

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

\* \* \* \* \*

In the matter of the application of )  
**CLOVERLAND ELECTRIC COOPERATIVE** )  
for authority to implement revised rates for the ) Case No. U-13345  
sale of electricity. )  
\_\_\_\_\_ )

At the November 7, 2002 meeting of the Michigan Public Service Commission in Lansing,  
Michigan.

PRESENT: Hon. Laura Chappelle, Chairman  
Hon. David A. Svanda, Commissioner  
Hon. Robert B. Nelson, Commissioner

**ORDER APPROVING SETTLEMENT AGREEMENT**

On April 8, 2002, Cloverland Electric Cooperative (Cloverland) filed an application  
requesting a \$558,970 revenue increase.

Pursuant to due notice, a prehearing conference was held on June 13, 2002 before Adminis-  
trative Law Judge James N. Rigas. Cloverland and the Commission Staff participated in the  
proceedings. Subsequently, the parties submitted a settlement agreement resolving all issues in  
the case.

The settlement agreement, attached as Exhibit A, provides for an overall revenue increase of  
\$295,000, or 2.23%, effective January 1, 2003, based on a target times interest earned ratio of 1.75  
and a pro forma test year ended December 31, 2000. On a class-by-class basis, using test year  
billing determinants, the tariff sheets attached to the settlement agreement result in the following  
effects:

<u>Rate Class</u>	<u>% Increase (Decrease)</u>
Residential Service	2.83%
Seasonal Residential Service	19.89%
General Service	(7.56%)
Seasonal General Service	3.43%
Commercial Heating & Air Conditioning	3.16%
Large Power Service	(6.30%)
Primary Substation Distribution Service	(2.54%)
Large Power – Mining Operations	(5.89%)
Outdoor Protective Lighting	<u>12.50%</u>
Total	<u>2.23%</u>

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

The Commission FINDS that:

a. Jurisdiction is pursuant to 1909 PA 106, as amended, MCL 460.551 et seq.; 1919 PA 419, as amended, MCL 460.51 et seq.; 1939 PA 3, as amended, MCL 460.1 et seq.; 1969 PA 306, as amended, MCL 24.201 et seq.; and the Commission’s Rules of Practice and Procedure, as amended, 1992 AACCS, R 460.17101 et seq.

b. The settlement agreement is reasonable and in the public interest, and should be approved.

THEREFORE, IT IS ORDERED that:

A. The settlement agreement, attached as Exhibit A, is approved.

B. Cloverland Electric Cooperative is authorized to increase its rates by \$295,000 effective January 1, 2003, in accordance with the tariff sheets attached to the settlement agreement. For non-seasonal customers, the revised rate schedules shall be effective for service rendered beginning January 1, 2003. For seasonal customers, the revised rate schedules shall be appropriately pro-rated on the basis that each such customer is billed.

C. Cloverland Electric Cooperative shall file with the Commission, within 30 days, four sets of tariff sheets essentially the same as those attached to the settlement agreement.

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

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

MICHIGAN PUBLIC SERVICE COMMISSION

/s/ Laura Chappelle  
Chairman

( S E A L )

/s/ David A. Svanda  
Commissioner

/s/ Robert B. Nelson  
Commissioner

By its action of November 7, 2002.

/s/ Dorothy Wideman  
Its Executive Secretary

B. Cloverland Electric Cooperative is authorized to increase its rates by \$295,000 effective January 1, 2003, in accordance with the tariff sheets attached to the settlement agreement. For non-seasonal customers, the revised rate schedules shall be effective for service rendered beginning January 1, 2003. For seasonal customers, the revised rate schedules shall be appropriately pro-rated on the basis that each such customer is billed.

C. Cloverland Electric Cooperative shall file with the Commission, within 30 days, four sets of tariff sheets essentially the same as those attached to the settlement agreement.

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

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

MICHIGAN PUBLIC SERVICE COMMISSION

---

Chairman

---

Commissioner

---

Commissioner

By its action of November 7, 2002.

---

Its Executive Secretary

**STATE OF MICHIGAN**  
**BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION**

\*\*\*\*\*

**In the matter of the application of  
CLOVERLAND ELECTRIC COOPERATIVE  
for authority to implement revised rates for  
the sale of electricity.**

Case No. U-13345

**SETTLEMENT AGREEMENT**

On April 8, 2002, Cloverland Electric Cooperative ("Cloverland") filed its application, prefiled testimony and exhibits requesting a \$558,970 revenue increase. On April 16, 2002, the Commission issued its Notice of Hearing. In accordance with the Commission's Notice of Hearing, Cloverland provided notice of this proceeding throughout its service area. At the prehearing conference on June 13, 2002, Cloverland presented proof of service of the Notice of Hearing on all cities, incorporated villages, townships and counties in its service area, and Cloverland also presented an affidavit evidencing the requisite publication of the notice. Cloverland and the Commission Staff ("Staff") participated in these proceedings. This matter was conducted as a contested case matter pursuant to Chapter 4 of the Administrative Procedures Act of 1969, 1969 PA 306.

Subsequent to the filing of Cloverland' application, prefiled testimony and exhibits, the parties engaged in discussions leading to this settlement agreement. It is the opinion of the

signatories hereto that this settlement agreement will aid the expeditious conclusion of this proceeding, and will minimize expenses which would otherwise have to be devoted to this matter by the Commission and the parties. This settlement agreement is for the purpose of final resolution of this case and all provisions of same are dependent upon all other provisions contained herein.

This settlement agreement is submitted pursuant to Section 78 of the Administrative Procedures Act of 1969, as amended (1969 PA 306, §78; MCLA 24.278; MSA 3.560 (178)). By this Settlement Agreement, Cloverland and Staff hereby agree and stipulate as follows:

A. Effective January 1, 2003, Cloverland' rates should be adjusted to provide a revenue increase of approximately \$295,000 or 2.23%, based on a target TIER of 1.75 and a proforma test year ended December 31, 2000.

B. Effective January 1, 2003, Cloverland should be authorized to revise its tariffs to reflect the settlement revenue increase in accordance with the attached tariff sheets.

