information broadcasts related to these procedures.

Although these types of customers will be given special consideration from the manual load shedding provisions of this procedure, they are encouraged to install emergency generation equipment if continuity of service is essential. It is known that some of the township fire departments in the more rural parts of Michigan have portable generation equipment available. Maximum use should be made of these facilities. In the

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STANDARD RULES AND REGULATIONS

SECTION III, A (Continued)

case of customers supplied from two utility sources, only one source shall be given special consideration. All customers who, in their opinion, have critical equipment or circumstances, should install emergency battery or portable generating equipment.

The Michigan Public Service Commission shall be promptly advised of the nature, time and duration of all implemented emergency conditions and procedures which affect normal service to customers. The Michigan Public Service Commission may order the implementation of additional procedures or the termination of the procedures previously employed when circumstances so require.

As may be appropriate in accordance with the nature of the occurring or anticipated emergency, the Company shall initiate the following procedures.

B. SUDDEN OR UNANTICIPATED SHORT-TERM CAPACITY SHORTAGE - In the event of a sudden decline of the frequency on the system or a sudden breakup which isolates all or parts of the system or power pool from other electric systems with which it is interconnected and which results in the area so isolated being deficient in electric generation, with consequent rapid decline in frequency:

1. Every effort shall be made to maintain at least partial service to the system by means of automatic load shedding of selected distribution circuits. The Company shall make every reasonable effort to provide continuous service to essential health and safety customers.
2. With no generation of its own and being completely dependent on outside sources for energy, the short-term, sudden unanticipated capacity shortage may result in temporary complete loss of service to the Company. However, the Company shall make every effort to resume service to essential customers as soon as practicable.

C. ANTICIPATED OR PREDICTABLE SHORT-TERM CAPACITY SHORTAGES IN THE COMPANY SYSTEM - In the event an emergency condition of short-term duration is anticipated or predicted which cannot be relieved by sources of generation within or outside the system serving as the Company source of energy, the following steps shall be taken at the appropriate time and in the order appropriate to the situation:

1. The internal demand of substations, offices and other premises owned by the Company shall be reduced to the largest extent consistent with

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STANDARD RULES AND REGULATIONS

SECTION III,C,1 (Continued)

the maintenance of service.

2. Service shall be interrupted to loads rendered service under interruptible tariffs.
3. Voltage shall be reduced not more than six percent.
4. Voluntary load reductions shall be requested of large commercial and industrial customers with an electric demand of 500kW or greater by procedures established in their respective load management plans.
5. Voluntary load reductions shall be requested of all other customers through appropriate media appeals.
6. Load shedding of firm customer loads shall be initiated. Service so interrupted shall be of selected distribution circuits throughout the Company's service area. Such interruptions shall be consistent with the criteria established for essential health and safety customers and shall, insofar as practicable, be alternated among circuits. Records shall be maintained to insure that during subsequent capacity shortages, service interruptions may be rotated throughout the Company's service area in an equitable manner.

D. LONG-TERM CAPACITY OR FUEL SHORTAGE - The following actions shall be implemented until it is determined by the Company energy suppliers that any or all actions may be terminated. The public shall be immediately advised through appropriate media sources of the implementation of these procedures. If an emergency situation of long-term duration arises out of a long-term capacity or fuel shortage in the area which cannot be relieved by sources of generation within or outside the system, the following actions shall be taken in the order noted, as required:

1. Curtail use during hours of maximum system demand of nonessential energy on premises controlled by the Company including parking and large area lighting and interior lighting, except lighting required for security and safety, and other uses of energy both during and outside normal business hours.
2. Initiate voluntary energy curtailment during hours of maximum system demand of all customers by requesting, through mass communication media, voluntary curtailment by all customers of a minimum of ten percent of their electric use. This use shall include lighting, air

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STANDARD RULES AND REGULATIONS

SECTION III,D,2 (Continued)

conditioning, heating, manufacturing processes, cooking, refrigeration, clothes washing and drying, and any other loads that can be curtailed or deferred to off peak hours.

3. Implement procedures for interruption of selected distribution circuits during periods of maximum system demand on a rotational basis in accordance with specified load reduction amounts minimizing interruption to facilities which are essential to the public health and safety. The length of an interruption of any selected circuit should not exceed two hours and the total interruption should not exceed four hours in any 24 hour period without prior notification to the Michigan Public Service Commission.

If the above actions are made necessary because of a long-term fuel shortage, they will be continued in the order taken to maintain as nearly as possible a 30 day fuel supply.

- E. **EMERGENCY PROCEDURES OF WHOLESALE SUPPLIERS** - Where appropriate, the emergency procedures shall be the same as those placed in effect by the Company's wholesale for resale energy supplier(s).

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STANDARD RULES AND REGULATIONS

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STANDARD RULES AND REGULATIONS

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STANDARD RULES AND REGULATIONS

SECTION IV - CUSTOMER RELATIONS

A. CUSTOMER INFORMATION AND SERVICE - The Company shall do all of the following:

1. Maintain information **that is** necessary to enable the Company to advise prospective customers and others entitled to the information as to the facilities available for serving prospective customers in the Company's service area.
2. Assist the customer or prospective customer in selecting the most economical rate schedule based on the information supplied by the customer. However, the selection of the best available rate is the responsibility of the customer. Once the selection is made, the customer shall stay on the rate not less than 12 months or until **the customer** notifies the Company of **permanent** changes in the conditions of service **that** would warrant a different rate schedule. Refer to Section II,H,2.
3. Notify customers affected by a proposed change in rates or schedule classification by publishing a notice in newspapers of general circulation in the Company's service area, **by giving notice to customers** individually, or as otherwise required by the Michigan Public Service Commission.
4. Post **suitable signs** in conspicuous locations at all bill payment offices that are operated by the Company, calling attention to the fact that the rules, regulations, rate schedules, proposed rate schedules, explanations of rate schedules, and explanations of proposed rate schedules are on file and available for inspection. Upon request, the Company shall provide 1 copy of the rules, explanations, or schedules to a customer without charge.
5. Upon request, inform the Company's customers as to the method of reading meters.
6. Furnish **any** additional information **that is reasonable** for the customer to request.

B. CUSTOMER RECORDS; RETENTION PERIOD; CONTENT

1. The Company shall retain records as is necessary to effectuate compliance with Rules C and D below. **The** records shall be retained for not less than 3 years.

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STANDARD RULES AND REGULATIONS

SECTION IV,B,2

2. Records for customers shall show, if applicable, all of the following information:
 - a. Kilowatthour meter reading.
 - b. Kilowatthour consumption.
 - c. Kilowatt, kilovoltampere, and kilovar meter reading.
 - d. Kilowatt, kilovoltampere, and kilovar measured demand.
 - e. Kilowatt, kilovoltampere, and **kilovar** billing demand.
 - f. Total amount of bill.

C. METERING INACCURACIES; BILLING ADJUSTMENTS

1. **ADJUSTMENT OF BILLS** - If a meter creeps, if a metering installation is found upon any test to have an average **inaccuracy** of more than 2.0%, if a demand metering installation is found upon any test to have an average **inaccuracy** of more than 1.0% in addition to the **inaccuracies** allowed under Section VIII, Q, or if a meter registration has been found to be **inaccurate** due to apparent tampering by a person or persons known or unknown, an adjustment of bills for service for the period of inaccuracy shall be made in the case of overregistration and may be made in the case of underregistration.
2. **ADJUSTMENT CALCULATION** - The amount of the adjustment *of the bills for service* shall be calculated on the basis that the metering equipment should be 100% accurate with respect to the testing equipment used to make the test. *The average accuracy of watthour meters shall be calculated in accordance with Section VIII, X.*
3. **INACCURACY DATE DETERMINED** - If the date when the **inaccuracy** in registration began can be determined, **that** date shall be the starting point for determination of the amount of the adjustment **and shall be subject to subrule 12 of this rule.**
4. **INACCURACY DATE UNDETERMINED** - If the date when the **inaccuracy** in registration began cannot be determined, it shall be assumed that the **inaccuracy** existed for *the period of time immediately preceding discovery of the inaccuracy that is* equal to one-half of the time since the meter was installed *on the present premises*, one-half of the time since the last test, **or 6 years**, whichever is the **shortest period of time**, except as otherwise provided in subrule 5 of this rule and subject to subrule 12 of this rule.

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STANDARD RULES AND REGULATIONS

SECTION IV,C,5

5. **METER CREEP** - The *inaccuracy* in registration due to creep shall be calculated by timing the rate of creeping *in accordance with Section VIII, O*, and by assuming that *the* creeping affected the registration of the meter for *the period of time immediately preceding discovery of the inaccuracy that is equal to 1/4 of the time since the meter was installed on the present premises, 1/4 of the time since the last test, or 6 years, whichever is the shortest period of time, subject to subrule 12 of this rule.*
6. **METER FAILURE** - If the average *inaccuracy* cannot be determined by test because part or all of the metering equipment *is inoperative*, it is permissible to use the registration of check metering installations, if any, or to estimate the quantity of energy consumed based on available data. The customer shall be advised of the *metering equipment* failure and of the basis for the estimate of the quantity billed. The same periods of *inaccuracy* shall be used as explained in this rule.
7. **BILL RECALCULATION** - Recalculation of bills shall be on the basis of the *recalculated* monthly consumption.
8. **REFUNDS DUE** - If the recalculated bills indicate that *an amount* is due an existing customer or that more than *\$10.00* is due a *former* customer of the Company, the full amount of the difference between the amount paid and the recalculated amount shall be refunded.
9. **CUSTOMERS TO RECEIVE REFUND** - Refunds shall be made to the two most recent customers who received service through the meter found to be *inaccurate*. In the case of a *former* customer of the Company, a notice of the amount *of the refund* shall be mailed to such *customer* at *the* last known address. *The* Company shall, upon demand made by *the customer* within 3 months *of mailing of the notice, forward the refund to the customer.*
10. **AMOUNTS DUE** - If the recalculation of billing *as a result of a metering inaccuracy* indicates that *more than \$1.00 is owed to the Company by an existing customer or that more than \$10.00 is owed to the Company by a former customer*, the Company may *issue* a bill for the amount, subject to subrule 12 of this rule.

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STANDARD RULES AND REGULATIONS

SECTION IV, C, 11

11. **AMOUNTS DUE POLICY** - The Company may establish a policy **setting a minimum amount for which it may bill a customer** due to underregistration **that** is more than the amounts set forth in subrule 10. The minimum **amount** established in the Company policy shall be applied in all cases of underregistration to determine whether the customer will be billed for the amount due the Company because of underregistration.
12. **BACKBILLING** - Except in cases of tampering, backbilling of customers **for metering inaccuracies** is limited to the **two-year** period immediately preceding discovery of the **inaccuracy**. The customer shall be given a reasonable time in which to pay the amount of the backbilling, **after consideration of the amount of the backbill and the duration of the inaccuracy**, and service shall not be **shut off** during this time for nonpayment of the amount of the backbilling **if the customer is complying with the repayment agreement**.

D. BILLING ERRORS

1. **RESIDENTIAL CUSTOMERS** - Billing errors involving residential customers shall be resolved in accordance with Section V.
2. **OVERCHARGES** - If a **nonresidential** customer has been overcharged as a result of a **billing error**, the amount of the overcharge shall be adjusted, refunded, or credited to the customer. The Company is not required to adjust, refund, or credit an overcharge beyond the 3-year period immediately preceding discovery of the **overcharge**, unless the customer is able to present a record establishing an earlier date of occurrence or commencement of the **overcharge**.
3. **UNDERCHARGES** - If a **nonresidential** customer has been undercharged as a result of a **billing error**, the undercharge may be billed to the customer subject to the same requirement that apply to backbilling for meter inaccuracies in subrules 10, 11, and 12 of rule C.
4. **ENERGY THEFT, STOLEN METER AND FRAUDULENT SWITCHED METER; TAMPERING** - In cases where metered or unmetered energy theft, stolen meter or **fraudulent** switched meter are involved, refunds and backbillings are for the determined duration of the period. Where the duration cannot be reasonably established or estimated, the Company will adjust the billing for the past three years on the basis of actual monthly consumption determined from the most recent 36 months of consumption.

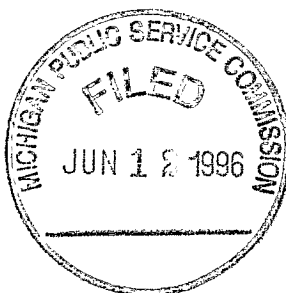
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STANDARD RULES AND REGULATIONS

SECTION IV,D,4 (Continued)

data.

Metered and unmetered energy theft includes, but is not limited to, tampering, unauthorized use, diversion and interference. For purposes of this rule, a stolen meter is classified as any meter not specifically assigned to that service location by the Company. For purposes of this rule, a **fraudulent** switched meter is classified as a meter **intentionally assigned** incorrectly to a customer resulting in the customer being billed for another customer's consumption.

The Company reserves the right to recover all unbilled service revenue and **reasonable actual** costs associated with the theft of energy, stolen meters or **fraudulent** switched meters. Therefore, **the** customer or other user **who benefits from the unauthorized or fraudulent use** is responsible for payment of the reasonable **actual** cost of the service used during the period such fraudulent or unauthorized use or tampering occurred, or is reasonably assumed to have occurred, and is responsible for the **reasonable actual** cost of **the tampering investigation and any associated damages**, with the exception that all costs be recovered in cases involving criminal **prosecution**. The customer who did not intentionally steal a meter, switch a meter or who did not intentionally become involved in energy theft shall pay for energy usage according to Rule C of this section.

The owner of a multifamily dwelling shall be responsible for accurately tracing all lines and tagging such lines with tags provided by the Company to assure individual units are properly metered. The Company will not set the meters until the lines are identified. The owner of the multifamily dwelling could be held responsible for any underrecovery of revenues resulting from improperly tagged meters. Any future expense of tracing lines due to instances of switched meters related to errors in tracing and tagging of such lines shall be the responsibility of the current owner of the multifamily dwelling.

- E. SERVICING COMPANY EQUIPMENT ON CUSTOMER'S PREMISES** - The Company shall service and maintain its equipment used on a customer's premises and shall correctly set and keep in proper adjustment any devices **that** control the customer's service in accordance with the provisions of the Company's rate schedules.

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STANDARD RULES AND REGULATIONS

SECTION IV, F

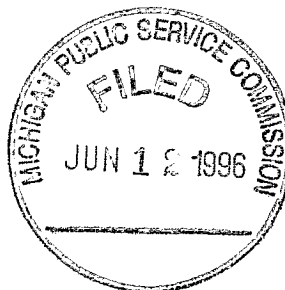
- F. CUSTOMER COMPLAINTS; INVESTIGATIONS; RECORDS** - Complaints concerning *equipment owned by the Company* or the charges, practices, or service of the Company shall be investigated promptly and thoroughly. The Company shall keep records of customer complaints that will enable the Company to review and analyze its procedures and actions.
- G. TEMPORARY SERVICE; COST OF INSTALLING AND REMOVING EQUIPMENT OWNED BY THE COMPANY** - If the Company renders temporary service to a customer, it shall require that the customer bear the cost of installing and removing the *Company-owned equipment* in excess of any salvage realized. Refer to Section VI, I.
- H. PROTECTION OF COMPANY-OWNED EQUIPMENT ON CUSTOMER'S PREMISES**
1. The customer shall use reasonable diligence to protect *Company-owned equipment* on the customer's premises and to prevent tampering or interference with *the equipment*. The Company may *shut off* service in accordance with any applicable rules of the Michigan Public Service Commission if the metering or wiring on the customer's premises has been tampered with or altered in any manner *that allows* unmetered or improperly metered energy to be used *or to cause an unsafe condition*.
 2. If the Company *shuts off* service for unauthorized use of service, *then both of the following provisions shall apply*:
 - a. *The Company may bill the customer for the unmetered energy used and any damages that have been caused to Company-owned equipment.*
 - b. *The Company is not required to restore service until the customer does all of the following*:
 - (1) *Makes* reasonable arrangements for payment of the *charges in subdivision a of this subrule.*
 - (2) *Agrees* to pay the approved reconnection charges.
 - (3) *Agrees* to make provisions and pay charges for *relocating Company-owned equipment or making other reasonable* changes that may be requested by the Company *to provide better protection for its equipment.*
 - (4) *Provides the Company with* reasonable assurance of the

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STANDARD RULES AND REGULATIONS

SECTION IV, H, 2, b, (4) (Continued)

customer's compliance with the Company's approved Standard Rules and Regulations.

3. Failure to comply with the terms of an agreement *to restore service after service has been shut off pursuant to subrule 1 of this rule* shall be cause to *shut off* service in accordance with *the* rules of the Company *and* the Michigan Public Service Commission.
4. *If service is shut off pursuant to subrule 3 of this rule and the Company must incur extraordinary expenses to prevent the unauthorized restoration of service, the Company may bill the customer for the expenses, in addition to all other charges that may apply under this rule, and may require that the expenses and other charges be paid before restoring service. A reasonable effort shall be made to notify the customer at the time of shutoff that additional charges may apply if an attempt is made to restore service that has been shut off.*
5. *The customer of record who benefits from the unauthorized use shall be responsible for payment to the Company for the energy consumed.*
6. *The Company may bill the customer for the reasonable actual cost of the tampering investigation.*
- I. **EXTENSION OF FACILITIES PLAN** - The Company shall develop a plan, *approved by* the Michigan Public Service Commission, for the *extensions* of facilities where the investment is in excess of that included in the regular rates for service and for which the customer is required to pay all or part of the cost. Refer to Section II, C, 3 and Section VII.
- J. **EXTENSION OF ELECTRIC SERVICE IN AREAS SERVED BY TWO OR MORE UTILITIES**
 1. **DEFINITIONS** - As used in this rule:
 - a. "Customer" means the buildings and facilities served rather than the individual, association, partnership or corporation *served*.
 - b. "Distances" means measurements which are determined by direct measurement from the closest point of a utility's existing distribution facilities to the customer's meter location and which are not determined by the circuit feet involved in any extension.

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STANDARD RULES AND REGULATIONS

SECTION IV, J, 1, c

- c. "Distribution facilities" mean single-phase, V-phase, and 3-phase facilities and does not include service drops.
2. **EXISTING CUSTOMERS** - Existing customers shall not transfer from one utility to another.
 3. **SINGLE-PHASE (300 FEET OR LESS)** - Prospective customers for single-phase service *that* are located within 300 feet of the distribution facilities of 2 or more utilities shall have the service of their choice.
 4. **SINGLE-PHASE (MORE THAN 300 FEET BUT NOT MORE THAN 2,640 FEET)** - Prospective customers for single-phase service *that* are located more than 300 feet, but within 2,640 feet, from the distribution facilities of one or more utilities shall be served by the closest utility.
 5. **SINGLE-PHASE (MORE THAN 2,640 FEET)** - Prospective customers for single-phase service *that* are located more than 2,640 feet from the distribution facilities of any utility shall have the service of their choice, subject to the provisions of subrule 10 of this rule.
 6. **3-PHASE (300 FEET OR LESS)** - Prospective customers for 3-phase service *that* are located within 300 feet of the 3-phase distribution facilities of 2 or more utilities shall have the service of their choice.
 7. **3-PHASE (MORE THAN 300 FEET BUT NOT MORE THAN 2,640 FEET)** - Prospective customers for 3-phase service *that* are located more than 300 feet, but within 2,640 feet, from the 3-phase distribution facilities of 1 or more utilities shall be served by the closest utility.
 8. **3-PHASE (MORE THAN 2,640 FEET)** - Prospective customers for 3-phase service *that* are located more than 2,640 feet from the 3-phase distribution facilities of any utility shall have the service of their choice, subject to the provisions of subrule 10 of this rule.
 9. **INDUSTRIAL CUSTOMERS** - Regardless of any other provisions in these rules, a prospective industrial customer, as defined under the Industrial Classification Manual, Division D, Manufacturing, for 3-phase service that will have a connected load of more than 500 kW shall have its choice of service from any nearby utility that is willing to construct the necessary facilities. The facilities that are

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STANDARD RULES AND REGULATIONS

SECTION IV, J, 9 (Continued)

constructed to serve an industrial customer that would otherwise have been served by another utility shall not qualify as a measuring point in determining who will serve new customers in the future.

10. **NOTICE OF EXTENSION** - The extension of distribution facilities, except as provided in subrules 3, 4, 6, and 7, of this rule, where **an** extension will be located within 1 mile of another utility's distribution facilities, shall not be made by a utility without first giving the Michigan Public Service Commission and any affected utility 10 days' notice of its intention by **submitting** a map showing the location of the proposed new distribution facilities, the location of the prospective customers, and the location of the facilities of any other utility in the area. If no objections to the proposed extension of distribution facilities are received **by the Michigan Public Service Commission** within the 10-day notice period, the utility may proceed to construct the facilities. If objections are received, the determination of **which utility** will extend service may be the subject of a public hearing and a determination by the Michigan Public Service Commission, upon proper application by any affected party.
11. **FIRST UTILITY** - The first utility serving a customer pursuant to these rules is entitled to serve the entire electric load on the premises of that customer even **if** another utility is closer to a portion of the customer's load.
12. **RIGHTS WAIVER** - A utility may waive its rights to serve a customer or group of customers if another utility is willing and able to provide the required service and if the Michigan Public Service Commission is notified and has no objections.
13. **ACT 69 REQUIREMENTS** - Nothing contained in these rules shall be construed to circumvent the requirements of Act No. 69 of the Public Acts of 1929, **as amended**, being Section 460.501 et seq. of the Michigan Compiled Laws, or to authorize a utility to extend its service into a municipality then being served by another utility without complying with the provisions of Act No. 69 of the Public Acts of 1929, **as amended**.
14. **DUPLICATION OF FACILITIES** - Regardless of other provisions of this rule, except subrule 9, a utility shall not extend service to a new customer in a manner that will duplicate the existing electric distribution facilities of another utility, except where both utilities

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STANDARD RULES AND REGULATIONS

SECTION IV,J,14 (Continued)

are within 300 feet of the prospective customer. Three-phase service does not duplicate single-phase service when extended to serve a 3-phase customer.

15. **SUBDIVISIONS** - The first utility to serve a customer in a new subdivision under the other provisions of this rule has the right to serve the entire subdivision. In extending service to reach the subdivision, the utility shall not duplicate the existing facilities of another utility.
- K. **PROTECTIVE MEASURES** - The Company shall exercise reasonable care to reduce the hazards to which its employees, its customers, and the general public may be subjected.
- L. **SAFETY PROGRAM** - The Company shall comply with the provisions of the Occupational Safety and Health Act, 29 U.S.C. Section 651 et seq., and Act No. 154 of the Public Acts of 1974, as amended, being Section 408.1001 et seq. of the Michigan Compiled Laws, and known as the Michigan Occupational Safety and Health Act, and shall operate under applicable federal and state health and safety laws and regulations.
- M. **ENERGIZING SERVICES** - When energizing services, the Company shall comply with the provisions of all applicable codes and statutory requirements, unless otherwise specified by the Michigan Public Service Commission. The Company may refuse to energize a service if an unsafe condition is observed.

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STANDARD RULES AND REGULATIONS

**SECTION V - CONSUMER STANDARDS AND BILLING PRACTICES FOR
ELECTRIC AND GAS RESIDENTIAL SERVICE**

Please refer to the "Documents Library" section of the Michigan Public Service Commission web site at:

<http://www.michigan.gov/mpsc/>

Or, directly access the Consumer Standards and Billing Practices for Electric and Gas Residential Service rules (R 460.2101 - 460.2199) at:

http://www.state.mi.us/orr/emi/admincode.asp?AdminCode=Department&Dpt-LG&Level_1=Public+Service+Commission

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STANDARD RULES AND REGULATIONS

First Revised Sheet No. 10.00b
First Revised Sheet No. 10.00c
First Revised Sheet No. 10.01
First Revised Sheet No. 10.02
First Revised Sheet No. 10.03
First Revised Sheet No. 10.04
First Revised Sheet No. 10.05
First Revised Sheet No. 10.06
First Revised Sheet No. 10.07
First Revised Sheet No. 10.08
First Revised Sheet No. 10.09
First Revised Sheet No. 10.10
First Revised Sheet No. 10.11
First Revised Sheet No. 10.12
First Revised Sheet No. 10.13
Second Revised Sheet No. 10.14
Second Revised Sheet No. 10.15
First Revised Sheet No. 10.16
First Revised Sheet No. 10.17
First Revised Sheet No. 10.18
First Revised Sheet No. 10.19
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First Revised Sheet No. 10.33
First Revised Sheet No. 10.34
First Revised Sheet No. 10.35
First Revised Sheet No. 10.36
First Revised Sheet No. 10.37
First Revised Sheet No. 10.38
First Revised Sheet No. 10.39
First Revised Sheet No. 10.40

These sheets have been cancelled and reserved for future use.

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STANDARD RULES AND REGULATIONS

SECTION VI - COMMERCIAL AND INDUSTRIAL STANDARDS AND BILLING PRACTICES

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STANDARD RULES AND REGULATIONS

SECTION VI - COMMERCIAL AND INDUSTRIAL STANDARDS AND BILLING PRACTICES

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STANDARD RULES AND REGULATIONS

SECTION VI - COMMERCIAL AND INDUSTRIAL STANDARDS AND BILLING PRACTICES

A. CUSTOMER DEPOSITS

1. NEW CUSTOMERS - Both of the following provisions apply to new customer deposits:

a. Except as provided in subdivision b of this subrule, the Company shall not require a deposit from a new customer as a condition of receiving service. The Company may, with proper notification, require a deposit from a new customer if the customer exhibits an unsatisfactory record of bill payment within the first six (6) months after service has commenced. Payment of bills on or before the due date shall constitute a satisfactory record of bill payment.

b. The Company may require a deposit for a new customer (*including an existing customer who was previously receiving Generation Service from an Alternative Electric Supplier*) under any of the following conditions:

(1) Service is for short periods or special occasions.

(2) The new customer has an existing bad debt with *an Alternative Electric Supplier or with* any Company regulated by the Michigan Public Service Commission.

(3) Other business accounts with the customer are experiencing collection activity.

(4) The customer has no established credit rating or an unfavorable credit rating with a credit-reporting agency.

2. EXISTING CUSTOMERS - An existing customer shall be classified as one who has received service for more than a 6-month period. A deposit may be required under any of the following conditions:

a. If a shut off notice has been issued on 2 or more occasions within the most recent 12-month period.

b. Service has been shut off for nonpayment.

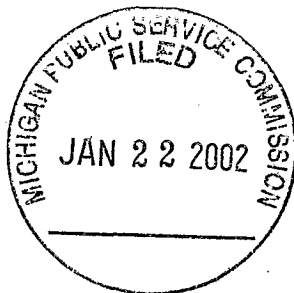
c. The customer has tampered with the meter or converted Company electricity to the customer's use.

3. DEPOSIT AMOUNT - A deposit of not more than 3 times an average monthly billing may be required from customers who are subject to deposit provisions. The Company shall provide reasonable terms for

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STANDARD RULES AND REGULATIONS

SECTION VI,A,3 (Continued)

the payment of the deposit. *If the applicant has sought any form of relief under the federal bankruptcy laws or is brought within the jurisdiction of the bankruptcy court for any reason, or if a receiver is appointed in a state court proceeding, the Company may assess a deposit as allowed by federal bankruptcy law or state law.*

4. **DEPOSIT PERIOD** - A deposit may be retained by the Company until the customer compiles a record of **up to** 18 continuous months of bill payment on or before the due date.
5. **INTEREST** - *The Company shall pay simple interest to each customer who is required to make a deposit for the time the deposit is held by the Company. The interest rate shall be the rate paid on United States savings bonds, series EE, as of the first business day of the calendar year.* Interest need not be paid unless the deposit is held for more than 12 months. Payment of the interest to the customer shall be made annually if requested by the customer. If payment of the interest is not requested, the interest shall be paid at the time the deposit is returned. Interest shall be accrued annually. The deposit shall cease to draw interest on the date the deposit is returned, on the date service is terminated, or on the date that notice that the deposit is no longer required is sent to the customer's last known address.
6. **SERVICE TERMINATED** - *If service is terminated or shut off, the Company may apply the deposit, plus accrued interest, to the customer's unpaid balance. If the deposit, plus accrued interest, is more than the unpaid balance, the excess shall be returned to the Customer.*
7. **DEPOSIT RECORDS** - The Company shall keep records *that* show all of the following information:
 - a. The name and address of each depositor.
 - b. The amount and date of the deposit.
 - c. Each transaction concerning the deposit.
8. **DEPOSIT RECEIPTS** - The Company shall issue a receipt of deposit to each customer from whom a deposit is received and shall provide means *by which* a depositor may establish a claim if *the* receipt is lost.

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STANDARD RULES AND REGULATIONS

SECTION VI, A, 9

9. **UNCLAIMED DEPOSIT RECORDS** - A record of each unclaimed deposit shall be maintained for not less than three (3) years, during which time the Company shall make a reasonable effort to return the deposit.
10. **UNCLAIMED DEPOSITS** - Unclaimed deposits, together with accrued interest, shall be credited to an appropriate account and shall be disposed of pursuant to Michigan statutes.
11. **RESIDENTIAL DEPOSITS** - Deposits for residential customers are governed by **the provisions of** Section V of these Standard Rules and Regulations.

B. CUSTOMER BILL FORMS FOR COMMERCIAL AND INDUSTRIAL CUSTOMERS

1. The Company shall bill each customer as promptly as possible after the reading **the** meter **or meters**. The bill shall show all of the following information:
 - a. The reading **or readings** of **each** meter at the beginning and end of the period for which the bill is rendered.
 - b. The dates on which the meter was read at the beginning and end of the billing period.
 - c. The number and kind of units metered.
 - d. The applicable rate schedule or identification of the applicable rate schedule. If the actual rates are not shown, the bill shall carry a statement to the effect that the applicable rate schedule will be furnished on request.
 - e. The gross amount or net amount of the bill, or both, including any applicable tax shown separately **from** the net amount.
 - f. The date by which the customer must pay the bill to benefit from any discount or to avoid any penalty.
 - g. A distinct marking to identify an estimated bill.
 - h. Any conversions from meter reading units to billing units, any calculations to determine billing units from recording or other devices, or any other factors, such as **power supply cost recovery** adjustments, used in determining the bill.

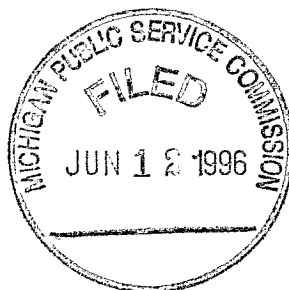
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By: Stephen H. Fletcher
President

Alpena, Michigan

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STANDARD RULES AND REGULATIONS

SECTION VI, B, 2

2. In place of *the billing* information *specified in subrule 1h of this rule*, a statement *may* appear on the bill advising the customer that *the* information can be obtained by contacting the Company's principal office. *Any* multiplier used to determine billing units shall be shown when used.
3. *If the billing period differs from the meter reading cycle and the reading data is calculated from actual metered data, the actual meter reading shall be shown on the bill.*
4. Bill forms for residential customers are governed by Section V.

C. DENIAL OR SHUTOFF OF SERVICE TO COMMERCIAL AND INDUSTRIAL CUSTOMERS

1. **REASONS FOR DENIAL OR SHUTOFF** - Service to commercial and industrial customers may be denied or *shut off* for any of the following reasons:
 - a. Without notice, if a condition on the customer's premises is determined by the Company or a governmental agency to be hazardous.
 - b. Without notice, if a customer uses equipment in a manner which adversely affects the Company's equipment or the Company's service to others.
 - c. Without notice, if the customer tampers with the equipment furnished and owned by the Company.
 - d. Without notice, if unauthorized use of equipment furnished and owned by the Company occurs, including obtaining use of equipment by submitting a falsified application.
 - e. For violation of, or noncompliance with, these Standard Rules and Regulations.
 - f. For failure of the customer to fulfill his contractual obligations for service or facilities *that* are subject to regulation by the Michigan Public Service Commission.
 - g. For failure of the customer to permit the Company reasonable access to its equipment.
 - h. For nonpayment of a bill if the Company has made a reasonable attempt to *obtain payment*.

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STANDARD RULES AND REGULATIONS

SECTION VI, C, 1, i

- i. For failure of the customer to provide the Company with a deposit as authorized by Section VI, A.
 2. **NOTICE REQUIRED** - Except as provided in subrule 1,a; 1,b; 1,c; and 1,d of this rule, the Company shall give a customer written notice that *if the customer does not settle the account or comply with the Standard Rules and Regulations of the Company within 10 days of issuance of the notice to the customer, the Company may deny or shut off service.*
 3. **DATE OF SHUTOFF** - At least 1 day before scheduled field action for *shutoff*, an attempt shall be made to contact the customer by telephone or in person. If contact is *not* made within 24 hours before *the scheduled shutoff*, a notice shall be left at the premises in a conspicuous location indicating that service may be *shut off* the next business day if the bill is not paid.
 4. **MAILING OF SHUTOFF NOTICES** - *If the customer's premises are not occupied for residential purposes, the Company may give the notice required in subrule 3 of this rule by mailing the notice to the customer. The notice shall indicate the date on which service may be shut off, which shall not be less than 4 calendar days after the postmark date.*
 5. **SHUTOFF DATE LIMITATIONS** - Service shall not be *shut off* on the day preceding a day or days on which the Company does not provide for receiving payments and restoring service, except as provided in subrule 1,a; 1,b; 1,c; and 1,d of this rule.
- D. **DENIAL OR SHUTOFF OF SERVICE TO COMMERCIAL AND INDUSTRIAL CUSTOMERS; INSUFFICIENT CAUSE**
1. The following reasons do not constitute sufficient cause for denial *or shutoff* of service to a prospective *or present commercial or industrial* customer:
 - a. Delinquency in payment for service by a previous occupant of the premises to be served.
 - b. Failure to pay for *items, such as merchandise or appliances, or services that are not approved by the Michigan Public Service*

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STANDARD RULES AND REGULATIONS

SECTION VI,D,1,b (Continued)

Commission as an integral part of the electric service provided by the Company.