C. On a class-by-class basis, using test year billing determinants, the tariff sheets attached hereto result in the following impacts:

Class-By-Class % Increase/Decrease

<u>Rate Class</u>	<u>% Increase (Decrease)</u>
Residential Service	2.83%
Seasonal Residential Service	19.89%
General Service	(7.56%)
Seasonal General Service	3.43%
Commercial Heating & Air Conditioning	3.16%
Large Power Service	(6.30%)
Primary Substation Distribution Service	(2.54%)
Large Power – Mining Operations	(5.89%)
Outdoor Protective Lighting	<u>12.50%</u>
Total	<u>2.23%</u>

D. The attached tariff sheets include proposed tariffs intended to update Cloverland's existing cogeneration and small power production tariffs(Sheet Nos. 6.67 through 6.69). These tariff sheet revisions mirror, for the most part, those authorized by the Commission for Edison Sault Electric Company ("Edison Sault") in Case No. U-13343, order issued August 20, 2002. Cloverland and Staff recognize that Edison Sault and Cloverland operate their utility systems on a coordinated basis; that the same considerations which led Edison Sault to seek to revise its cogeneration and small production tariffs are also applicable to Cloverland; and that the proposed revisions will neither result in increases to Cloverland's customers nor to their cost of service.

E. Each signatory hereto agrees not to appeal, challenge or contest the rates approved by the Commission in this case if they are the result of a Commission order accepting and approving this Settlement Agreement without modification. If the Commission does not accept this Settlement Agreement without modification, this Settlement Agreement shall be withdrawn and shall not constitute any part of the record in this proceeding or be used for any other purpose whatsoever.

F. Cloverland and the Commission Staff jointly recommend that the Commission issue its Order Adopting Settlement Agreement in the form attached as Exhibit B.

G. Section 81 of the Administrative Procedures Act of 1969 is waived by the signatories.

Dated: October ~~27~~, 2002



COMMISSION STAFF  
Patricia Barone (P29560)  
Assistant Attorney General  
6545 Mercantile Way, Suite 15  
Lansing, MI 48933  
(517) 334-7650

Dated: October ~~9~~, 2002



CLOVERLAND ELECTRIC COOPERATIVE  
Albert Ernst  
DYKEMA GOSSETT PLLC  
800 Michigan National Tower  
Lansing, MI 48933  
(517) 374-9155

2. Location of Meters - Meters for all single family residential service will 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.

In cases of multiple buildings such as two-family flats or apartment buildings, if the meters are installed indoors, they shall be located within the premises served or at a common location readily accessible to the tenants and the Cooperative.

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

F. Special Charges

The Cooperative will make such charges for reasonable special services as necessary to discourage abuse, and to prevent subsidy of such services by other **member-consumers**. The following schedule shall apply where applicable:

Charge for any Special Service at <b>Member-consumer's</b> request	
During regular working hours	\$25
Outside regular working hours	\$40
Meter Reading Charge	\$15
Meter Test Charge	\$20
Reconnect Charge	
During Regular Working Hours	\$20
Outside Regular Working Hours	\$55
Disconnect at Pole	
During Regular Working Hours	\$25
Outside Regular Working Hours	\$55

Issued:  
By: Don Wozniak, Manager  
Dafer, Michigan

Effective for service rendered on and after  
January 1, 2003  
Issued under the authority of M.P.S.C. dated  
in Case No. U-13345

Collection Charge when Nonpayment Disconnect Order is Written	\$15
Bad Check Handling Charge	\$ 5
Connections Outside Regular Working Hours	\$40
Home Energy Audit	\$10

G. Other Conditions of Service

1. Service Disconnect - Service to the **member-consumer's** premises may be disconnected by the Cooperative under the following conditions:

- a. At Member-consumer's Request

- (1) Upon Termination - The Cooperative will disconnect service with no charge to the **member-consumer** upon due notice as provided elsewhere in these rules. However, if restoration of service at the same location is requested by the same **member-consumer** 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 Cooperative will temporarily disconnect service to facilitate repairs or other work on the **member-consumer's** equipment or premises. Special service charges as set forth in Section II, F, will be applicable.

- b. At Cooperative's Option - Commercial and Industrial (Also see Rule II, D)

- (1) With Due Notice - the Cooperative may disconnect service upon due notice for any of the following reasons:
  - (a) For violation of these rules and regulations.
  - (b) For failure to fulfill contractual obligations.
  - (c) For failure to provide reasonable access to the **member-consumer's** premises.

Issued:  
By: Don Wozniak, Manager  
Dafer, Michigan

Effective for service rendered on and after  
January 1, 2003  
Issued under the authority of M.P.S.C. dated  
in Case No. U-13345

- (d) For failure to pay any bill within the established collection period.
  - (e) For failure to provide deposits as provided elsewhere in these rules.
  - (f) Upon notice from governmental inspection authorities of condemnation of the **member-consumer's** facilities or premises.
  - (g) For fraudulent representation as to the use of service.
- (2) Without Notice - The Cooperative reserves the right to disconnect service without notice for any of the following reasons:
- (a) Where hazardous conditions exists in the **member-consumer's** facilities.
  - (b) Where the **member-consumer's** use of service adversely affects the Cooperative's facilities or service to other **member-consumers**.
  - (c) For unauthorized reconnection after disconnection with due notice.
  - (d) For unauthorized use of or tampering with the Cooperative's service or facilities.
- (3) Reconnect - After service has been discontinued at the Cooperative's option for any of the above reasons, service will be reconnected only after the **member-consumer** has taken necessary corrective action and made satisfactory arrangements for payment of all fees and charges, including any applicable reconnect fees and deposits to guarantee payment for service.
2. Rate Application - 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 **member-consumer**, unless otherwise provided for in these rules and regulations. In no case may service be shared with another or transmitted off the premises at which it is delivered. Service at different points and at different premises shall be separately metered and separately billed.

Issued:  
By: Don Wozniak, Manager  
Dafer, Michigan

Effective for service rendered on and after  
January 1, 2003  
Issued under the authority of M.P.S.C. dated  
in Case No. U-13345

- a. Selection of Rates - In some cases the **member-consumer** is eligible to take service under any one or two or more rates. Upon request, the Cooperative will advise the **member-consumer** in the selection of the rate which will give the **member-consumer** the lowest cost of service, based on the information provided to the Cooperative, but the responsibility for the selection of the rate lies with the **member-consumer**.

After the **member-consumer** has selected the rate under which the **member-consumer** elects to take service, the **member-consumer** will not be permitted to change from that rate to another rate until at least twelve months have elapsed. Neither will the **member-consumer** be permitted to evade this rule by temporarily terminating service. However, the Cooperative may, at its option, waive the provisions of this paragraph where it appears that an earlier change is requested for permanent rather than for temporary or seasonal advantage. The intent of this rule is to prohibit frequent shifts from rate to rate.

No refund will be made of the difference in charges under different rates applicable to the same class of service.

- b. Apartment Buildings and Multiple Dwellings - An apartment building or multiple dwelling shall be considered as one containing nine or more rooms in which single rooms, suites or groups of rooms have individual cooking and kitchen sink accommodations. Service supplied through a single meter to an apartment building or multiple dwelling containing less than three apartments may be billed on the residential service rates on a single **member-consumer** basis. Service supplied through a single meter to an apartment building or multiple dwelling containing three or more apartments shall be billed in accordance with the following provisions:
- (1) Apartment Buildings or Multiple Dwellings Containing Three or Four Apartments - The **member-consumer** may have the option of being billed under either the **Farm and Home** Service Rate, or the appropriate General Service or **Large Power** Service Rate. For the purpose of billing under the **Farm and Home** Service Rate, the initial charge, the kilowatt-hour blocks and the minimum charge shall be multiplied by the number of apartments served through one meter.
  - (2) Apartment Buildings or Multiple Dwellings Containing Five or More Apartments - The **member-consumer** shall be billed under the appropriate General Service or **Large Power** Service Rate.

Issued:  
By: Don Wozniak, Manager  
Dafer, Michigan

Effective for service rendered on and after  
January 1, 2003  
Issued under the authority of M.P.S.C. dated  
in Case No. U-13345

- e. Failure to make the required deposit as a condition to receiving service shall constitute grounds for discontinuance of service.
- f. Deposits with accrued interest shall be refunded or credited to the final bill after discontinuance of service.

### SECTION III. CONSTRUCTION POLICY

This section of the rules and regulations sets forth the terms and conditions under which the Cooperative will construct and extend its facilities to serve new loads and replace, relocate or otherwise modify its facilities.

All applicants for new electric service, with the exception of Outdoor Lighting Service will be required to deposit in advance of construction a nonrefundable connection charge of \$100.00 for a service connection. This is a one time service connection charge and successor **member-consumers** will not be required to pay this charge.

Contributions in aid of construction and other deposits made with the Cooperative under the provisions of this section shall be considered nonrefundable except where provisions for refunds are specifically stated.

No refunds will be made in excess of the refundable amount deposited, and **aid-to-construction** shall not bear interest. Refunds, where applicable, will be made in accordance with the terms stated hereinafter.

Each distribution line extension shall be a separate, distinct unit and any further extension there from shall have no effect upon the agreements under which such extension is constructed. Additional requirements for *underground facilities* are set forth in Subsection B, Sheet Number 6.16

#### A. Overhead Facilities Extension Policy.

##### 1. Residential Service

- a. Charges - For each permanent year-round service, the Cooperative will 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 **member-consumer's** private property. For each permanent, seasonal-type service with **an approved** well and septic, the will provide at no extra charge, a 200-foot extension from a main line distribution feeder. Distribution line extension in

Issued:  
By: Don Wozniak, Manager  
Dafer, Michigan

Effective for service rendered on and after  
January 1, 2003  
Issued under the authority of M.P.S.C. dated  
in Case No. U-13345

excess of the above footages will require a **contribution in aid-to-construction** in the entire amount of the excess construction costs. There will also be a non-refundable contribution equal to the cost of right-of-way clearing on such **excess** footage. The three phase extensions will be on the same basis as Commercial and Industrial. For purposes of this subsection, year-round service means service to a **member-consumer** at an address shown on the **member-consumer's** driver's license and voter registration card at the time of application. Seasonal residential service means service to a **member-consumer** other than a year-round **member-consumer**. **Permanent seasonal-type service without an approved well and septic will be charged as set forth in Section III, A, 4b.**

- b. Measurement - The length of any main line distribution feeder extension will be measured along the route of the extension from the Cooperative's nearest facilities from which the extension can be made to the **member-consumer's** property line. The length of any lateral extension to the **member-consumer's** property shall be measured from the **member-consumer's** property line to the service pole. Should the Cooperative for its own reasons choose a longer route, the applicant will not be charged for the additional distance, however, if the **member-consumer** requests special routing of the lines, the **member-consumer** will be required to pay the extra cost resulting from the special routing.
- c. Refunds - During the five (5) year period immediately following the date of payment, the Cooperative will make refunds of the charges paid for a financed extension under provisions of Paragraph (a) above. The amount of any such refund shall be \$500 for each permanent electric service subsequently connected directly to the facilities financed by the **member-consumer**. Directly connected **member-consumers** are those which do not require the construction of more than 300 feet of lateral primary distribution line. Such refunds will be made only to the original contributor. The total refund shall not exceed the refundable portion of the contribution.

2. Commercial or Industrial Service

- a. Cooperative Financed Extensions - The Cooperative will finance the construction cost necessary to extend its facilities to serve commercial or industrial **member-consumers** when such investment does not exceed two (2) times the annual revenue anticipated to be collected from **member-consumers** initially served by the extension.

Issued:  
By: Don Wozniak, Manager  
Dafter, Michigan

Effective for service rendered on and after  
January 1, 2003  
Issued under the authority of M.P.S.C. dated  
in Case No. U-13345

- b. **Refunds** - At the end of each year the Cooperative will make refund on the amount of **aid-to-construction** from revenues derived from the **member-consumer** for electric service from the facilities covered by the **aid-to-construction** . The amount of such refund for any given year or part thereof shall be computed as follows:
- (1) Year to year for the first four years of the **aid-to-construction** period.
    - (a) Twenty percent (20%) of the deposit if this amount is equal to or less than 20% of the new annual revenue, excluding fuel adjustment and sales tax revenues.
    - (b) If at the end of the five-year refund period, the total revenue, excluding fuel adjustment and sales tax revenue, is less than five (5) times the original deposit, the refund for the fifth year will be applied in accordance with 1. (a) or (b) above.