- c. Failure to pay for a different type or class of public utility service.
- d. Failure to pay the bill of another customer as guarantor.
2. The Company shall not **shut off** service during a reasonable time period given to a customer to pay the amount of a backbilling as provided in Rules **C,12** and **D,3** of Section IV.
- E. **DISCOUNTS AND LATE PAYMENT CHARGES** - Where provided for in an approved rate schedule **for commercial and industrial customers**, the Company may grant a discount for prompt payment of a bill for service or may make a **late** payment charge for failure to make prompt payment. A **late** payment charge **may** be applied to the unpaid balance if the bill is not paid in full on or before the **due** date.
- F. **DELIVERY AND PAYMENT OF BILLS** - A bill shall be mailed or delivered to the customer not less than 21 days before the due date, **unless otherwise approved by the Michigan Public Service Commission**. Failure to receive a bill properly rendered by the Company does not extend the net bill period. If the date on which the net bill is due falls on Saturday, Sunday, or a **nationally recognized** holiday, the bill shall be due on the next business day. Customers who mail remittances before midnight of the last day of the net bill period shall receive the benefit of the net bill -- the date of mailing to be determined as 2 days before its receipt by the Company.
- G. **TRANSFER OF UNPAID BALANCES** - In the event of shutoff or termination of service to a nonresidential customer, the Company may transfer an unpaid balance to any other nonresidential account of the customer.
- H. **NOTICE OF SHUTOFF** - Not less than 10 days before the proposed shutoff of service to a commercial or industrial facility that is occupied by more than 5 business entities that are not responsible for payment of the bill, the Company shall make a reasonable attempt to notify each occupant that service may be subject to shutoff after a specific date.
- I. **TEMPORARY SERVICE** - Non-residential customers desiring temporary service,

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STANDARD RULES AND REGULATIONS

SECTION VI, I (Continued)

such as for construction jobs, traveling shows, outdoor or indoor entertainments or exhibitions, etc., shall pay the monthly charges provided in the applicable General Service or Standard Power rates. In addition, such customer shall pay installation and removal charges as follows:

1. Where 120/240 volt single-phase service is desired and such service is available at the site, the applicant for service shall pay the cost of furnishing, installing, and removing such temporary service equipment in excess of any salvage realized.
2. Where 120/240 volt single-phase service is not available at the site, or if other than 120/240 volt single-phase service is desired, the charge for installation and removal shall be based on the cost *thereof*.

The customer will be required to pay the Company in advance an amount to cover the cost of installing and removing these temporary facilities and may be required to deposit, in advance, the estimated cost of service under the terms of the rates set forth above. Meters may be read daily and the deposit modified as the energy used may justify such modifications.

- J. ESTIMATED BILLING** - For commercial and industrial customers the Company shall follow the provisions of Section V, B, 2, concerning estimated billing.

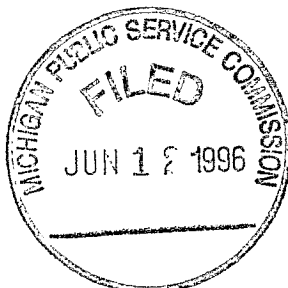
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SECTION VII - CONSTRUCTION POLICY

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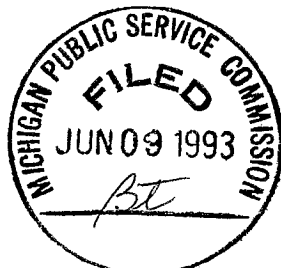
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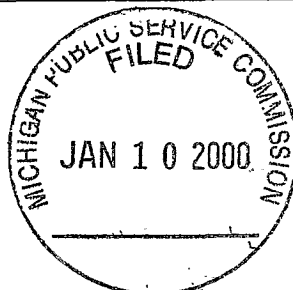
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STANDARD RULES AND REGULATIONS

SECTION VII - CONSTRUCTION POLICY

This section of the Standard Rules and Regulations sets forth the terms and conditions under which the Company shall construct and extend its facilities to serve new loads and to replace, relocate or otherwise modify its existing facilities.

Upon application for new or increased service, the Company will make extensions or alterations of its electric supply facilities under the following conditions, provided that the service applied for will not disturb or impair the service to existing customers.

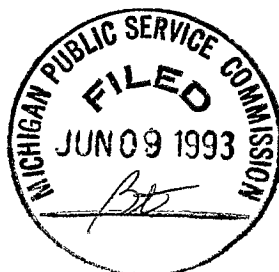
A. GENERAL

1. **EXTENSIONS ARE DISTINCT** - Each distribution line extension shall be a separate, distinct unit and any further extension therefrom shall have no effect upon any agreement under which previous extensions were constructed.
2. **NORMAL TYPE OF EXTENSION** - The Company normally provides overhead construction for its electric supply lines. Underground construction will be provided, at the option of the Company, for its own convenience, where necessary for public safety, or where overhead construction is impractical.
3. **UNDERGROUND INSTALLATIONS FOR COMPANY'S CONVENIENCE** - Where the Company, for its own convenience, installs its facilities underground, the differential between estimated overhead construction costs and underground costs of such installation will be borne by the Company. All other costs will be governed by the Company's Overhead Extension Policy. (See Rule B of this section.)
4. **SPECIAL CONTRACTS** - The Company reserves the right to make special contractual arrangements as the provision of necessary service facilities, duration of contract, customer advances for construction, contributions in aid of construction, deposits, amounts of refunds, minimum bills, service charges or other service conditions. This applies to existing customers and prospective customers whose load requirements exceed the capacity of the available distribution system in the area, or whose load characteristics or special service needs require unusual or additional investments by the Company. (See Section II, C, 3.)
5. **LINE EXTENSION POLICY BASED ON OVERHEAD EXTENSIONS** - Except where specifically stated otherwise, line extension policy is based on

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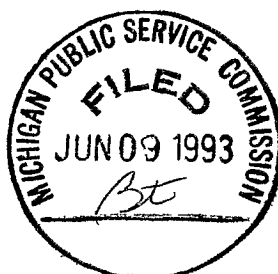
overhead construction and any financial participation by the applicant for underground facilities shall be in addition to charges provided for in these rules for overhead facilities.

6. **ADVANCES AND CONTRIBUTIONS** - Prior to commencement of construction, the applicant shall make any refundable construction advance required by the Company's overhead extension policy (Rule B of this section), plus any non-refundable contribution in aid of construction required by the underground extension policy (Rule C of this section). Refunds, where applicable, will be based on the overhead extension refund policy. Refunds shall not exceed the refundable construction advance, which shall not bear interest.
7. **UNDERGROUND EXTENSIONS ON ADJACENT LANDS** - When a line extension to serve an applicant or group of applicants must cross adjacent land on which underground construction is required by the property owner (such as on State or Federal lands) the applicant(s) shall make a non-refundable contribution in aid of construction equal to the estimated difference in cost between the underground and equivalent overhead facilities. The Company may establish a per foot charge to be considered the difference in cost. Such charge shall be adjusted from time to time to reflect the Company's actual construction cost experience.
8. **EASEMENTS AND PERMITS**
 - a. **NEW RESIDENTIAL SUBDIVISIONS** - The developer of a new residential subdivision shall cause to be recorded with the plat of the subdivision a public utility easement approved by the Company for the entire plat. Such easement shall include a legal description of areas within the plat which are dedicated for utility purposes, and also other restrictions as shall be determined by the Company for construction, operation, maintenance and protection of its facilities.
 - b. **OTHER EASEMENTS AND PERMITS** - Where suitable easements do not exist, the Company will provide the necessary easement forms, and solicit their execution. The applicant shall furnish without cost to the Company, all necessary rights-of-way and line clearance permits in a form satisfactory to the Company for his premises. The applicant(s), as a condition of service, will be ultimately responsible for obtaining all easements and permits (including railroad crossing permits) required by the Company,

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for construction, maintenance, operation and protection of the facilities to be constructed. Where State or Federal lands or railroads are to be crossed to extend service to an applicant or group of applicants, the additional costs incurred by the Company for rights-of-way and permit fees shall be borne by the applicant(s).

If the applicant is unable to secure satisfactory easements and/or permits, the Company shall extend its facilities along an alternate route selected by the Company. The applicant shall be required to make a non-refundable contribution in aid of construction for all additional costs thereby incurred.

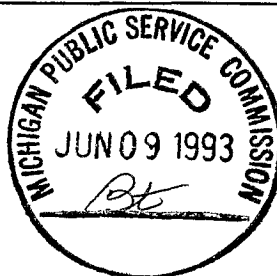
If an applicant is not able to obtain the necessary line clearance permits to allow standard overhead line brushing and trimming but is able to obtain the necessary line clearance permits to allow the reduced brushing and trimming required by hendrix cable, the Company shall extend its facilities using hendrix cable in the appropriate area. The applicant shall be required to make a non-refundable contribution in aid of construction for all additional costs thereby incurred.

9. **ABILITY TO PERFORM CONSTRUCTION** - The Company will construct electrical distribution facilities and extensions only in the event that it is able to obtain or use the necessary materials, equipment and supplies. Subject to review by the Michigan Public Service Commission, the Company reserves the right to allocate the use of such materials, equipment and supplies as it may have on hand from time to time among the various customers and prospective customers.
10. **CONSTRUCTION SCHEDULING** - Scheduling of construction shall be done on a basis mutually agreeable to the Company and applicant. The Company reserves the right not to begin construction until the applicant has demonstrated to the Company's satisfaction his intent to proceed in good faith with installation of his facilities by acquiring property ownership, obtaining all necessary permits, starting construction, installing driveway or access road, and/or, in the case of mobile homes, meeting the Company's requirements for permanency.
11. **DESIGN OF FACILITIES** - The Company reserves the right to make the final determination of selection, application, location, routing and design of its facilities. Where additional construction costs are

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incurred by the Company at the request of the applicant, the applicant shall be required to make a non-refundable contribution in aid of construction to the Company for such excess costs.

- 12. BILLING** - When an applicant fails to take service within two months after an extension has been completed to the premises or within two months after the time period requested by the applicant, whichever is later, the Company shall have the right, after said period, to commence billing the applicant under the Company's applicable rates and rules for the type of service requested by the applicant.

- B. OVERHEAD EXTENSION POLICY** - Application for electric service which requires the construction of an extension to the Company's overhead distribution line system shall be granted under the following conditions:

1. RESIDENTIAL SERVICE

- a. STANDARD ALLOWANCE** - For each permanent, year-round dwelling, the Company shall provide a single-phase line extension, excluding service drop, at no additional charge for a distance of 600 feet, of which no more than 200 feet is a lateral extension on the customer's private property. For each permanent, seasonal type dwelling, the Company shall provide at no extra charge a 200 foot extension from a main line distribution feeder.

For each permanent, year-round or seasonal type dwelling, the Company shall provide a service drop, at no additional charge for a distance of no more than 100 feet.

- b. CHARGES** - Single-phase overhead line extensions or service drops in excess of the above footage shall require a refundable construction advance of \$3.50 per lineal foot for all such excess footage.
- c. MEASUREMENT** - The length of any main line distribution feeder extension shall be measured along the route of the extension from the Company's nearest facilities from which the extension can be made to the customer's property line. The length of any lateral extension on the customer's property shall be measured from the

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STANDARD RULES AND REGULATIONS

SECTION VII, B, 1, c (Continued)

customer's property line to the service pole. The length of any service drop shall be measured from the service pole to the point of attachment above the meter. Should the Company for its own reasons choose a longer route, the customer shall not be charged for the additional distance. However, if the customer requests special routing of the line, the customer shall be required to pay a non-refundable contribution in aid of construction for the extra cost resulting from the special routing.

- d. **REFUNDS** - During the five (5) year period immediately following the date of payment, the Company shall make refunds of the refundable construction advance paid for a financed extension under provisions of Paragraph b above. The amount of any such refund shall be \$500 for each permanent electric service subsequently connected directly to the facilities financed by the original customer. Directly connected customers are those which do not require the construction of more than 300 feet of single-phase distribution line. Such refunds shall be made only to the original customer and shall not include any amount of non-refundable contribution in aid of construction for underground service made under the provisions of the Company's underground service policy, as set forth in this section. The total refund shall not exceed the refundable portion of the construction advance. The refundable construction advance shall not bear interest.
- e. **CLEARING OF LAND** - Applicants shall be responsible for clearing all trees and brush along the route of a prospective line extension on their property, at no cost to the Company, prior to construction of the line extension. The Company shall provide to the applicant specific instructions as to the amount of clearing and trimming required.
- f. **THREE-PHASE OVERHEAD LINE EXTENSIONS** - All three-phase overhead line extensions will be made on the same basis as Commercial and Industrial Service overhead line extensions.

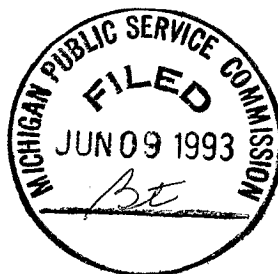
2. COMMERCIAL OR INDUSTRIAL SERVICE

- a. **STANDARD ALLOWANCE** - Except for non-refundable contributions in aid of construction for underground service made under the provisions of Rule C of this section, the Company shall finance the construction cost necessary to extend its overhead facilities to

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SECTION VII, B, 2, a (Continued)

serve commercial or industrial customers when such investment does not exceed two (2) times the estimated annual **distribution charge** revenue anticipated to be collected from customers initially served by the extension. This standard allowance does not apply to owners or developers of mobile home parks.

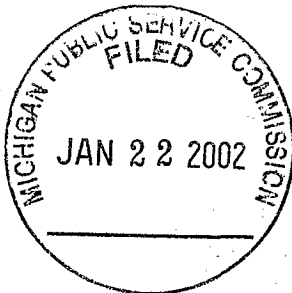
- b. **CHARGES** - When the estimated cost of construction of such facilities exceeds the Company's maximum initial investment as defined in Paragraph a, the applicant shall be required to make a refundable construction advance for the entire amount of such excess construction costs. Owners or developers of mobile home parks shall be required to make a refundable construction advance for the entire amount of the estimated cost of construction. These refundable construction advances are subject to the refund provisions of Paragraph c.
- c. **REFUNDS** - During the five (5) year period immediately following the date the line extension is completed, the Company shall make refunds of the refundable construction advance paid for a financed line extension. The total refund shall not exceed the total refundable construction advance. The refundable construction advance shall not bear interest. Such refunds shall be computed as follows:
- (1) **ORIGINAL CUSTOMER** - At the end of the first complete 12-month billing period immediately following the date of completion of the line extension, the Company shall compute a revised initial investment based on two (2) times the actual **distribution charge** revenue provided by the original customer in the 12-month billing period. Any amount by which twice the actual annual **distribution charge** revenue exceeds the Company's initial investment, as defined in Paragraph a, shall be made available for refund to the original customer.
- (2) **ADDITIONAL NEW CUSTOMERS** - Refunds for additional new customers directly connected to the financed extension during the refund period shall be made as follows:

The amount of any such refund shall be equal to two (2) times the estimated annual **distribution charge** revenue or \$500 (whichever is greater) for each standard allowance customer subsequently connected directly to the facilities financed by the original customer.

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By: Steven K. Mitchell
Executive Vice President

Alpena, Michigan



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STANDARD RULES AND REGULATIONS

SECTION VII,B,2,c,(2) (Continued)

Directly connected residential customers are those that do not require the construction of more than 600 feet of single-phase line extension of which no more than 200 feet is a lateral extension on private property. Directly connected commercial and industrial customers are those which do not require payment of a refundable construction advance. Refunds shall not be made under this subparagraph until the original customer's estimated annual **distribution charge** revenues are exceeded by the sum of the actual annual **distribution charge** revenues of the original customer plus the estimated annual **distribution charge** revenues of any additional new customers.