No refund is to be made in excess of the **aid-to-construction** and the **aid-to-construction** shall bear no interest.

4. **Permanent, Seasonal-Type Service (without an approved well and septic).**

- a. **Cooperative's Financed Extensions** - The Cooperative will finance the construction cost necessary to extend its facilities to serve permanent, seasonal-type member-consumers (without an approved well and septic) when such investment does not exceed two (2) times the annual revenue anticipated to be collected from member-consumers initially served by the extension.
- b. **Charges** - When the estimated cost of construction of such facilities exceeds the Cooperative maximum initial investment as defined in Paragraph "a" (above), the applicant shall be required to make an aid-to-construction in the amount of such constructions costs exceeding exceed two (2) times the annual revenue .
- c. **Refunds** - Refunds will be in accordance with refunds as set forth in Section III, A, 2c.

Issued:  
By: Don Wozniak, Manager  
Dafer, Michigan

Effective for service rendered on and after  
January 1, 2003  
Issued under the authority of M.P.S.C. dated  
in Case No. U-13345

B. Underground Service Policy

1. General

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

The Cooperative, at the request of the developer, will install an underground electric distribution system for all new residential subdivision, 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 following specific conditions:

The developer or owners must provide for recorded easements or right-of-way acceptable to the Cooperative. The easements are to be coordinated with other utilities and will include easements for street lighting cable.

The developer or owner must provide for grading the easement to finished grade or for clearing the easement of trees, large stumps and 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 Cooperative that the easements are graded to within four (4) inches of final grade before the underground distribution facilities are installed.

The developer or owner requesting the underground construction must make a nonrefundable contribution to the Cooperative for primary switching cabinets. When a switching cabinet is required exclusively for one **member-consumer**, that **member-consumer** will contribute the actual installed cost of the switching cabinet. When more than one **member-consumer** is served from the switching cabinet, each **member-consumer's** contribution will be the prorated total installed cost of the switching cabinet based on the number of positions required for each **member-consumer**.

*If trenching is required where practical difficulties exist, such as in rock or in sodden ground or when boring under streets, driveways, patios or any other paved areas, the contribution in aid of construction shall be an amount equal to the total construction costs.*

Issued:  
By: Don Wozniak, Manager  
Dafter, Michigan

Effective for service rendered on and after  
January 1, 2003  
Issued under the authority of M.P.S.C. dated  
in Case No. U-13345

The developer or owner will be responsible for any costs of relocating Cooperative facilities to accommodate changes in grade or other changes after underground equipment is installed, and also be responsible for any damage to Cooperative 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.

An additional amount equal to the actual cost per foot shall be added to trenching charges for practical difficulties associated with winter construction in the period from November 14 to April 30 inclusive. This charge will not apply to jobs which are ready for construction and for which the construction meeting has been held prior to September 30.

2. Residential Service

These provisions, if underground facilities are requested, will apply to permanent dwellings. Mobile Homes will be considered permanent dwellings when meeting the Cooperative's requirements for permanent installations.

a. New Platted Subdivisions

When requested, distribution facilities in all new residential subdivisions 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 underground service from these facilities and shall be considered a part of the underground service area.

- (1) Distribution System - The Cooperative will 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.

For purposes of definition, all one-family and two-family buildings on individual lots are residential. The Cooperative will furnish, install, own and maintain the entire underground electric distribution system including the

Issued:  
By: Don Wozniak, Manager  
Dafter, Michigan

Effective for service rendered on and after  
January 1, 2003  
Issued under the authority of M.P.S.C. dated  
in Case No. U-13345

service lateral cables for new residential subdivisions. The trenches for primary or secondary main cables will be occupied jointly by facilities of the Cooperative and other utilities where satisfactory agreement for reimbursement exists between the Cooperative and other utilities.

The service normally available from the system will be at secondary voltage single-phase, three wire, 60 Hz. Three-phase service will be made available for schools, pumping stations, and other special installations only under terms of a separate agreement. 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 installations of cable.

Where sewer and/or water lines will parallel Cooperative cables, taps must be extended into each lot for a distance of four (4) feet beyond the route of the cables prior to installation of the cables.

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 the property owner requests relocation of facilities, or such facilities are endangered by change in grade, the property owner shall pay the cost of relocation or rearrangement of the facilities.

- (a) Charges - Prior to commencement of construction, the owner or developer shall **make a contribution in aid to construction** with the Cooperative an amount equal to the estimated cost of construction of the distribution system.
- (b) Refunds - That portion of the **contribution in aid to construction** related to the difference in the cost of underground construction and the equivalent overhead facilities shall be considered nonrefundable.

Following completion of its construction work order covering construction of the distribution system, the Cooperative will refund any amount by which its original estimate exceeds the actual construction costs. During the five (5) year period immediately following completion of the construction, the Cooperative will refund \$500 for each permanent residential **member-consumer** connected within the subdivision. Such refunds will be made only to the original depositor and in total shall not exceed the refundable portion of the **aid to construction**. The **aid to construction** shall bear no interest.

Issued:  
By: Don Wozniak, Manager  
Dafer, Michigan

Effective for service rendered on and after  
January 1, 2003  
Issued under the authority of M.P.S.C. dated  
in Case No. U-13345

- (2) Service Laterals - The Cooperative will 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.
  - (a) Contribution - For a standard installation the applicant shall make a non-refundable contribution in aid of construction in the amount of \$2.00 per trench foot.
  - (b) Measurement - The "trench feet" shall be determined by measuring from the termination of Cooperative facilities at the property line along the route of the trench to a point directly beneath the electric meter.

b. Other Residential Underground Facilities

At the option of the applicant(s) the Cooperative will provide underground facilities from existing overhead facilities in unplatted areas or in subdivisions where overhead electric distribution facilities have been installed.

The Cooperative reserves the right to refuse to install its facilities underground in cases where, in the Cooperative's opinion, such construction would be impractical or present a potential detriment to the service to other **member-consumers**. The Cooperative may designate portions of existing subdivisions as "underground service areas" where, in the Cooperative's opinion, such designation would be desirable for aesthetic or technical reasons. All future applicants for service in areas so designated will be provided with underground service subject to the applicable provisions of these rules.

(1) Extension of Existing Distribution Systems in Platted Subdivisions

Any such extension shall be considered a distinct, separate unit, and any subsequent extensions therefrom shall be treated separately.

- (a) Charges (In Addition to Those Charges Set Forth in Section III, A, 1, a) - Will be in accordance with charges as set forth in Section III, B, 2, a, Sheet No. 6.19.
- (b) Refunds - Refunds will be in accordance with refunds as set forth in Section III, B, 2, b, Sheet No. 6.19.

Issued:  
By: Don Wozniak, Manager  
Dafer, Michigan

Effective for service rendered on and after  
January 1, 2003  
Issued under the authority of M.P.S.C. dated  
in Case No. U-13345

- (2) Distribution Systems in Unplatted Areas - The Cooperative will 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.

**Contribution - Prior to commencement of construction, the applicant shall make a contribution in aid of construction equal to the difference between the estimated overhead construction costs and the underground costs, plus an aid to construction based on the Cooperative's overhead extension policy. Refunds will be based on the overhead extension refund policy and shall apply only to that portion related to the overhead aid to construction.**

- (3) Service Laterals - The Cooperative will 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.
- (a) Contributions - When a service lateral is connected to an underground system the applicant shall make a nonrefundable contribution in aid of construction in the amount equal to the product of the trench length in feet multiplied by \$2.00. When the service lateral is connected to existing overhead facilities, the contribution shall be \$50 plus \$2.00 per trench foot.
- (b) Measurement - The "trench length" shall be determined by measuring from the pole or underground secondary terminal to which the service lateral is connected along the route of the lateral trench to a point directly beneath the electric meter.

Issued:  
By: Don Wozniak, Manager  
Dafer, Michigan

Effective for service rendered on and after  
January 1, 2003  
Issued under the authority of M.P.S.C. dated  
in Case No. U-13345

3. Nonresidential Service

- a. Commercial Service - Distribution facilities in the vicinity of new commercial loads and built solely to serve such loads will be placed underground (optional for companies serving the Upper Peninsula). This includes service to all buildings used primarily for business purposes, where the major activity is the sale of goods or services at wholesale or retail. This category shall include, but not be limited to, apartment houses, motels and shopping centers.

It shall not be mandatory that any new commercial or industrial distribution systems or service connections be placed underground where, in the Cooperative's judgment, any of the following conditions exist:

- (1) Such facilities would serve commercial or industrial **member-consumer's** having loads of temporary duration; or
- (2) Such facilities would serve commercial or industrial **member-consumers** in areas where little aesthetic improvement would be realized if such facilities were placed underground; or
- (3) Such facilities would serve commercial or industrial **member-consumers** 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 Cooperative will furnish, install, own and maintain the entire underground electric distribution system including the service lateral cables for new commercial subdivisions. Generally, the trenches will be occupied jointly by facilities of the Cooperative and other utilities where satisfactory agreement for reimbursement exists between the Cooperative and the other utilities.

The service for individual **member-consumers** within a commercial subdivision will be furnished as provided for in Underground Service Connections. Certain related equipment, such as pad-mounted transformers, switching, equipment, and service pedestals, may be above-grade.

Issued:  
By: Don Wozniak, Manager  
Dafer, Michigan

Effective for service rendered on and after  
January 1, 2003  
Issued under the authority of M.P.S.C. dated  
in Case No. U-13345

In the event the developer(s), owner(s), **member-consumer(s)** or tenant(s) request relocation of facilities which are endangered by change in grade, the total cost of relocation or rearrangement of the facilities shall be borne by the requesting party(s).

The Cooperative will install underground service connections to commercial and industrial **member-consumers** and other installations within designated underground districts in cooperation with the developer or owner, evidenced by a separate signed agreement, subject to the following specific conditions:

When required, the developer or owner must provide suitable space and the necessary foundations and/or vaults for equipment and provide trenching, back-filling, conduits and manholes acceptable to the Cooperative for installation of cables on his property.

- (1) Contribution - Contribution will be in accordance with charges as set forth in Section III, A, 2, b, Sheet No. 6.15.
- (2) Refunds - Refunds will be in accordance with the Refund Policy set forth in Section III, A, 2, c, Sheet No. 6.15.

- b. Industrial Service - Distribution facilities in the vicinity of new industrial loads and built solely to serve loads will be placed underground at the option of the applicant. This includes service to all buildings used primarily for assembly, processing or manufacturing of goods.

Contribution - The applicant(s) shall make a contribution according to the provisions above for commercial service.

Refunds - Refunds will be in accordance with the Refund Policy set forth in Section III, A, 2, c, Sheet No. 6.15.

- c. Mobile Home Parks - Distribution facilities in new mobile home parks shall be placed underground. Extension from existing overhead systems in mobile home parks will be placed underground at the option of the park owner.

Issued:  
By: Don Wozniak, Manager  
Dafer, Michigan

Effective for service rendered on and after  
January 1, 2003  
Issued under the authority of M.P.S.C. dated  
in Case No. U-13345

The Cooperative will furnish, install, own or maintain the entire underground electric distribution system including the pre-meter portion of the service lateral cables for new mobile home parks. The trenches for primary or secondary main cables will be occupied jointly by facilities of the Cooperative and other utilities where satisfactory agreement for reimbursement exists between the Cooperative and the other utilities.

The Service for tenant loads normally available from the system will be at secondary voltage, single-phase, 120/240 volt, three wire, 60 Hz. Three-phase service will be made available for pumps and service installations only under terms of a separate agreement. 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 installation of cable.

This service is limited to mobile home parks in which the service is metered by the Cooperative at secondary voltage.

Cooperative 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 Cooperative, 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 backfill, if required; and agree to notify the other using the additional backfill, 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 Cooperative.

In the event the park owner requests relocation of facilities or such facilities are endangered by change in grade, the park owner shall pay the cost of the relocation or rearrangement of the facilities.

- (1) Contribution - Owners or developers of mobile home parks shall be required to deposit the entire amount of the estimated cost of construction.
- (2) Refund - Refunds will be in accordance with the Refund Policy set forth in Section III, 2, B, 2, a, 1, b, Sheet No. 6.19.