3. **SERVICE EXTENSIONS TO LOADS OF QUESTIONABLE PERMANENCE** - When service is requested for loads of questionable permanence, such as, but not limited to, saw mills, mixer plants, gravel pits, oil wells, oil facilities, etc., the Company will install, own, operate and maintain all distribution facilities up to the point of attachment to the customer's service equipment subject to the following:
- a. **CHARGES** - Prior to commencement of construction, the customer shall make a refundable construction advance with the Company in the amount of the Company's estimated construction and removal costs less estimated cost of salvage. Such estimates shall include the cost of extending the Company's distribution facilities and of increasing capacity of its existing facilities to serve the customer's load.
 - b. **REFUNDS** - During the five year period immediately following the date the line extension is completed, the Company shall make refunds of the refundable construction advance. The total refund shall not exceed the total refundable construction advance. The refundable construction advance shall not bear interest. Such refunds shall be computed as follows:
 - (1) At the end of each billing year for the first four years the lesser of 20% of the original refundable construction advance or 20% of the annual **distribution charge** revenue shall be refunded.
 - (2) At the end of the five year refund period the refund shall be computed as follows:

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Executive Vice President

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SECTION VII, B, 3, b, (2), (a)

- (a) If at the end of the five year refund period, the total **distribution charge** revenue for the five year period is equal to or greater than five times the original refundable construction advance, the balance of the original refundable construction advance shall be refunded.
- (b) If (a) is not applicable, the refund for the fifth year shall be calculated in accordance with Subparagraph (1) above.

C. UNDERGROUND SERVICE POLICY

- 1. **GENERAL** - This portion of the rules provides for the extension and/or replacement of underground electric distribution facilities.

- a. **GENERAL POLICY** - The general policy of the Company is that real estate developers, property owners or other applicants for underground service shall make a non-refundable contribution in aid of construction to the Company in an amount equal to the estimated difference in cost between underground and equivalent overhead facilities. Methods for determining this cost differential for specific classifications of service are provided herein. In cases where the nature of service or the construction conditions are such that these provisions are not applicable, the general policy stated above shall apply.
- b. **CONTRIBUTION** - Prior to commencement of construction, the applicant shall make a non-refundable contribution in aid of construction as required by these underground service rules plus a refundable construction advance based on the Company's overhead extension policy. Refunds shall be based on the overhead extension refund policy and shall apply only to the refundable construction advance.
- c. **UNDERGROUND SERVICE REQUIRED** - Existing rules issued by the Michigan Public Service Commission require that distribution facilities in all new residential subdivision and existing residential subdivisions in which electric distribution facilities have not already been constructed shall be placed underground, except that a lot facing a previously existing street or county road and having an existing overhead distribution line on its side of the street or county road shall be served with an

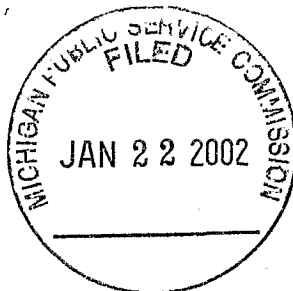
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SECTION VII,C,1,c (Continued)

underground service from the overhead line and shall be considered part of the underground service area. Additionally, commercial distribution facilities in the vicinity of or on the customer's property and constructed solely to serve a customer or a group of adjacent customers shall be placed underground. Commercial distribution specifically includes, but is not limited to, apartment houses, motels and shopping centers.

An exception to the foregoing mandatory requirement for undergrounding may be made, where, in the Company's judgment, any of the following conditions exist:

- (1) Physical site conditions, such as, but not limited to, bedrock located along the majority of the proposed route, are such that underground service would place an unreasonable economic burden on the customer; or
- (2) Such facilities would serve Commercial or Industrial customers having loads of temporary duration; or
- (3) Such facilities would serve Commercial or Industrial customers in areas where little aesthetic improvement would be realized if such facilities were placed underground; or
- (4) Such facilities would serve Commercial or Industrial customers in areas where it is impractical to design and place such facilities underground because of uncertainty of the size and character of the loads to be ultimately served therefrom.

The Commercial and Industrial customers referred to in (2) above would include in all instances, but are not limited to, those who operate carnivals or portable asphalt plants or who are engaged in construction or oil exploration activities. The Commercial and Industrial customers referred to in (3) above would include in many instances, but are not limited to, those who operate gravel pits, junkyards, railroad yards, steel mills or foundries. The Commercial and Industrial customers referred to in (4) above would include in many instances, but are not limited to, those located in industrial parks which are under development.

- d. **SIGNED AGREEMENT** - The Company, at the request of the developer, will install an underground electric distribution system for all

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STANDARD RULES AND REGULATIONS

SECTION VII,C,1,d (Continued)

new residential subdivisions, mobile home parks, multiple occupancy building complexes, and commercial subdivisions, in cooperation with the developer or owner, evidenced by a signed agreement, and in compliance with the specific conditions in this rule.

- e. **EASEMENTS AND RIGHTS-OF-WAY** - The developer or owner must provide for recorded easements or rights-of-way acceptable to the Company. The easements are to be coordinated with other utilities and shall include easements for street lighting cable.
- f. **GRADING AND CLEARING** - The developer or owner must provide for grading the easement to finished grade and for clearing the easement of trees, large stumps and other obstructions sufficiently to allow trenching equipment to operate. Survey stakes indicating easements, lot lines and grade must be in place. The developer or owner must certify to the Company that the easements are graded within four (4) inches of final grade before the underground distribution facilities are installed.
- g. **SWITCHING CABINETS AND MANHOLES** - The developer or owner must make a non-refundable contribution in aid of construction to the Company for any primary switching cabinets and/or manholes that are required. When a switching cabinet and/or manhole is required exclusively for one customer, that customer shall contribute the actual installed cost of the switching cabinet and/or manhole. When more than one customer is served from the switching cabinet and/or manhole, each customer's non-refundable contribution in aid of construction shall be the prorated total installed cost of the switching cabinet and/or manhole based on the number of positions required for each customer.
- h. **RELOCATING UNDERGROUND FACILITIES** - The developer or owner shall be responsible for any costs of relocating Company facilities to accommodate changes in grade or other changes after the underground equipment is installed, and shall also be responsible for any damage to Company facilities caused by his operations or the operations of his contractors. An amount equal to the total costs involved, including overheads, is required for relocation or rearrangement of facilities whether specifically requested by the developer or owner, or due to the facilities becoming endangered by a change in grade, or other changes.

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SECTION VII,C,1,i

- i. **OBSTACLES TO CONSTRUCTION** - Where unusual construction costs are incurred by the Company due to physical obstacles such as, but not limited to: rock, surface water, frost, other utility facilities, heavy concentration of tree roots, patios, swimming pools, roadway crossings, or other paved areas, the applicant shall make a non-refundable contribution in aid of construction, ***before the line is energized***, equal to the estimated difference in cost of the underground installation and that of equivalent overhead facilities. In no case shall this contribution be less than the per foot charges in this rule for the type of service involved. The Company reserves the right to refuse to place its facilities under road or railroad rights-of-way or waterways in cases where, in the Company's judgment, such construction is impractical.
- j. **WINTER CONSTRUCTION** - An additional non-refundable contribution in aid of construction of **\$3.00** per trench foot shall be added to trenching charges for practical difficulties associated with winter construction in the period from December 1 to March 31 inclusive. This charge will not apply to jobs ***that*** are ready for construction and for which ***both*** the on-site construction planning meeting has been held with the applicant prior to October 15 ***and all applicable construction charges due from the customer have been paid by November 1.***
- k. **COMPANY'S REFUSAL RIGHT** - ***Consistent with Michigan law and Michigan Public Service Commission rules***, the Company reserves the right to refuse to install its facilities underground in cases where, in the Company's opinion, such construction would be impractical or present a potential detriment to the service of other customers.
- l. **REPLACEMENT OF OVERHEAD FACILITIES** - Existing overhead electric distribution service lines shall, at the request of a customer(s), be replaced with underground facilities where, in the opinion of the Company, such replacement will not be detrimental to the electric service of other customers.

Before construction is started the customer(s) shall be required to pay the Company the depreciated cost (net cost) of the existing overhead facilities plus cost of removal less the value of materials salvaged and also make a non-refundable contribution in aid of construction toward installation of the underground facilities in an amount equal to the estimated difference in cost between the new underground facilities and equivalent new overhead facilities, including, but not limited to, the costs of breaking and repairing streets, walks, parking lots and

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SECTION VII, C, 1, 1 (Continued)

driveways, and of repairing lawns and replacing grass, shrubs and flowers.

- m. **OWNERSHIP OF UNDERGROUND FACILITIES** - The Company will furnish, install, own and maintain the entire underground electric distribution system including the pre-meter portion of the service lateral cable. Generally, the trenches will be occupied jointly by facilities of the Company and other utilities where satisfactory agreement for reimbursement exists between the Company and the other utilities.
- n. **ABOVE GRADE EQUIPMENT** - Certain related equipment, such as pad-mounted transformers, switching equipment and service pedestals may be above grade. The area must be suitable for the direct burial of cable. Property owners shall not place trees, shrubs or bushes within six feet of the pad mounted transformers or switching cabinets.
- o. **LOCAL ORDINANCES** - The Company reserves the right, where local ordinance requirements are more stringent than these rules, to apply to the Michigan Public Service Commission for such relief as may be necessary.

2. RESIDENTIAL SERVICE

a. GENERAL

- (1) **RESIDENTIAL SERVICE DEFINED** - For the provisions of this rule, all one-family and two-family permanent dwellings on individual lots are residential. Mobile homes shall be considered permanent dwellings when meeting the Company's requirements for permanent installations (see Section II, C, 7). Additionally, see Section VII, C, 3 for the rule pertaining to mobile home parks.
- (2) **SERVICE CHARACTERISTICS** - The service normally available from the distribution system shall be at secondary voltage, single-phase, three wire, 60 Hz. Three-phase service shall be made available for schools, pumping stations, and other special installations only under terms of a separate agreement.
- (3) **MEASUREMENT LOCATION NOT CONTROLLING** - The use of the lot front-foot measurements in these rules shall not be construed to require that the underground electric distribution system

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SECTION VII, C, 2, a, (3) (Continued)

be placed at the front of the lot.

(4) **SEWER AND WATER LINES** - Where sewer and/or water lines will parallel Company cables, taps must be extended into each lot for a distance of one foot beyond the public utility easement prior to installation of the cables.

(5) **CHANGES IN GRADE** - The property owner shall not make any changes in established grade in or near the easement that will interfere with utility facilities already installed. In the event that the property owner requests relocation of facilities, or such facilities are endangered by change in grade, the property owner shall pay the actual cost of relocation or rearrangement of the facilities.

b. **NEW PLATTED SUBDIVISIONS** - In accordance with Section VII, C, 1, c distribution facilities in all new residential subdivisions and existing residential subdivisions in which electric distribution facilities have not been constructed shall be placed underground.

(1) **DISTRIBUTION SYSTEM** - The Company shall install an underground distribution system, including primary and secondary cable and all associated equipment, to provide service to the lot line of each lot in the subdivision.

(a) **CHARGES** - The charges in this paragraph are in addition to those set forth in Section VII, B, 1, b. Prior to commencement of construction, the owner or developer shall pay to the Company an amount equal to the estimated cost of construction of the distribution system, but not less than the non-refundable contribution in aid of construction as set forth below.

The payment shall consist of a non-refundable contribution in aid of construction to cover the estimated difference in the cost of underground construction and the equivalent overhead facilities and a refundable construction advance.

The amount of the non-refundable contribution in aid of construction shall be determined by multiplying the sum of the lot front footage for all lots in the subdivision

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by \$3.50, except for those lots served by an underground service from an overhead distribution line under the provision of Section VII, C, 1, c. Where underground extensions are necessary in unplatted portions of the property, an amount equal to \$8.00 per trench foot located in such unplatted property shall be added to the non-refundable contribution in aid of construction. The amount of the refundable construction advance shall be the difference, if any, between the required payment and the non-refundable contribution in aid of construction.

- (b) REFUNDS** - The refundable construction advance shall be made available to the developer or owner on the following basis:

Following completion of its construction work order covering construction of the distribution system, the Company shall refund any amount by which its original estimate exceeded the actual construction costs. During the five year period immediately following completion of the distribution construction, the Company will refund \$500 for each permanent residential customer connected within the subdivision. Such refunds shall be made only to the original developer or owner and in total shall not exceed the refundable construction advance. The refundable construction advance shall bear no interest.

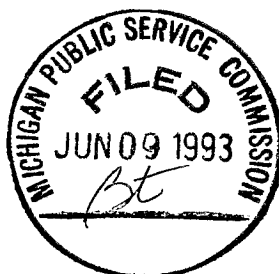
- (c) MEASUREMENT** - The front foot measurement of each lot to be served by a residential underground distribution system shall be made along the contour of the front lot line. The front lot line is that line which usually borders on or is adjacent to a street. However, when streets border on more than one side of a lot, the shortest distance shall be used. In case of a curved lot line which borders on a street or streets and represents at least two sides of the lot, the front foot measurement shall be considered as one-half the total measurement of the curved lot line.

- (2) SERVICE LATERALS** - The Company shall install, own, operate and maintain an underground service lateral from termination of its facilities at the property line to a metering point on each new residence in the subdivision.

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- (a) **CONTRIBUTION** - The developer or owner shall be required to make a non-refundable contribution in aid of construction to the Company, to cover the additional cost resulting from the installation of an underground service connection. For standard installations such contribution shall be computed on the basis of \$4.50 per trench foot.
- (b) **MEASUREMENT** - The "trench feet" shall be determined by measuring from the termination of the Company's facilities at the property line along the route of the trench to a point directly below the electric meter. Where special routing of the service lateral is required by the customer, the \$4.50 per trench foot charge will apply to the route of the line as installed.

c. **EXTENSION OF EXISTING DISTRIBUTION SYSTEMS IN SUBDIVISIONS PLATTED PRIOR TO 1971**

- (1) **GENERAL** - At the option of the applicant(s) the Company shall provide underground facilities from existing overhead facilities in subdivisions where overhead electric distribution facilities have been installed.

The Company may designate portions of existing subdivisions as "underground service areas" where, in the Company's opinion, such designation would be desirable for aesthetic or technical reasons. All future applicants for service in areas so designated shall be provided with underground service subject to the applicable provisions of these rules.

Any extensions made under this subrule shall be considered a distinct, separate unit, and any subsequent extensions therefrom shall be treated separately.

- (2) **CHARGES** - The charges in this paragraph are in addition to those set forth in Section VII, B, 1, b. Prior to commencement of construction the applicant shall make a non-refundable contribution in aid of construction in an amount equal to \$3.50 per lot front foot for the total front footage of all lots which can be directly served in the future from the distribution system installed to serve the initial applicant. ***When the new distribution system is connected to existing overhead facilities, the non-refundable contribution in aid of construction shall also include a \$150 riser fee.*** All subsequent applicant(s) for service on these lots shall be required to make a non-refundable contribution in aid of

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SECTION VII, C, 2, c, (2) (Continued)

construction in the amount of \$3.50 per lot front foot for all lots owned by the subsequent applicant(s) which can be directly served from the original distribution extension.

(3) **REFUNDS** - The Company shall make available for refund to the original applicant the amounts contributed in aid of construction by subsequent applicants as provided in Paragraph (2) above the amount included in the original contribution in aid of construction to cover the front footage of the lot(s) owned by the subsequent applicant(s). The total amount refunded shall not exceed the amount of the original non-refundable contribution in aid of construction, and shall be made only to the original applicant. The Company shall endeavor to maintain records for such purposes but the original applicant is ultimately responsible to duly notify the Company of refunds due; any refunds not claimed within five years after the date of completion of distribution construction shall be forfeited. Refunds made under the provisions of this paragraph shall be in addition to refunds made under the Company's overhead extension policy.

(4) **MEASUREMENT** - The lot front footage used in computing charges and contributions in Paragraph 2) above shall be measured the same as for new subdivisions as set forth in Section VII, C, 2, b, (1), (c).

The front footage used in determining the amount of the original non-refundable contribution in aid of construction or any refunds of subsequent contributions shall include only the front footage of lots directly served by the distribution system extension covered by the original non-refundable contribution in aid of construction.

d. DISTRIBUTION SYSTEMS IN UNPLATTED AREAS

(1) **GENERAL** - At the option of the applicant the Company shall extend its primary or secondary distribution system from existing overhead or underground facilities. When any such extension is made from an existing overhead system the property owner may be required to provide an easement(s) for extension of the overhead system to a pole on his property where transition from overhead to underground can be made.