Issued:  
By: Don Wozniak, Manager  
Dafer, Michigan

Effective for service rendered on and after  
January 1, 2003  
Issued under the authority of M.P.S.C. dated  
in Case No. U-13345

4. Other Conditions

- a. Obstacles to Construction - Where unusual construction costs are incurred by the Cooperative due to physical obstacles such as, but not limited to: rock, surface water, frost, other utility facilities, heavy concentration of tree roots, or roadway crossings, the applicant(s) shall make a non-refundable contribution in aid of construction equal to the total construction cost. The Cooperative reserves the right to refuse to place its facilities under road or railroad rights-of-way in cases where, in the Cooperative's judgment, such construction is impractical.
- b. Contribution - Prior to commencement of construction, the applicant shall make a contribution in aid of construction as required by the underground extension rules plus a contribution based on the Cooperative's overhead extension policy. Refunds will be based on the overhead extension refund policy and shall apply only to that portion related to the overhead contribution.
- c. Replacement of Overhead Facilities - Existing overhead electric distribution service lines shall, at the request of an applicant(s), be replaced with underground facilities where, in the opinion of the Cooperative, such replacement will not be detrimental to the electric service to other *member-consumers*.

Before construction is started, the applicant(s) shall be required to pay the Cooperative the *depreciated cost (net cost)* of the existing overhead facilities plus the cost of removal less the value of materials salvaged and make a contribution in aid of construction toward the installation of underground facilities in an amount equal to the estimated cost of the underground facilities.

- d. Underground Installation for Cooperative's Convenience - Where the Cooperative, 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 Cooperative. All other costs will be governed by the Cooperative's Overhead Extension Policy.
- e. Underground Extensions On Adjacent Lands - When a primary extension to serve an applicant or group of applicants must cross adjacent lands on which underground construction is required by the property owner (such as on state or federal lands) the applicant(s) shall make a contribution equal to the estimated cost of the underground facilities.

Issued:  
By: Don Wozniak, Manager  
Dafer, Michigan

Effective for service rendered on and after  
January 1, 2003  
Issued under the authority of M.P.S.C. dated  
in Case No. U-13345

- f. Local Ordinances - The Cooperative 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.

C. Miscellaneous General Construction Policy

Except where specifically designated as overhead or underground construction policies, the following general policies will be applied to either overhead or underground construction:

1. 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 Cooperative 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 Cooperative for construction, operation, maintenance and protection of its facilities.
- b. Other Easements and Permits - Where suitable easements do not exist, the Cooperative will provide the necessary easement forms and solicit their execution. The applicant(s), as a condition of service, will be ultimately responsible for obtaining all easements and permits as required by the Cooperative for construction, operation, maintenance and protection of the facilities to be constructed. Where State or Federal lands are to be crossed to extend service to an applicant or group of applicants, the additional costs incurred by the Cooperative for rights-of-way and permit fees shall be borne by the applicants. **A non-refundable \$500.00 deposit is required to initiate required permit application.**

Issued:  
By: Don Wozniak, Manager  
Dafer, Michigan

Effective for service rendered on and after  
January 1, 2003  
Issued under the authority of M.P.S.C. dated  
in Case No. U-13345

2. Temporary Service

**Member-consumers** desiring temporary service for a short time only, such as for construction jobs, traveling shows, outdoor or indoor entertainments or exhibitions, etc., shall pay the charge per **member-consumer** per month provided in applicable rate schedules. In addition, such **member-consumers** shall pay installation and removal charges as follows:

- (1) When 120/240 volt single phase service is desired and when such service can be provided at the site **on an existing Cloverland Electric pole or** without exceeding 10 feet of underground at the time temporary service is desired, the charge for installation and removal of **the** temporary, single-phase, three wire 120/240 volt service shall be:
  - (a) For temporary overhead service \$125.00
  - (b) For temporary underground service \$125.00
- (2) When 120/240 volt single phase service is desired, and requires more than **service on an existing Cloverland Electric pole or more than** 10 feet of underground extension, 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 **member-consumer** shall be required to deposit in advance of construction with the Cooperative an amount (in excess of any salvage realized) to cover the cost of installing and removing temporary facilities plus the estimated cost of service under the terms of applicable rate schedules. Meters may be read daily and the deposit modified as the energy used may justify such modifications.

If service extends for a period in excess of six consecutive months, the **member-consumer** may qualify for other of the Cooperative's available rates, provided he meets all of the applicable provisions of the filed tariffs.

Issued:  
By: Don Wozniak, Manager  
Dafer, Michigan

Effective for service rendered on and after  
January 1, 2003  
Issued under the authority of M.P.S.C. dated  
in Case No. U-13345

3. Moving of Buildings or Equipment

When the Cooperative is requested to assist in the moving of buildings or equipment through, under or over the Cooperative's distribution lines, the Cooperative will require a deposit from the mover in advance of providing such assistance. The amount of the deposit required will be based upon the Cooperative's estimate of the probable cost, but in no event will the required deposit be less than \$100. Upon completion of moving assistance, the Cooperative will determine actual costs and will bill or credit the mover according to the difference between actual costs and the deposit, except that the minimum actual cost will not be less than \$100. Actual costs will be determined in accordance with the following:

- a. Within regular working hours:
  - (1) Average individual wage rate applicable to employee(s) involved.
  - (2) Actual material used.
  - (3) Appropriate overhead charges.
- b. Outside regular working hours:
  - (1) Overtime wage rate applicable to employee(s) involved.
  - (2) Actual materials used.
  - (3) Appropriate overhead charges.
- c. The minimum billing for moving assistance shall not be less than \$100.00.

4. Relocation of Facilities

- a. The Cooperative will **cooperate** with political subdivisions in the construction, improvement or rehabilitation of public streets and highways. It is expected that the Cooperative will receive reasonable notice so that any required relocation work can be properly scheduled.
- b. If the Cooperative's poles, anchors or other appurtenances are located within the confines of the public right-of-way, the Cooperative will make the necessary relocation of its own expense with exceptions:

Issued:  
By: Don Wozniak, Manager  
Dafer, Michigan

Effective for service rendered on and after  
January 1, 2003  
Issued under the authority of M.P.S.C. dated  
in Case No. U-13345

- (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 being within the confines of a new public right-of-way obtained after the construction of the Cooperative's facilities.
  - (3) The facilities provide public services such as lighting, traffic signals, etc.
- c. If the Cooperative's poles, anchors or other appurtenances are located on private property, the political subdivision must agree in advance to reimburse the Cooperative for any expenses involved in relocating its facilities.
- d. When the Cooperative is requested to relocate its facilities for reasons other than road improvements, any expense involved will 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 Cooperative.
  - (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.
- e. Before actual relocation work is performed under Section III, C, 4, c and d above, the Cooperative will estimate the cost of moving the poles, anchors or other appurtenances 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 relocation work, the Cooperative will determine the actual costs of the relocation, and the firm, person or persons requesting the relocation will be billed or credited for the difference between the advance deposit and the actual cost.

Issued:  
By: Don Wozniak, Manager  
Dafer, Michigan

Effective for service rendered on and after  
January 1, 2003  
Issued under the authority of M.P.S.C. dated  
in Case No. U-13345

5. Construction Schedule

Scheduling of construction shall be done on a basis mutually agreeable to the Cooperative and the applicant. The Cooperative reserves the right not to begin construction until the **member-consumer** has demonstrated to the Cooperative's satisfaction his intent to proceed in good faith with installation of his facilities by acquiring property ownership, obtaining all necessary permits and/or, in the case of mobile homes, meeting the Cooperative's requirements for permanency.

6. Design of Facilities

The Cooperative reserves the right to make final determination of selection, application, location, routing and design of its facilities. Where excessive construction costs are incurred by the Cooperative at the request of the **member-consumer**, the **member-consumer** may be required to reimburse the Cooperative for such excess costs.

7. Billing

For **member-consumer(s)** who fail to take service two (2) months after an extension has been completed to the premises and within the time period requested by the **member-consumer(s)**, the Cooperative shall have the right, after said (2) month period, to commence billing the **member-consumer** under the Cooperative's applicable rates and rules for the type of service requested by the **member-consumer(s)**.

D. Underwater Cable Service to Island

1. The Cooperative will determine the most practical and economical route to the island with considerations to future development.
2. An estimate of the cost of the cable, the installation and terminations, including permits and easements, will be made by cooperative personnel. This estimated cost shall be paid by the **member-consumer** before the construction begins.
3. Any difference between the actual cost of the cable installation and the estimated cost will be charged or refunded to the **member-consumer** when construction is completed.
4. A **nonrefundable \$1000.00** deposit is required to initiate required permit applications. **The deposit shall be applied to construction costs.**
5. The **member-consumer** will be charged a one-time maintenance fee of \$.25 per lineal foot of underwater cable.
6. The Cooperative will own and maintain the underwater cable.

Issued:  
By: Don Wozniak, Manager  
Dafer, Michigan

Effective for service rendered on and after  
January 1, 2003  
Issued under the authority of M.P.S.C. dated  
in Case No. U-13345

RATE "1" COGENERATION AND SMALL POWER PRODUCTION

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 under this schedule are controlled by the Michigan Public Service Commission's order in Case No. U-6798 dated August 21, 1984, and by the Code of Federal Regulations, Title 18, Part 292.

Terms and Conditions of Service

Interconnection Costs

1. Obligation to Pay

Each qualified facility shall be obligated to pay all in interconnection costs (as defined in Subpart A, Sub-section 18, CFR 292.101 (b) (7) of the FERC Rule) which the Cooperative may assess against the facility on a nondiscriminatory basis with respect to other customers with similar size and load characteristics. Payment of these costs should be in accordance with the reimbursement procedure outlined below.

2. Reimbursement of Interconnection Costs

The qualified facility shall reimburse the electric utility for interconnection costs in the following manner:

- a. The customer shall install, at the customer's expense, the necessary controlling, additional metering, and protective equipment according to specifications of the utility.
- b. Domestic customers desiring electric service as an auxiliary source of power for wind or solar powered generating equipment shall pay all direct costs of controlling and protective equipment necessitated by the presence of a source of power on the customer's premises.

Issued by  
Don Wozniak, General Manager  
Dafer, Michigan

Effective for Electric Service Rendered  
on and after January 1, 2003  
Issued Under Authority of the  
Michigan Public Service Commission  
Dated in Case No. U-13345

RATE "1" COGENERATION AND SMALL POWER PRODUCTION  
(continued)

- c. Additional charges to cover the cost of safety equipment and other local facilities installed by the Cooperative, including design costs, shall be determined by the Cooperative for each case and collected from the customer. The customer shall make a one-time payment for such charges on the required additional facilities in accordance with Section III.A. of the Cooperative's Construction Policy, First Revised Sheet No. 6.15, but without provision for refund per Section III.B of the Cooperative's Construction Policy, Second Revised Sheet No. 6.16. Other local facilities include primary and secondary line extensions, service drops, transformers, conversion from single-phase to three-phase, refusing, etc.
3. Detent Only
- For qualifying facilities interested in producing electricity for their own use not wishing to sell energy or capacity to the Cooperative (thereby avoiding the expense of additional metering) the Cooperative will install a detent on the energy meter to prevent reverse rotation during times when the customer's generation may exceed load. The cost of the installation of the detent will be treated as part of the interconnection cost, and no separate additional monthly metering charge will be required.

Monthly Purchase Price

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

1. The average avoided energy cost, or
2. The qualifying facility may enter into an agreement, with a duration of at least four years, for the sale of both capacity and energy. Such an agreement shall provide for a rate consisting of both an energy component and a capacity component for energy delivered to the Cooperative during "on-peak hours" and a rate consisting of only an energy component for energy delivered during all other hours. The energy component shall be the "average avoided energy cost" in either case. **"On-peak hours" means the hours from 8 AM through 8 PM weekdays.** The capacity component shall be equal to the capacity charge per kilowatt of the then effective **Joint Operating Agreement with Wisconsin Electric Power** divided by the number of "on-peak hours" in the month in which such energy is delivered. The qualifying facility must agree to the installation, at its expense, of a dual register time-of-day meter.

Administrative Cost Charge

\$0.001 per kWh purchased.

Issued by  
Don Wozniak, General Manager  
Dafer, Michigan

Effective for Electric Service Rendered  
on and after January 1, 2003  
Issued Under Authority of the  
Michigan Public Service Commission  
Dated \_\_\_\_\_ in Case No. U-13345

RATE "1" COGENERATION AND SMALL POWER PRODUCTION  
(continued)

Average Avoided Energy Cost

Average Avoided Energy Cost is the weighted average energy cost incurred by the Cooperative under the Joint Operating Agreement with Wisconsin Electric Power.