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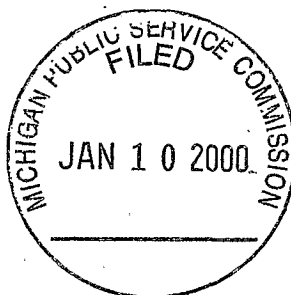
SECTION VII,C,2,d,(2)

- (2) **CONTRIBUTION** - Prior to commencement of construction, the applicant shall make a non-refundable contribution in aid of construction equal to the difference between the estimated overhead construction costs and the underground construction costs, plus a refundable construction advance based on the Company's overhead extension policy. Refunds shall be based on the overhead extension refund policy and shall apply only to the refundable construction advance.
- e. **SERVICE LATERALS** - This paragraph applies to all new residential underground service laterals except for those for which Section VII, C, 2, b, (2) applies. The Company shall install, own, operate and maintain an underground service lateral from the termination of its primary or secondary system to a metering point on each new residence to be served. Such underground service laterals may be served either from an underground or overhead system.
- (1) **CONTRIBUTION** - When a service lateral is connected to an underground system the applicant shall be required to make a non-refundable contribution in aid of construction to the Company, to cover the additional cost resulting from the installation of an underground service lateral. For standard installations such contribution amount shall be equal to the product of the trench feet multiplied by \$4.50. When the service lateral is connected to existing overhead facilities, the non-refundable contribution in aid of construction shall include a **\$150** riser fee in addition to \$4.50 per trench foot.
- (2) **MEASUREMENT** - The "trench feet" shall be determined by measuring from the pole or underground secondary terminal to which the service lateral is connected along the route of the trench to a point directly below the electric meter. Where special routing of the service lateral is required by the customer, the \$4.50 per trench foot charge will apply to the route of the line as installed.
3. **MOBILE HOME PARKS**
- a. **GENERAL** - For purposes of this rule, the definition of a mobile home park is a parcel or tract of land under the control of a person(s) upon which three or more mobile homes are located on a continual non-recreational basis not intended for use as a temporary trailer park.

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Distribution facilities in new mobile home parks shall be placed underground. Extension from existing overhead systems in mobile home parks shall be placed underground at the option of the park owner.

This service is limited to mobile home parks in which the service is metered by the Company at secondary voltage. The service for tenant loads normally available from the system shall be at secondary voltage, single phase, 120/240 volt, three wire, 60 Hz. Three-phase service shall be made available for pumps and service installations only under terms of a separate agreement.

Company cables shall be separated by at least five feet from paralleling underground facilities which do not share the same trench. The park owner's cable systems, such as community antenna systems, should be in separate trenches, if possible. Subject to an agreement with the Company, these cable systems may occupy the same trench. The park owner must agree to pay a share of the trenching cost plus the extra cost of the additional back-fill, if required, and agree to notify the other using utilities when maintenance of his cables requires digging in the easement.

The park owner must provide for each mobile home lot a meter pedestal of a design acceptable to the Company.

- b. **CONTRIBUTION** - Prior to the commencement of construction, the park owner or developer shall be required to make a non-refundable contribution in aid of construction to cover the estimated difference in cost between overhead and underground facilities. Such contribution shall be computed on the basis of \$8.00 per foot of trench required for the underground distribution system, plus \$6.50 per foot of trench required for the service lateral. *When the new distribution system is connected to existing overhead facilities, the non-refundable contribution in aid of construction shall also include a \$150 riser fee.*
- c. **MEASUREMENT** - The length of the trench required shall be measured in the same manner as provided for the measurement of trench length for commercial installations (see Section VII, C, 4, c).

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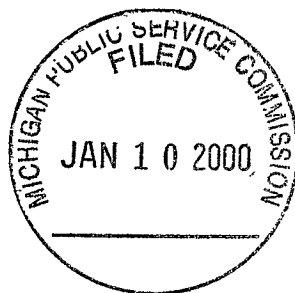
4. COMMERCIAL AND INDUSTRIAL SERVICE

- a. **GENERAL** - The Company shall install underground service connections to commercial and industrial customers within designated underground districts in cooperation with the developer or owner, evidenced by a separate signed agreement, subject to the following specific conditions:
- (1) Where overhead lines are allowed by Michigan Public Service Commission Rules for a specific installation and are objected to by a person or municipality, the Company, where feasible, shall honor a request or directive that such lines be constructed underground. The objecting party shall be responsible for the payment of the additional cost of the underground facilities.
 - (2) Distribution facilities in the vicinity of new industrial loads and built solely to serve such loads will be placed underground at the option of the applicant. This includes service to all buildings used primarily for the assembly, processing or manufacturing of goods.
- b. **CONTRIBUTION** - Prior to the commencement of construction, the owner or developer shall be required to make a non-refundable contribution in aid of construction to cover the estimated difference in cost between overhead and underground facilities. For standard installations such contribution shall be computed on the basis of \$8.00 per foot of trench required for the underground distribution system, plus \$6.50 per foot of trench required for the service lateral. ***When the new distribution facilities are connected to existing overhead facilities, the non-refundable contribution in aid of construction shall also include a \$150 riser fee.***
- c. **MEASUREMENT** - The length of the trench required shall be determined by measuring along the centerline of the trench as follows:
- (1) **PRIMARY EXTENSIONS** - Shall be measured along the route of the primary cable from the transition pole to each transformer or other primary termination.
 - (2) **SECONDARY EXTENSIONS** - Shall be measured from each transformer or other secondary supply terminal along the route of the secondary cable to each secondary pedestal or termination. No charge shall be made for secondary cable laid in

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SECTION VII, C, 4, c, (2) (Continued)

the same trench with primary cable.

- (3) **SERVICE LATERALS** - Shall be measured from the pole or underground secondary terminal to which the service lateral is connected along the route of the lateral trench to the point of connection to the customer's facilities. No charge shall be made for service laterals laid in the same trench with primary or secondary cable.

Where special routing is required by the applicant, the per trench foot charges above shall apply to the actual installed route of the facilities.

- D. MISCELLANEOUS GENERAL CONSTRUCTION POLICIES** - Except where specifically designated as overhead or underground policies, the following general policies will be applied to either overhead or underground construction:

1. **TEMPORARY SERVICE** - Customers desiring temporary service for a short time only, such as for construction jobs, traveling shows, outdoor or indoor entertainment or exhibitions, etc., shall be required to deposit, prior to commencement of construction, with the Company an amount equal to the estimated cost of electric service to be rendered calculated under the terms of applicable rate schedules. Meters may be read daily and the deposit modified if the energy actually used justifies such modifications. The deposit shall not bear interest.

In addition, prior to commencement of construction the applicant for the service shall make a non-refundable payment to cover the cost of installation and removal (net of salvage) of the temporary service calculated as follows:

- a. When 120/240 volt single-phase service is requested and when such service can be provided at the site without exceeding 100 feet of new overhead or 10 feet of new underground at the time temporary service is desired, the charge for installation and removal (net of any salvage) of temporary single-phase, three wire, 120/240 volt service shall be:

- | | |
|--|----------|
| (1) For temporary overhead service | \$200.00 |
| (2) For temporary underground service, during the period from April 1 through November 30 | \$250.00 |

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(3) For temporary underground service, during
the period from December 1 through March 31 actual cost

- b. If paragraph a. above is not applicable, the non-refundable payment shall be the actual cost of installation and removal (net of salvage) of the temporary service.

If a temporary service extends for a period in excess of six consecutive months, the customer may qualify for other of the Company's available rates, provided he meets all of the applicable provisions of the filed tariffs.

2. **MOVING OF BUILDINGS OR EQUIPMENT** - When the Company is requested to assist in the moving of buildings or equipment through, under or over the Company's lines, the Company shall require the mover to pay, in advance of providing such assistance, the estimated costs to be incurred by the Company, including direct costs and applicable overhead costs. The amount of the contribution required shall be based on the Company's estimate of the probable cost, but in no event shall the required contribution be less than \$150. Upon completion of the moving assistance, the Company shall determine actual costs and shall bill or credit the mover according to the difference between actual costs and the contribution, except that the minimum actual cost shall not be less than \$150. In the event that the move is canceled, or changed to require a re-study, twenty percent (20%) of the contribution shall be retained by the Company as a non-refundable amount to cover preparing for and planning the move. If the building mover proceeds with the move without a Company escort, the total charge will be retained by the Company as a non-refundable amount to cover preparing for and planning the move plus a post move patrol of the route to identify any damages to the system caused by the mover. The building mover is also responsible to make payment for all work required to repair damages resulting from the move. Actual costs shall be determined in accordance with the following:

- a. Within regular working hours:

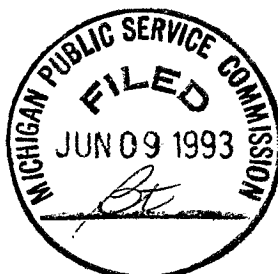
(1) Actual individual wage rate applicable to employee(s) involved.

(2) Actual material used.

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(3) Actual charges for vehicles involved based on the Company's transportation clearing rates.

(4) Appropriate overhead charges.

b. Outside regular working hours:

(1) Actual overtime wage rate applicable to employee(s) involved.

(2) Actual material used.

(3) Actual charges for vehicles involved based on the Company's transportation clearing rates.

(4) Appropriate overhead charges.

3. RELOCATION OF FACILITIES

a. **ROAD IMPROVEMENTS** - The Company shall cooperate with political subdivisions in the construction, improvement or rehabilitation of public streets and highways. It is expected that the Company will receive reasonable notice so that any required relocation work can be properly scheduled.

If the Company's overhead or underground facilities are located within the confines of the public right-of-way, the Company shall make the necessary relocation at its own expense with the following exceptions:

(1) The facilities were originally installed within the confines of the public right-of-way at the request of the political entity.

(2) Existing facilities are within the confines of a new public right-of-way obtained after construction of the Company's facilities.

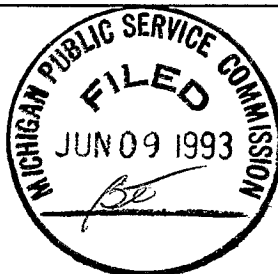
(3) The facilities provide public services such as lighting, traffic signals, etc.

When the exceptions above apply or if the Company's overhead or underground facilities are located on private property, the political subdivision must agree in advance to reimburse the

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Company for any expenses involved in relocating its facilities.

- b. **OTHER RELOCATIONS** - When the Company is requested to relocate its facilities for reasons other than public road improvements, any expense involved shall be paid for by the firm, person, or persons requesting the relocation, unless one or more of the following conditions are met:

- (1) The relocation is made for the convenience of the Company.
- (2) The relocation is associated with other regularly scheduled conversion or construction work at the same location and can be done at the same time.

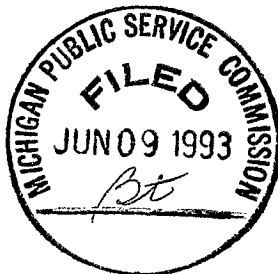
Before actual relocation work is performed, the Company shall estimate the cost of moving the facilities and an advance deposit in the amount of the estimate must be received from the firm, person, or persons requesting such relocation. Upon completion of the relocation work, the Company shall determine the actual cost of the relocation, and the firm, person, or persons requesting the relocation shall be billed or credited for the difference between the advance deposit and the actual cost.

When the Company is requested to relocate a residential service lateral because of a new garage, swimming pool, addition to the house or similar reason that creates a clearance problem or physically interferes with the location of the existing service lateral and/or pole, there shall be a non-refundable payment of \$200.00 made by the customer prior to the start of the relocation work. This charge is in lieu of the payment described in the preceding paragraph. This charge is not applicable to relocation of primary facilities.

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SECTION VIII - METER REQUIREMENTS AND METERING EQUIPMENT INSPECTIONS AND TESTS

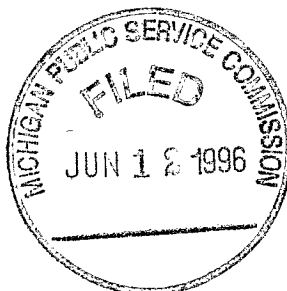
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SECTION VIII - METER REQUIREMENTS AND METERING EQUIPMENT INSPECTIONS AND TESTS

A. **METERED MEASUREMENT OF ELECTRICITY REQUIRED; EXCEPTIONS**

1. All electricity that is sold by the Company shall be on the basis of meter measurement, except *where* the consumption *can* be readily computed or except as provided for in the Company's filed rates.
2. Where practicable, the consumption of electricity within the Company or by administrative units associated with the Company shall be metered.
3. *Meters shall be in compliance with this Section VIII.*

B. **RESCINDED.**

C. **METER READING DATA** - The meter reading *data* shall *include* all of the following information:

1. *A suitable designation identifying the customer.*
2. Identifying number or description of the meter, or both.
3. Meter readings *or, if a reading was not taken, an indication that a reading was not taken.*
4. Any applicable multiplier or constant.

D. **METER DATA COLLECTION SYSTEM** - A meter data collection system *that takes data* from recording meters shall *indicate all of the following:*

1. *The date of the record.*
2. *The equipment numbers.*
3. *A suitable designation identifying the customer.*
4. *The appropriate multipliers.*

E. **METER MULTIPLIER** - If it is necessary to apply a multiplier to the meter *registration, then* the multiplier shall be *displayed* on the face of the meter.

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F. METER READING INTERVAL

1. For **nonresidential** customers, the Company shall schedule meters to be read monthly, except that authority may be obtained from the Michigan Public Service Commission for reading the meters at other than monthly intervals. To the extent practicable, the Company shall not send 2 successive estimated bills to a **nonresidential customer**. **For nonresidential seasonal customers, the Company shall schedule meters to be read monthly for the established billing periods.** The Company may permit a **nonresidential** customer to supply the meter readings on a form **established** by the Company if the Company **takes a reading from** the meter at least once each 12 months.
2. For residential customers, the Company shall comply with the requirements set forth in Section V.

G. **STANDARDS OF GOOD PRACTICE; ADOPTION BY REFERENCE** - In the absence of specific rules of the Commission, the Company shall apply the provisions of the publications set forth in this rule as standards of accepted good practice. The following publications are adopted by reference in these rules and are available, at the specified costs as of the time of adoption of these rules, from the American National Standards Institute, Attn: Customer Service, 11 West 42nd Street, New York, NY 10036, (212) 642-4900, or from the Michigan Public Service Commission, 6545 Mercantile Way, P.O. Box 30221, Lansing Michigan 48909:

1. American National Standard Code for Electricity Meters (ANSI C12.1), 1982 edition, at a cost of \$17.95, plus a handling charge.
2. American National Standard Requirements, Terminology and Test Code for Instrument Transformers (ANSI C57.13), 1978 edition, at a cost of \$35.00, plus a handling charge.
3. American National Standard Conformance Test Procedures for Instrument Transformers (ANSI/IEEE C57.13.2), 1986 edition, at a cost of \$30.00, plus a handling charge.

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H. METER TESTING - All testing of metering equipment will be performed by qualified personnel, either Company employees or, at the option of the Company, by independent agents meeting the requirements of both the Company and the Michigan Public Service Commission. The Company may, at its option, either conduct field tests on the customer's premises, or remove metering equipment for shop testing.

I. CUSTOMER-REQUESTED METER TESTS

1. Upon request by a customer to the Company, and after payment of the meter test charge described in Section II, F, the Company shall make a test of the meter serving the customer. However, the Company need not make more than 1 test in any 12-month period. The test will consist of a test for accuracy, a check of the register, and a check of the meter connections on the customer's premises. If such tests reveals meter registration of more than 102% of that of the test equipment, the meter test charge will be refunded and a billing adjustment made. If meter accuracy is found to be within the plus or minus two percent (2%) accuracy range, the meter test charge will not be refunded and a billing adjustment will not be required. When it appears to the Company that there may be sufficient reason to question meter accuracy (for example, a marked increase in metered consumption without a corresponding change in the customer's living or working patterns or in number and kind of appliances or equipment in

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use on the customer's premises), the Company may waive the meter test charge.

2. The customer, or his or her representative, may be present when his or her meter is tested.
3. A report of the results of the test shall be made to the customer within a reasonable time after the completion of the test, and a record of the report, together with a complete record of each test, shall be kept on file at the office of the Company.

J. CERTIFICATION OF ACCURACY OF NEW METERS AND ASSOCIATED DEVICES - Every meter and associated device shall be inspected and tested in the meter shop of the Company before being placed in service. The accuracy of each meter shall be certified to be within the tolerances permitted by these rules, except that the Company may rely on the certification of accuracy by the manufacturer on all new self-contained, single-phase meters.

K. POST-INSTALLATION INSPECTION OF METERS WITH TRANSFORMERS - Meters with associated instrument transformers and phase shifting transformers shall be inspected to determine proper operation and wiring connections. Inspections shall be made within 60 days after installation by a qualified person who, when possible, should be someone other than the original installer. All self-contained, socket-type meters are excluded from post-installation inspections, except that the original installation shall be inspected when the meter is installed.

L. METERS AND ASSOCIATED DEVICES; REMOVAL TESTS - All meters and associated devices shall be tested after they are *removed* from service *unless they are retired because of obsolescence*.

M. METERING ELECTRICAL QUANTITIES

1. All electrical quantities that are to be metered as provided in Rule A of this section shall be metered by commercially acceptable instruments which are owned and maintained by the Company.
2. Every reasonable effort shall be made to measure at a single point all the electrical quantities necessary for billing a customer under a given rate.
3. Metering facilities, located at any point where energy may flow in either direction and where the quantities measured are used for billing purposes, shall consist of meters equipped with ratchets or other

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devices to prevent reverse registration and shall be so connected as to separately meter the energy flow in each direction.

4. Reactive metering shall not be employed for determining the average power factor for billing purposes where energy may flow in either direction or where the customer may generate an appreciable amount of his or her energy requirements at any time, unless suitable directional relays and ratchets are installed to obtain correct registration under all conditions of operation.
5. All electrical service of the same type rendered under the same rate schedule shall be metered with instruments having like characteristics, except that the Michigan Public Service Commission may be requested to approve the use of instruments of different types if their use does not result in unreasonable discrimination. Either all of the reactive meters which may run backwards or none of the reactive meters used for measuring reactive power under a single rate schedule shall be ratcheted.

N. NONDIRECT READING METERS AND METERS OPERATING FROM INSTRUMENT TRANSFORMERS

1. Meters that are not direct reading and meters operating from instrument transformers shall have the multiplier plainly marked on the dial of the instrument or otherwise suitably marked. All charts and magnetic tapes taken from recording meters shall be marked with the date of the record, the meter number, customer, and chart multiplier, except as provided in Rule D of this section.
2. The register ratio shall be marked on all meter registers.
3. The watthour constant for the meter itself shall be shown on all watthour meters.

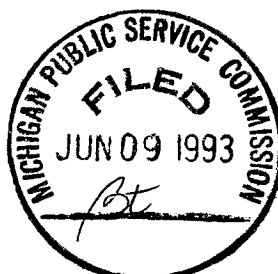
O. WATTHOUR METER REQUIREMENTS

1. Watthour meters that are used for measuring electrical quantities supplied shall meet all of the following requirements:
 - a. Be of proper design for the circuit on which the meter is used; be in good mechanical and electrical condition; and have adequate insulation, correct internal connections, and correct register.
 - b. Not creep at "no load" with all load wires disconnected at a rate

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of one complete revolution of the moving element in 10 minutes when potential is impressed.

- c. Be accurate to within plus or minus 1.0%, referred to the portable standard watthour meter as a base, at two unity power factor loads: light load and heavy load. Light load test current for self-contained meters is equal to 10% of the rated test amperes of the meter. Heavy load test current for self-contained meters is between 75% and 100% of the rated test amperes of the meter. Heavy load test current for transformer rated meters is between 75% and 200% of the rated test amperes of the meter. Light load test current for transformer rated meters is between 5% and 10% of the rated test amperes of the meter.
 - d. Be accurate to within plus or minus 2.0%, referred to the portable standard watthour meter as a base, at inductive load, approximately 50% lagging power factor. Inductive load test current is approximately equal to heavy load test current.
- 2. Polyphase meters shall have their elements in balance within 2.0% at rated test amperes at unity power factor and at approximately 50% lagging power factor.
 - 3. Meters that are used with instrument transformers shall be adjusted so that the overall accuracy of the metering installation meets the requirements of this rule.
 - 4. Meters and associated devices shall be adjusted as close as practical to zero error within the accuracy limits specified in subrule 1, c of this rule.

P. REQUIREMENTS FOR DEMAND METERS, REGISTERS AND ATTACHMENTS - A demand meter, demand register, or demand attachment that is used to measure a customer's service shall meet all of the following requirements:

- 1. Be in good mechanical and electrical condition.
- 2. Have proper constants, indicating scale, contact device, recording tape or chart, and resetting device.
- 3. Not register at no load.

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4. Be accurate to the following degrees:

- a. Curve-drawing meters that record quantity-time curves and integrated-demand meters shall be accurate to within plus or minus 2.0% of full scale throughout their working range. Timing elements measuring specific demand intervals shall be accurate to within plus or minus 2.0%, and the timing element which serves to provide record of the time of day when the demand occurs shall be accurate to within plus or minus 4 minutes in 24 hours.
- b. Lagged-demand meters shall be accurate to within plus or minus 4.0% of full scale at final indication.

Q. REQUIREMENTS FOR INSTRUMENT TRANSFORMERS

1. Instrument transformers used in conjunction with metering equipment to measure a customer's service shall meet both of the following requirements:
 - a. Be in proper mechanical condition and have satisfactory electrical insulation for the service on which used.
 - b. Have characteristics such that the combined inaccuracies of all transformers supplying one or more meters in a given installation will not exceed the percentages listed in the following chart:

| <u>100% Power Factor</u> | | <u>50% Power Factor</u> | |
|--------------------------|----------------|-------------------------|----------------|
| 10% | 100% | 10% | 100% |
| <u>Current</u> | <u>Current</u> | <u>Current</u> | <u>Current</u> |
| 1% | .75% | 3% | 2% |

2. Meters that are used in conjunction with instrument transformers shall be adjusted so that the overall accuracies will come within the limits specified in subrule 1,b of this rule.
3. Instrument transformers shall be tested with the meter with which they are associated by making an overall test or may be checked separately. If the transformers are tested separately, the meters shall also be checked to see that the overall accuracy of the installation

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is within the prescribed accuracy requirements. (See Rule U, 6 of this section.)

4. The results of tests of instrument transformers shall be kept on record and shall be available for use.
5. Phase shifting transformers shall have secondary voltages under balanced line voltage conditions within plus or minus 1.0% of the voltage impressed on the primary side of the transformer.

R. ACCURACY OF PORTABLE INDICATING VOLTMETERS - All portable indicating voltmeters that are used for determining the quality of service voltage to customers shall be checked against a suitable secondary reference standard at least once every 6 months. The accuracy of these voltmeters shall be rated so that the error of indication is not more than plus or minus 1% of full scale. If the portable indicating voltmeter is found to be in error by more than the rated accuracy at commonly used scale deflections, it shall be adjusted.

S. METER TESTING EQUIPMENT; AVAILABILITY; PROVISION AND USE OF PRIMARY STANDARDS

1. The Company shall maintain sufficient laboratories, meter testing shops, secondary standards, instruments, and facilities to determine the accuracy of all types of meters and measuring devices used by the Company. The Company may, if necessary, have all or part of the required tests made, or its portable testing equipment checked, by another utility or agency *which is* approved by the Michigan Public Service Commission and *which* has adequate and sufficient testing equipment to comply with these rules.
2. At a minimum, the Company shall keep all of the following testing equipment available:
 - a. One or more portable standard watthour meters *that has* a capacity and voltage range *which is* adequate to test all watthour meters used by the Company.
 - b. Portable indicating instruments that are necessary to determine the accuracy of all instruments used by the Company.
 - c. One or more secondary standards to check each of the various types of portable standard watthour meters used for testing

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watthour meters. Each secondary standard shall consist of an approved portable standard watthour meter **which is** kept permanently at one point and **which is** not used for fieldwork. Standards shall be **well-compensated** for both classes of temperature errors, shall be practically free from errors due to ordinary voltage variations, and shall be free from erratic registration due to any cause.

- d. Suitable standards, which are not used for fieldwork, to check portable instruments used in testing.
3. The Company shall provide and use primary standards **that have** accuracies **which are** traceable to the United States National **Institute** of Standards **and Technology (NIST)**.

T. TEST STANDARDS; ACCURACY

1. The accuracies of all primary reference standards shall be certified as traceable to the National **Institute** of Standards **and Technology (NIST)**, either directly or through other recognized standards laboratories. These standards shall have their accuracy certified at the time of purchase. Standard cells shall be intercompared regularly and at least one **standard cell shall be** checked by a standardizing laboratory at intervals of not more than two years. Reference standards of resistance, potentiometers, and volt boxes shall be checked at intervals of not more than three years.
2. Secondary watthour meter standards shall not be in error by more than plus or minus 0.3% at loads and voltages at which they are to be used, and shall not be used to check or calibrate working standards, unless the secondary standard has been checked and adjusted, if necessary, within the preceding six months. Each secondary standard watthour meter shall have calibration data available and shall have a history card.
3. Secondary standards indicating instruments shall not be in error by more than plus or minus 0.5% of indication at commonly used scale deflection and shall not be used to check or calibrate portable indicating instruments, unless the secondary standard has been checked and adjusted, if necessary, within the preceding 12 months. A calibration record shall be maintained for each standard.
4. Regularly used working portable standard watthour meters shall be

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compared with a secondary standard at least once a month. Infrequently used working standards shall be compared with a secondary standard before they are used.

5. Working portable standard watthour meters shall be adjusted so that their percent registration is within 99.7% and 100.3% at 100% power factor and within 99.5% and 100.5% at 50% lagging power factor at all voltages and loads at which the standards may be used. A history and calibration record shall be kept for each working standard.
6. The meter accuracies required in this rule for all primary, secondary, and working standards shall be referred to 100%. Service measuring equipment shall be adjusted to within the accuracies required assuming the portable test equipment to be 100% accurate with the calibration correction taken into consideration.

U. METERING EQUIPMENT TESTING REQUIREMENTS

1. **GENERAL REQUIREMENTS** - The testing of any unit of metering equipment shall consist of a comparison of its accuracy with a standard of known accuracy. Units which are not properly connected or which do not meet the accuracy or other requirements of the rules of Section VIII at the time of testing shall be reconnected **or** rebuilt to meet such requirements and shall be adjusted to within the required accuracy and as close to zero error as practicable or else their use shall be discontinued.
2. **SELF-CONTAINED SINGLE-PHASE METERS** - Self-contained, single-phase meters, except **for** combination meters (meters **that** include demand devices or control devices), shall **be in compliance with** all of the following requirements:
 - a. Be checked for accuracy at unity power factor at the point where a meter is installed, at a central testing point, or in a mobile testing laboratory within a period of from 12 months before, to 60 days after, a meter is placed in service, except as provided for in Rule J of this section, and not later than six months after 192 months of service for a surge-resistant meter and not later than 6 months after 96 months of service for a non-surge-resistant meter.
 - b. Notwithstanding **the provisions of** subdivision a of this subrule, upon application to the Michigan Public Service Commission and

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upon receipt of an order granting approval, the testing of self-contained, single-phase meters in service shall be governed by a quality control plan as follows:

(1) Meters shall be divided into homogeneous groups by manufacturers' types, except as follows:

(a) Certain manufacturers' types shall be further subdivided into separate groups by manufacturers' serial numbers as follows:

(1) General Electric type I-30 shall be divided at serial number 20,241,829.

(2) Westinghouse type C shall be divided at serial number 16,350,000.

(3) Duncan type MF shall be divided at serial number 2,650,000

(4) Sangamo type J meters shall be divided starting with serial number 10,000,000.

(b) Non-surge-resistant meters that are installed in non-urban areas shall be treated as separate groups by manufacturers' type.

(2) The meters in each homogeneous group shall then be further subdivided **into** lots of not less than 301, **and not** more than 10,000, meters each, except that meters of the most recent **design** may be combined into lots regardless of manufacturers' type, except that where the number of meters of a single type is 8,001 or more, **that** number of meters shall be segregated by types for the formation of lots.

(3) From each assembled lot, a sample of the size specified in Table A-2, **ANSI/ASQC Z1.9-1980**, shall be drawn annually. The sample shall be drawn at random.

(4) The meters in each sample shall be tested for accuracy pursuant to the provisions of these rules.

(5) The test criteria for acceptance or rejection of each lot shall be based on the test at heavy load only and shall be that designated for **double specification limits** and **an**

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President

Alpena, Michigan



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SECTION VIII, U, 2, b, (5) (Continued)

acceptable quality level (AQL) that is not higher than 2.50 (normal inspection) as shown in Table B-3, ANSI/ASQC Z1.9-1980.

- (6) The necessary calculations shall be made pursuant to **Example B-3 of ANSI/ASQC Z1.9-1980**. The upper and lower specification limits, U and L, shall be 102% and 98%, respectively.
- (7) A lot shall be rejected if the **total estimated percent defective** (p), exceeds the appropriate **maximum allowable percent defective** (M) as determined from Table B-3 as specified in paragraph (5) of this subdivision.
- (8) All meters in a rejected lot shall be tested within a maximum period of 48 months and shall be adjusted pursuant to **the provisions of Rule O** of this section or shall be replaced with meters **that are in compliance with the requirements** of Rule O of this section.
- (9) During each **calendar** year, new meter samples shall be drawn as specified in this subdivision from all meters in service, with the exception that lots that have been rejected shall be excluded from the sampling procedure until all meters included in the rejected lots have been tested.
- (10) The Company may elect to **adopt a mixed variables-attributes sampling plan as outlined in Section A9 of ANSI/ASQC Z1.9-1980, in which case, a lot that is not in compliance with the acceptability criteria of the variables sampling plan shall be resampled the following year using an attributes sampling plan. If the acceptability criteria of the attributes sampling plan are met, the lot shall be considered acceptable and shall be returned to the variables sampling plan the following year. If the acceptability criteria of the attributes sampling plan are not met, then that lot shall be rejected and all meters in the lot shall be tested and adjusted or replaced within a maximum period of 36 months after the second rejection.**
- (11) **The plan specified in paragraph (10) of this subdivision does not alter the rules under which customers may request**

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STANDARD RULES AND REGULATIONS

SECTION VIII, U, 2, b, (11) (Continued)

special tests of meters.

c. Be checked for accuracy in all of the following situations:

- (1) When a meter is suspected of being inaccurate or damaged.
- (2) When the accuracy of the meter is questioned by a customer.
(See Rule I of this section.)
- (3) Before use if a meter has been inactive for more than a year after having been in service.
- (4) When a meter has been removed from service and has not been tested within the previous 48 months.

d. Be inspected for mechanical and electrical faults when the accuracy of the device is checked.

e. Have the register and the internal connections checked before the meter is first placed in service and when the meter is repaired.

f. Have the connections to the customer's circuits checked when the meter is tested on the premises or when removed for testing.

g. Be checked for accuracy at 50% power factor when purchased and after rebuilding.

h. A meter need not be tested or checked for any reason, except **when a complaint is received**, if the device was tested, checked, and adjusted, if necessary, within the previous 12 months.

3. **OTHER SINGLE-PHASE METERS** - All single-phase meters that are not included in subrule 2 of this rule, together with associated equipment, such as demand devices, control devices, and instrument transformer rated meters, shall **be in compliance with** all of the following requirements:

a. Be checked for accuracy at unity power factor at the point where a meter is installed, at a central testing point, or in a mobile testing laboratory as follows:

- (1) Within a period of from 12 months before, to 60 days after, a meter is placed in service, except as provided **for** in Rule J

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STANDARD RULES AND REGULATIONS

SECTION VIII, U, 3, a, (1) (Continued)

of this section.

- (2) Not later than 6 months after 144 months of service for a surge-**resistant** meter and not later than 6 months after 96 months of service for a non-surge-**resistant** meter.
 - (3) When a meter is suspected of being inaccurate or damaged.
 - (4) When the accuracy of a meter is questioned by a customer.
(See Rule I of this section.)
 - (5) Before use when a meter has been inactive for more than one year after having been in service.
 - (6) When a meter is removed from service and has not been tested within a period equal to $1/2$ of the normal test schedule.
- b. Be inspected for mechanical and electrical faults when the accuracy of the device is checked.
 - c. Have the register and the internal connections checked before the meter is first placed in service and when the meter is repaired.
 - d. Have the connections to the customer's circuits checked when the meter is tested on the premises or when removed for testing.
 - e. Be checked for accuracy at 50% power factor when purchased and after rebuilding.
 - f. A meter need not be tested or checked for any reason, except **when a complaint is received**, if the device was tested, checked, and adjusted, if necessary, within the previous 12 months.
4. **SELF-CONTAINED THREE-PHASE METERS** - All self-contained three-phase meters and associated equipment shall **be in compliance with** all of the following requirements:
- a. Be tested for accuracy at unity and 50% power factor as follows:
 - (1) Before being placed in service.
 - (2) Not later than six months after 120 months of service.

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STANDARD RULES AND REGULATIONS

SECTION VIII, U, 4, a, (3)

- (3) When a meter is suspected of being inaccurate or damaged.
 - (4) When the accuracy of a meter is questioned by a customer.
(See Rule I of this section.)
 - (5) When a meter is removed from service.
 - b. Be inspected for mechanical and electrical faults when the accuracy is checked.
 - c. Have the register and internal connections checked before the meter is first installed, when repaired, and when the register is changed.
 - d. Have the connections to the customer's circuits and multipliers checked when the equipment is tested for accuracy on the customer's premises.
5. **TRANSFORMER-RATED THREE-PHASE METERS** - All transformer-rated, three-phase meters and associated equipment shall **be in compliance with** all of the following requirements:
- a. Be checked for accuracy at unity and 50% power factor as follows:
 - (1) Before being placed in service.
 - (2) On the customer's premises within 60 days after installation, unless the transformers **are in compliance** with the specifications outlined in the American National Standards Institute's Standard ANSI C-57.13-1978 (R1987), which is adopted by reference **in these rules** and **which** is available from the Michigan Public Service Commission. P.O. Box 30221, Lansing, Michigan 48909, at a cost **as of the time of adoption of this rule of five cents per page, plus \$13.07 per hour of copying** or from the American National Standards Institute, 1430 Broadway, New York, NY 10018, at a cost **as of the time of adoption of this rule of \$25.00, unless the transformers** are of the 0.3 accuracy class, and unless the meter adjustment limits do not exceed plus or minus 1.5% at 50% power factor.
 - (3) Not later than six months after 72 months of service.

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SECTION VIII, U, 5, a, (4)

- (4) When a meter is suspected of being inaccurate or damaged.
 - (5) When the accuracy is questioned by a customer. (See Rule I of this section.)
 - (6) When a meter is removed from service.
 - b. Be inspected for mechanical and electrical faults when the accuracy is checked.
 - c. Have the register and internal connections checked before the meter is first placed in service and when the meter is repaired.
 - d. Have the connections to the customer's circuits and multipliers checked when the equipment is tested for accuracy on the premises or when removed for testing and when instrument transformers are changed.
 - e. Be checked for accuracy at 50% power factor when purchased and after rebuilding.
6. **INSTRUMENT TRANSFORMERS** - Instrument transformers shall be tested in all of the following situations:
- a. When first received, unless a transformer is accompanied by a certified test report from the manufacturer.
 - b. When removed from service.
 - c. Upon complaint.
 - d. When there is evidence of damage.
 - e. When an approved check, such as the variable burden method in the case of current transformers, *that is* made when the meter is tested indicates that a quantitative test is required.
7. **DEMAND METERS** - Demand meters shall *shall be in compliance with* both of the following requirements:
- a. Be tested for accuracy in all of the following situations:
 - (1) Before a meter is placed in service.

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SECTION VIII, U, 6, a, (2)

- (2) When an associated meter is tested and the demand meter is a block interval non-recording type or a thermal type.
 - (3) After two years of service if the meter is of the recording type, but **testing** is not required if the meter is of the pulse-operated type and the demand reading is checked with the kilowatthour reading each billing cycle.
 - (4) When a meter is suspected of being inaccurate or damaged.
 - (5) When the accuracy is questioned by a customer. (See Rule I of this section.)
 - (6) When a meter is removed from service.
- b. Be inspected for mechanical and electrical faults when a meter is tested in the field or in the meter shop.
8. **ANSI/ASQC Z1.9-1980 - ANSI/ASQC Z1.9-1980** is adopted by reference **in these rules** and is available from the Michigan Public Service Commission, P.O. Box 30221, Lansing, Michigan 48909, at cost **as of the time of adoption of this rule of five cents per page, plus \$13.07 per hour of copying** or from the **American National Standards Institute, 1430 Broadway, New York, NY 10018, at a cost as of the time of adoption of this rule of \$25.00.**

V. STANDARDS CHECK BY THE MICHIGAN PUBLIC SERVICE COMMISSION

1. Upon request of the Michigan Public Service Commission, the Company shall submit one of its portable standard watthour meters and one portable indicating voltmeter, ammeter, and wattmeter to a Michigan Public Service Commission approved standards laboratory for checking of their accuracy.
2. The Company shall normally check its own working portable standard watthour meters or instruments against primary or secondary standards and shall calibrate these working standards or instruments before they are submitted with a record of such calibration attached to each of the working standards or instruments.

W. METERING EQUIPMENT RECORDS

1. A complete record of the most recent test of all metering equipment shall be maintained. The record shall show all of the following

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SECTION VIII, W, 1 (Continued)

information:

- a. Identification and location of unit.
 - b. Equipment with which the device is associated.
 - c. The date of the test.
 - d. Reason for the test.
 - e. Readings before and after the test.
 - f. A statement as to whether or not the meter creeps and, in case of creeping, the rate.
 - g. A statement of meter accuracies before and after adjustment sufficiently complete to permit checking of the calculations employed.
 - h. Indications showing that all required checks have been made.
 - i. A statement of repairs made, if any.
 - j. Identification of the testing standard and the person making the test.
2. The Company shall also keep a record for each unit of metering equipment which shows all of the following information:
- a. When the unit was purchased.
 - b. The unit's cost.
 - c. The Company's identification.
 - d. Associated equipment.
 - e. Essential nameplate data.
 - f. The date of the last test.

The record shall also show either the present service location with the date of installation or, if removed from service, the service location from which the unit was removed with the date of removal.

X. DETERMINATION OF AVERAGE ERROR - If a metering installation is found upon any test to be in error by more than 2% at any test load, the average error shall be determined in one of the following ways:

1. If the metering installation is used to measure a load which has practically constant characteristics, such as a streetlighting load, the meter shall be tested under similar conditions of load and the accuracy of the meter "as found" shall be considered as the average accuracy.
2. If a single-phase metering installation is used on a varying load, the average error shall be the weighted algebraic average of the error at light load and the error at heavy load, the latter being

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STANDARD RULES AND REGULATIONS

SECTION VIII,X,2 (Continued)

given a weighting of 4 times the former.

3. If a polyphase metering installation is used on a varying load, the average error shall be the weighted algebraic average of its error at light load given a weighting of 1, its error at heavy load and 100% power factor given a weighting of 4, and at heavy load and 50% lagging power factor given a weighting of 2.
4. If a load, other than the light, heavy and low power factor load specified for routine testing, is more representative of the customary use of the metering equipment, its error at that load shall also be determined. In this case, the average error shall be computed by giving the error at such load and power factor a weighting of 3 and each of the errors at the other loads (light, heavy, and 50% lagging power factor) a weighting of 1. Each error will be assigned its proper sign.

Y. REPORTS TO BE FILED WITH THE MICHIGAN PUBLIC SERVICE COMMISSION

1. The Company shall file, with the Michigan Public Service Commission, within 30 days after the first day of January of each year, **an officer-certified** statement that the Company has complied with all of the requirements set forth in these rules relating to meter standardizing equipment.
2. For all meters that are not included in **the provisions of** Rule U, 2, b of this section, the Company shall file, with the Michigan Public Service Commission, on or before the first day of April of each year, its annual tabulation of all its prior-to-adjustment meter test results covering the 12-month period ending December 31. The Company shall summarize, by meter type, all individual meters and overall light and heavy load prior-to-adjustment test results at the power factors required by these rules. The summary shall be divided into heavy load 100% power factor, light load 100% power factor, and heavy load 50% power factor test results and shall also be divided according to the length of meter test period and types of single-phase and polyphase meters. The summary shall show the number of meters or overall tests found within each of the following accuracy classifications:
 - a. No recording.
 - b. Creeping.
 - c. Equal to or less than 94.0%.
 - d. 94.1 to 96.0%.

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SECTION VIII, Y, 2, e

- e. 96.1 to 97.0%.
 - f. 97.1 to 98.0%.
 - g. 98.1 to 99.0%.
 - h. 99.1 to 100.0%.
 - i. 100.1 to 101.0%.
 - j. 101.1 to 102.0%.
 - k. 102.1 to 103.0%.
 - l. 103.1 to 104.0%.
 - m. 104.1 to 106.0%.
 - n. Over 106.0%.
3. For all meters that are included in **the provisions of** Rule U, 2, b of this section, the Company shall file, with the Michigan Public Service Commission, on or before the first day of April, all of the following **information**:
- a. A summary of all samples of meter lots that pass the **acceptability criteria** as set forth in **ANSI/ASQC Z1.9-1980**, including complete data on **all of the following**:
 - (1) **The** type of meter.
 - (2) **The** number of meters in lot.
 - (3) **The** size of sample.
 - (4) **The** average months in service since last test.
 - (5) **The** computed p (**total estimated percent defective in lot**).
 - (6) **The** corresponding M (**maximum allowable percent defective**) as determined from Table B-3 in **ANSI/ASQC Z1.9-1980**.
 - b. The necessary calculations made pursuant to **Example B-3 of ANSI/ASQC Z1.9-1980** shall be retained for each sample **or resample** drawn. In addition to the actual computation, the data **shall** include **all of the following**:
 - (1) **The** type of meter.
 - (2) **The** number of meters in lot.
 - (3) **The** meter numbers of sample meters.
 - (4) **The** actual prior-to-adjustment test data of each meter tested.
 - (5) **The number of** months since **the** last test for each meter in **the** sample.

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SECTION VIII, Y, 3, b (Continued)

A sample of the calculations and data for a lot that passes the **acceptability criteria** shall be included in the report to the Michigan Public Service Commission.

- c. A copy of the complete data, as outlined in this subrule, shall be included for each meter lot that **is not in compliance with the acceptability criteria of the sampling plan employed as set forth in ANSI/ASQC Z1.9-1980.**
- d. A report summarizing the testing of all meters in rejected lots **that are to be returned to service.** The heavy load **preadjustment** tests only shall be recorded, and the accuracy classifications as established in subrule 2 of this rule shall be used. Each rejected lot shall be reported separately and shall be separated into groups by the number of months since the last test as follows:
 - (1) 0 to 48 months.
 - (2) 49 to 72 months.
 - (3) 73 to 96 months.
 - (4) **More than** 96 months.

Z. GENERATING AND INTERCHANGE STATION METER TESTS

- 1. Generating and interchange station and watthour meters shall be tested in conjunction with their associated equipment as follows:
 - a. At least once every 24 months for generating station meters.
 - b. At least once every 12 months for interchange meters.
- 2. The accuracy limits for any particular device shall not be greater than the accuracy limits required elsewhere in these rules.

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STANDARD RULES AND REGULATIONS

SECTION IX - TARIFF CONDITIONS

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By: Steven K. Mitchell
Executive Vice President

Alpena, Michigan



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STANDARD RULES AND REGULATIONS

SECTION IX - TARIFF CONDITIONS

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.

c. "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.

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STANDARD RULES AND REGULATIONS**SECTION IX,B,2**

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. For the period ending June 12, 2007, the PSCR Factor consisted of an increase or decrease of 0.0106 mills per kWh for each full 0.01 mill increase or decrease in the projected annual power supply costs above or below a base cost of **35.85** mills per kWh, rounded to the nearest one-hundredth of a mill per kWh. 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.

Michigan Public Service
Commission

September 25, 2007

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STANDARD RULES AND REGULATIONS
SECTION IX,B,5**POWER SUPPLY COST RECOVERY FACTORS**

| Billing Month | Maximum Authorized 2008 PSCR Factor (\$/kWh) | Actual Factor Billed (\$/kWh) |
|------------------|--|--|
| Jan-08 | 0.00474 | 0.00474 |
| Feb-08 | 0.00474 | 0.00474 |
| Mar-08 | 0.00474 | 0.00400 |
| Apr-08 | 0.00474 | 0.00400 |
| May-08 | 0.00474 | 0.00474 |
| Jun-08 | 0.00474 | 0.00474 |
| Jul-08 | 0.00474 | 0.00474 |
| Aug-08 | 0.00474 | |
| Sep-08 | 0.00474 | |
| Oct-08 | 0.00474 | |
| Nov-08 | 0.00474 | |
| Dec-08 | 0.00474 | |

The Company will file a revised Sheet No. 14.03 monthly to reflect the actual factor to be billed the following month.

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 Executive Vice President

Alpena, Michigan

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STANDARD RULES AND REGULATIONS
SECTION IX,B,5**POWER SUPPLY COST RECOVERY FACTORS**

| Billing Month | Maximum Authorized 2007 PSCR Factor (\$/kWh) | Actual Factor Billed (\$/kWh) |
|-----------------------------|--|--|
| <i>Jan-07</i> | <i>0.01494</i> | <i>0.01494</i> |
| <i>Feb-07</i> | <i>0.01494</i> | <i>0.01494</i> |
| <i>Mar-07</i> | <i>0.01508</i> | <i>0.01508</i> |
| <i>Apr-07</i> | <i>0.01508</i> | <i>0.01508</i> |
| <i>May-07</i> | <i>0.01508</i> | <i>0.01508</i> |
| <i>6/1/07- 6/12/07</i> | <i>0.01508</i> | <i>0.01508</i> |
| <i>6/13/07- 6/30/07</i> | <i>0.00000</i> | <i>0.00000</i> |
| <i>Jul-07</i> | <i>0.00000</i> | <i>0.00000</i> |
| <i>Aug-07</i> | <i>0.00000</i> | <i>0.00000</i> |
| <i>Sep-07</i> | <i>0.00000</i> | <i>0.00000</i> |
| <i>Oct-07</i> | <i>0.00000</i> | <i>0.00000</i> |
| <i>Nov-07</i> | <i>0.00000</i> | <i>0.00000</i> |
| <i>Dec-07</i> | <i>0.00000</i> | <i>0.00000</i> |

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By: Steven K. Mitchell
Executive Vice President
Alpena, Michigan



Effective for Electric Bills
Rendered on and after
January 1, 2007

Issued Under Authority of the
Michigan Public Service
Commission Dated January 14, 2007
in Case No. U-15000, Dated July 5,
2007 in Case No. U-14700-R and
Dated June 12, 2007 in Case No.
U-15250.

STANDARD RULES AND REGULATIONS

SECTION IX, C

C. 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.

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STANDARD RULES AND REGULATIONS

SECTION IX,C,1.2 (Continued)

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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STANDARD RULES AND REGULATIONS

SECTION IX, C, 1.3 (Continued)

"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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STANDARD RULES AND REGULATIONS

SECTION IX, C, 1.3 (Continued)

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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STANDARD RULES AND REGULATIONS

SECTION IX,C,1.3 (Continued)

"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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STANDARD RULES AND REGULATIONS

SECTION IX, C, 2.3

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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STANDARD RULES AND REGULATIONS

SECTION IX, C, 2.4.5

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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STANDARD RULES AND REGULATIONS

SECTION IX, C, 2.5.2

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, 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, 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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STANDARD RULES AND REGULATIONS

SECTION IX, C, 2.5.7

2.5.7 Customers who choose Retail Access Service but do not meet the criteria in Section 2.5.1 of this tariff, will have, unless the Company has exercised its right to require an Interval Demand Meter under Section 2.5.1, 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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STANDARD RULES AND REGULATIONS

SECTION IX, C, 2.6.4

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 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 460.2101 et seq., as amended, for residential customers, and MAC R 460.3901 et seq., as amended, for nonresidential customers.

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STANDARD RULES AND REGULATIONS

SECTION IX, C, 2.7.3

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.

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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STANDARD RULES AND REGULATIONS

SECTION IX, C, 3.1.7

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 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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STANDARD RULES AND REGULATIONS

SECTION IX, C, 3.3.2, E

E. Amounts owed to the Company by an AES may be deducted from the AES's Customer payments received by the Company prior to remittance to the AES.

F. The Company will not pursue collections action for any AES.

3.3.3 Unless otherwise specified by the Company, all payments made to the Company by the AES will be made by electronic funds transfer to the Company's account.

3.4 Terms and Conditions of Service

3.4.1 The AES is responsible for providing Power to be transmitted by the appropriate transmission provider(s) to the Company's Distribution Point of Receipt. The AES shall meet all obligations necessary to schedule Power to match the Customer's Load, subject to energy imbalance charges and penalties in accordance with the terms of the OATT of the transmission provider(s). The AES shall comply with all applicable requirements of NERC and any regional reliability council or their successor organization(s) associated with the AES's deliveries to the Company's facilities and will meet all applicable requirements according to the transmission provider(s)' OATT.

3.4.2 An AES must obtain and maintain a minimum aggregate load of 1,000 kW of Maximum Demand of Customers in Company's service territory to provide Retail Access Service to Customers.

3.4.3 Retail Access Service may not commence until metering has been installed as specified in this Tariff as outlined in section 2.5.

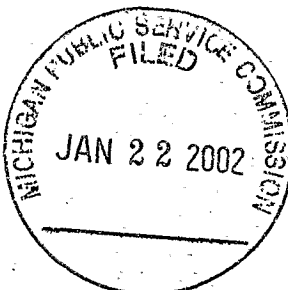
3.4.4 The AES will provide the Company daily energy schedules for all services including losses associated with use of the Distribution System. The AES will provide verification that it has arranged for and scheduled transmission service to deliver Energy and that the energy schedule has been approved by the transmission provider(s), and that the AES has covered energy losses on the Transmission System(s).

3.4.5 The AES will pay the Company for all applicable ancillary services, emergency energy services and backup services provided by the Company to the AES for the AES's Customer(s) from the service commencement date to the service termination date under applicable tariffs.

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STANDARD RULES AND REGULATIONS

SECTION IX, C, 3.4.6

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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STANDARD RULES AND REGULATIONS

SECTION IX, C, 3.5.3

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.

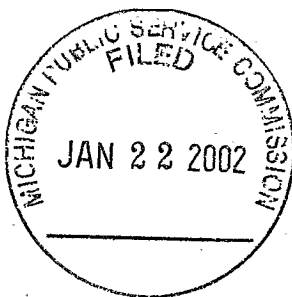
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STANDARD RULES AND REGULATIONS

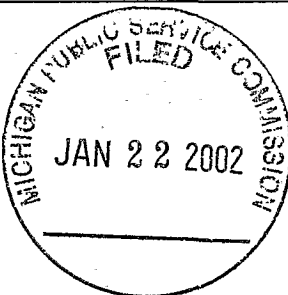
SECTION IX, C, 3.7.3

- 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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STANDARD RULES AND REGULATIONS

SECTION IX, C, 3.7.8

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.

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.

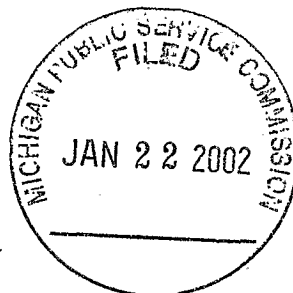
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STANDARD RULES AND REGULATIONS

SECTION IX, C, 4.3.3

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.

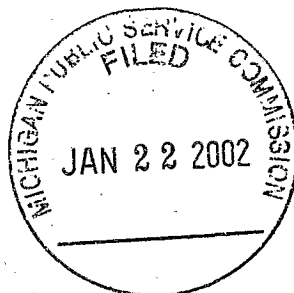
5.2 The Company will not be liable to an AES or Customer for damages caused by interruption of service, voltage or frequency variations, single-phase supply to three-phase lines, reversal of phase rotation, or carrier-current frequencies imposed by the Company for system operations or equipment control 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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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 Section IX, C. 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

Customer Choice Implementation Surcharge:

\$0.00019 per kWh for all kWh

Power Supply Charges:

Energy Charge:

\$0.05375 per kWh for all kWh

(Continued on Sheet No. 15.01)

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RESIDENTIAL SERVICE
(Continued From Sheet No. 15.00)

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. **14.02** and **14.03**.

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 Section IX, C, 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 described in Section V, F, 14.

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. 15.01)

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.

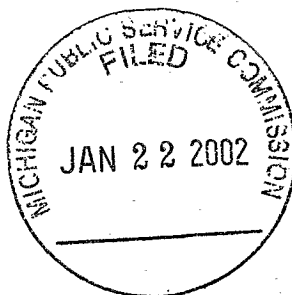
Rules and Regulations:

Service under this rate is governed by the Company's Standard Rules and Regulations. The charges under this rate are subject to *the tariff* conditions of Section IX.

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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 IX, C. 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

Customer Choice Implementation Surcharge:

~~\$0.00019~~ per kWh for all kWh

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. **14.02** and **14.03**.

(Continued on Sheet No. 16.01)

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GENERAL SERVICE
(Continued From Sheet No. 16.00)

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 of Section IX, C, 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.

(Continued on Sheet No. 16.02)

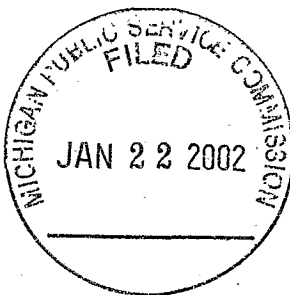
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GENERAL SERVICE
(Continued From Sheet No. 16.01)

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.

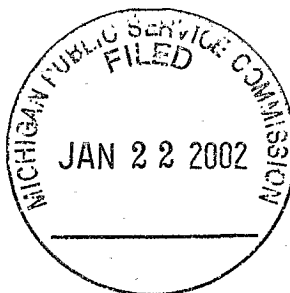
Rules and Regulations:

Service under this rate is governed by the Company's Standard Rules and Regulations. The charges under this rate are subject to *the tariff* conditions of Section IX.

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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 IX, C. 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.

Customer Choice Implementation Surcharge:

\$0.00019 per kWh for all kWh

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STANDARD POWER SERVICE
(Continued From Sheet No. 18.00)

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. **14.02** and **14.03**.

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
(Continued From Sheet No. 18.01)

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 of Section IX, C, 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.

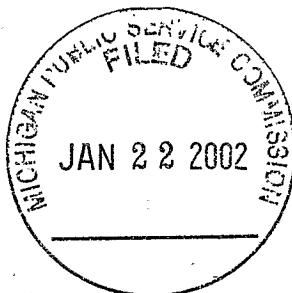
Rules and Regulations:

Service under this rate is governed by the Company's Standard Rules and Regulations. The charges under this rate are subject to **the tariff** conditions of Section IX.

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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 IX, C. 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

Customer Choice Implementation Surcharge:

\$0.00019 per kWh for all kWh

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LARGE POWER SERVICE
(Continued From Sheet No. 18.50)

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. 14.02 and 14.03.

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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By: Steven K. Mitchell
Executive Vice President

Alpena, Michigan

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|---------------------------------------|
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(Continued on Sheet No. 18.52)

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LARGE POWER SERVICE
(Continued From Sheet No. 18.51)

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. 18.53)

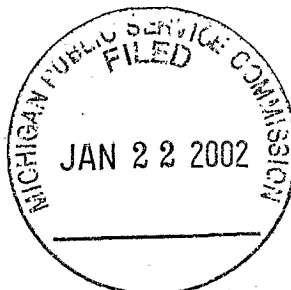
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LARGE POWER SERVICE
(Continued From Sheet No. 18.52)

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 IX, C, 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 tariff conditions of Section IX.

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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 IX, C. 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

On-Peak Billing Demand Charge:

For service provided at 34,500 volts nominal voltage:

\$2.039 per kW of on-peak billing demand

(Continued on Sheet No. 19.01)

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LARGE INDUSTRIAL SERVICE
(Continued From Sheet No. 19.00)

Monthly Rate (Continued):

Distribution Charges (Continued):

Capacity Charges (Continued):

On-Peak Billing Demand Charge (Continued):

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

Customer Choice Implementation Surcharge:

\$0.00019 per kWh for all kWh

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

(Continued on Sheet No. 19.02)

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LARGE INDUSTRIAL SERVICE
(Continued From Sheet No. 19.01)

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. **14.02** and **14.03**.

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

(Continued on Sheet No. 19.03)

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LARGE INDUSTRIAL SERVICE
(Continued From Sheet No. 19.02)

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. 19.04)

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LARGE INDUSTRIAL SERVICE
(Continued From Sheet No. 19.03)

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.

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LARGE INDUSTRIAL SERVICE
(Continued From Sheet No. 19.04)

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 of Section IX, C, 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 tariff* conditions of Section IX.

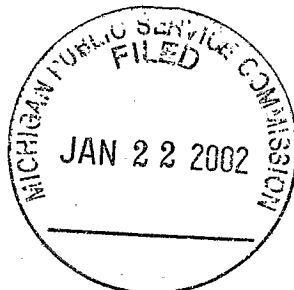
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ALTERNATIVE ENERGY ECONOMIC DEVELOPMENT SERVICE

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 IX, C. 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

Customer Choice Implementation Surcharge:

\$0.00019 per kWh for all kWh

Power Supply Charges:

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

(Continued on Sheet No. 20.01)

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Executive Vice President

Alpena, Michigan

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ALTERNATIVE ENERGY ECONOMIC DEVELOPMENT SERVICE
(Continued From Sheet No. 20.00)

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. 14.03 and 14.04.

(Continued on Sheet No. 20.02)

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ALTERNATIVE ENERGY ECONOMIC DEVELOPMENT SERVICE
(Continued From Sheet No. 20.01)

Monthly Rate (Continued):

On-Peak Billing Demand:

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

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

Maximum Demand:

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

Schedule of On-Peak and Off-Peak Hours:

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

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

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

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

Holidays:

The following are designated as holidays by the Company:

| | |
|----------------------------------|------------------|
| New Year's Day | Labor Day |
| The day Memorial Day is observed | Thanksgiving Day |
| Independence 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. 20.03)

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ALTERNATIVE ENERGY ECONOMIC DEVELOPMENT SERVICE
(Continued From Sheet No. 20.02)

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. 20.04)

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ALTERNATIVE ENERGY ECONOMIC DEVELOPMENT SERVICE
(Continued From Sheet No. 20.03)

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.

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ALTERNATIVE ENERGY ECONOMIC DEVELOPMENT SERVICE
(Continued From Sheet No. 20.04)

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 of Section IX, C, 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 tariff conditions of Section IX.

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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.

Power Supply Cost Recovery:

This rate is subject to the Company's Power Supply Cost Recovery Factors as shown on Sheet **Nos. 14.02 and 14.03.**

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.

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.

Issued: June 14, 2007

By: Steven K. Mitchell
Executive Vice President

Alpena, Michigan

Michigan Public Service
Commission

June 15, 2007

Filed 

(Continued on Sheet No. 21.01)

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OUTDOOR PROTECTIVE LIGHTING SERVICE
(Continued From Sheet No. 21.00)

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 all general terms and conditions of Section IX.

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By: Stephen H. Fletcher
President

Alpena, Michigan



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STREET AND HIGHWAY LIGHTING SERVICE

Availability:

Open to the State of Michigan or any political subdivision thereof having jurisdiction over public streets or roadways, for street or highway lighting service for any system where the Company has existing distribution facilities appropriate for supplying such services.

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:

The Company shall furnish, install and own the entire equipment, including wood poles, overhead lines, luminaires, supporting brackets for wood pole mounting and lamps. The Company shall supply energy, replace luminaires and lamps and maintain the entire equipment. The Company reserves the right to furnish such service from either a series or multiple system, or both. The Company reserves the right to select the type of fixture to be installed. 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:

The charge per light, with the Company reserving the right to select the type of fixture to be installed, shall be:

100 watt, 8,500 nom. lumens **\$10.56** per month, per light

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

Power Supply Cost Recovery:

This rate is subject to the Company's Power Supply Cost Recovery Factors as shown on Sheet **Nos. 14.02 and 14.03.**

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

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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STREET AND HIGHWAY LIGHTING SERVICE
(Continued From Sheet No. 22.00)

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 all general terms and conditions of Section IX.

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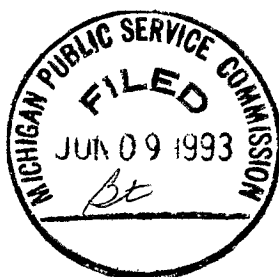
SPECIAL POWER CONTRACTS

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.

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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. 24.01)

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**COGENERATION AND SMALL POWER PRODUCTION
PURCHASE RATE "1"
(Continued from Sheet No. 24.00)**

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).

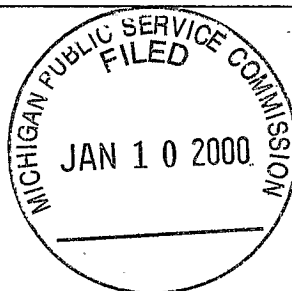
The power supply bills used to determine avoided costs will be kept on file at the Company's office. Personnel shall be available, **during normal business hours**, to explain how this methodology is applied to these bills to obtain the avoided energy costs for any particular month.

(Continued on Sheet No. 24.02)

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**COGENERATION AND SMALL POWER PRODUCTION
PURCHASE RATE "1"**

(Continued from Sheet No. 24.01)

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 Section II, C, 8, Auxiliary or Standby Service.

Optional Standby Rate:

An operator who otherwise would qualify under Section II, C, 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. 24.03)

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COGENERATION AND SMALL POWER PRODUCTION

PURCHASE RATE "1"

(Continued from Sheet No. 24.02)

Optional Standby Rate (Continued):

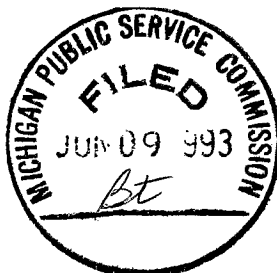
2. Maintenance Power:

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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President

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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. 25.01)

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COGENERATION AND SMALL POWER PRODUCTION
PURCHASE RATE "2"
(Continued from Sheet No. 25.00)

Standby Power:

The operator may contract for standby power for equipment failure or maintenance in accordance with Section II, C, 8, Auxiliary or Standby Service.

Optional Standby Rate:

An operator who otherwise would qualify under Section II, C, 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 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. 25.02)

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COGENERATION AND SMALL POWER PRODUCTION
PURCHASE RATE "2"

(Continued from Sheet No. 25.01)

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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President

Alpena, Michigan



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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

(Continued on Sheet No. 26.01)

Issued: July 12, 1993

By: Stephen H. Fletcher
President

Alpena, Michigan



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dated May 20, 1986
in Case No. U-8180

POLE ATTACHMENT RATE
(Continued from Sheet No. 26.00)

Nature of Service (Continued):

the Facility Modification provision of this schedule, to accommodate the Customer's Attachment.

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. 26.02)

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By: Stephen H. Fletcher
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in **Case No. U-10831**

POLE ATTACHMENT RATE
(Continued from Sheet No. 26.01)

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.

Issued: July 12, 1993

By: Stephen H. Fletcher
President

Alpena, Michigan



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in Case No. U-8180

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. 27.01)

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By: Stephen H. Fletcher
President

Alpena, Michigan



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EXPERIMENTAL PRIMARY DISTRIBUTION SERVICE
(Continued From Sheet No. 27.00)

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 all general terms and conditions of Section IX, except for Rule B, Power Supply Cost Recovery Clause.

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By: Stephen H. Fletcher
President

Alpena, Michigan



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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 IX, C. The charges under this rate are subject to the general terms and conditions of Section IX, A.

Issued: December 28, 2001

By: Steven K. Mitchell
Executive Vice President

Alpena, Michigan



Effective: January 1, 2002

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dated October 11, 2001
in Case No. U-12655

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. 29.01)

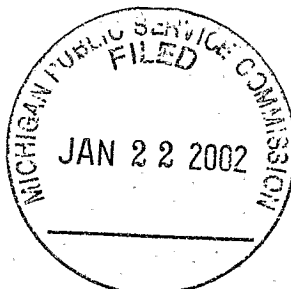
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ENERGY IMBALANCE SERVICE
(Continued From Sheet No. 29.00)

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.

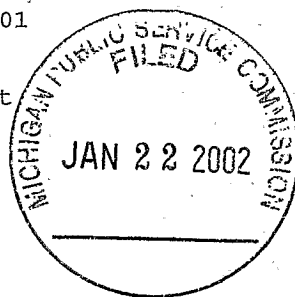
Rules and Regulations:

Service under this rate is governed by the Company's Retail Access Service Tariff, as set forth in Section IX, C. The charges under this rate are subject to the general terms and conditions of Section IX, A.

Issued: December 28, 2001

By: Steven K. Mitchell
Executive Vice President

Alpena, Michigan



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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 Section IX, C, 2, f, 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 Section IX, C, 2, f. 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 IX, C. The charges under this rate are subject to the general terms and conditions of Section IX, A.

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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 on a first come, first served basis until the nameplate capacity of all participating generators is equal to the maximum program limit of 100 kW. The Company's Net Metering Program will be open for customer enrollments through August 31, 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 landfill gas, or hydroelectric, as set forth in Public Act 141 and (2) be Full Requirements Service customers under either the Residential, General, Standard Power or Large Power services. 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. The nameplate rating of the generation equipment shall be less than 30kW. Dispatchable generators shall be sized to not exceed the customer's capacity needs. Non-dispatchable generators shall be sized to 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 making application for enrollment in the Net Metering Program.

(Continued on Sheet No. 31.01)

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NET METERING PROGRAM
(Continued From Sheet No. 31.00)

Customer Eligibility (Continued):

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.

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 Company shall install appropriate metering equipment and the customer shall be responsible for all expenses in excess of \$300 for the purchase and installation of said metering equipment.

Monthly Charges:

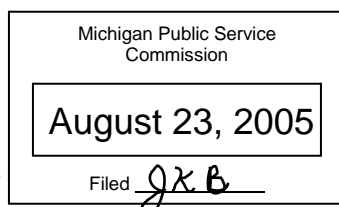
Distribution Charges -- A customer enrolled in the Net Metering Program shall pay the Distribution Charges associated with the Company's standard service tariff applicable to the customer. Such charges shall be computed based upon the energy delivered by the Company to the customer without reduction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