The Cooperative shall make available, upon request, to co-generators and small power producers, data concerning the present and anticipated future avoided cost on the utility's system. Personnel will be available to explain how to obtain the avoided costs for any particular month.

Notwithstanding anything hereinabove or hereinafter to the contrary, the total rate to be paid a qualifying facility for any kwh of energy delivered to the Cooperative shall not exceed the then applicable total rate per kwh (as calculated on Appendix "C" to the Settlement Agreement in Case No. U-6798) of diesel-generated energy available to Edison Sault Electric Company., under a contract with the Cooperative dated July 1, 1980, as amended, supplemented, or superseded from time to time.

Issued by  
Don Wozniak, General Manager  
Dafer, Michigan

Effective for Electric Service Rendered  
on and after January 1, 2003  
Issued Under Authority of the  
Michigan Public Service Commission  
Dated \_\_\_\_\_ in Case No. U-13345

RATE "2" COGENERATION AND SMALL POWER PRODUCTION

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 No. U-6798 dated August 21, 1984, and by the Code of Federal Regulations, Title 18, Part 292.

Terms and Conditions of Service

Interconnection Costs

1. **Obligation to Pay**

Each qualified facility shall be obligated to pay all interconnection costs (as defined in Sub-part A, Sub-section 18 CFR 292.101 (b) (7) of the FERC Rule) which the Cooperative may assess against the facility on a nondiscriminatory basis with respect to other customers with similar size and load characteristics. Payment of these costs should be in accordance with the reimbursement procedure outlined below.

2. **Reimbursement of Interconnection Costs**

The qualified facility shall reimburse the electric utility for interconnection costs in the following manner:

- a. The customer shall install, at the customer's expense, the necessary controlling, additional metering, and protective equipment according to specifications of the utility.
- b. Domestic customers desiring electric service as an auxiliary source of power for wind or solar powered generating equipment shall pay all direct costs of controlling and protective equipment necessitated by the presence of a source of power on the customer's premises.

Issued by  
Don Wozniak, General Manager  
Dafer, Michigan

Effective for Electric Service Rendered  
on and after January 1, 2003  
Issued Under Authority of the  
Michigan Public Service Commission  
Dated \_\_\_\_\_ in Case No. U-13345

RATE "2" COGENERATION AND SMALL POWER PRODUCTION  
(continued)

- c. Additional charges to cover the cost of safety equipment and other local facilities installed by the Cooperative, including design costs, shall be determined by the Cooperative for each case and collected from the customer. The customer shall make a one-time payment for such charges on the required additional facilities in accordance with Section III.A of the Cooperative's Construction Policy, First Revised Sheet No. 6.15, but without provision for refund per Section III.B of the Cooperative's Construction Policy, Second Revised Sheet No. 6.16. Other local facilities include primary and secondary line extensions, service drops, transformers, conversion from single-phase to three-phase, refusing, etc.
3. Detent Only  
  
For qualifying facilities interested in producing electricity for their own use not wishing to sell energy or capacity to the Cooperative (thereby avoiding the expense of additional metering) the Cooperative will install a detent on the energy meter to prevent reverse rotation during times when the customer's generation may exceed load. The cost of installation of the detent will be treated as part of the interconnection cost and no separate additional monthly metering charge will be required.

Monthly Purchase Price

1. Obligation to Purchase

The Cooperative will purchase energy and capacity made available from a qualifying facility under the conditions set forth in 18 CFR 292.303 (a) and 292.304 (d) as described below:

2. Capacity and Energy Rates

Payments for purchases from and rates associated with sales of energy and capacity between the utility and qualifying facilities having a capacity of over 100 kw will be made under negotiated agreements. The capacity rate and energy rates (defined in Appendix B to the Settlement Agreement in Case No. U-6798) will be calculated using the average demand component and energy charges of the then effective **Joint Operating Agreement with Wisconsin Electric Power**. For long-term contracts (contracts exceeding 10 years), the Cooperative and the qualifying facility may negotiate rates based on avoided costs associated with building a new power facility or building new transmission lines to obtain additional sources for purchased power. These methodologies and avoided cost data, so established, will be filed with the Commission.

Issued by  
Don Wozniak, General Manager  
Dafer, Michigan

Effective for Electric Service Rendered  
on and after January 1, 2003  
Issued Under Authority of the  
Michigan Public Service Commission  
Dated \_\_\_\_\_ in Case No. U-13345

RATE "2" COGENERATION AND SMALL POWER PRODUCTION  
(continued)

3. Capacity Purchase Limitations

Capacity purchased from each qualifying facility over 100 kw will be subject to the Cooperative's ability, during any year, to (i) avoid capacity payments from the Cooperative's firm power purchases of (ii) defer capacity additions from planned generation facilities. In the event the Cooperative can no longer avoid capacity from the above sources, the Cooperative may, with the qualifying facility's consent, wheel the qualifying facility's power under a cost plus arrangement (subject to FERC approval and limitations) to other utilities.

Capacity rates for purchases from facilities' construction which commenced prior to November 9, 1978, shall be governed by 18 CFR 292.304 (b) (3). No capacity component will be included in any payments made to qualifying facilities classified as "old facilities" (see 18 CFR Section 292.304 (b) unless (i) substantial proof is shown that the generator and protective equipment have been installed since November 9, 1978, or (ii) substantial proof is shown that (a) the remaining life of the qualifying facilities' equipment is equivalent to "new capacity" and (b) the qualifying facility requires a capacity component to be included in payments made to it for power in order for it to be economically viable or to increase its output.

Issued by  
Don Wozniak, General Manager  
Dafer, Michigan

Effective for Electric Service Rendered  
on and after January 1, 2003  
Issued Under Authority of the  
Michigan Public Service Commission  
Dated \_\_\_\_\_ in Case No. U-13345

COOPERATIVE SALES TO QUALIFYING COGENERATION  
AND SMALL POWER PRODUCTION FACILITIES

1. Obligation to Sell

Sub-part C, Sub-section 18 CFR 292.303 (b) and the Michigan Public Service Commission's order in Case No. U-6798, dated August 21, 1984, shall govern the obligation on the part of the Cooperative to sell energy and capacity to qualifying facilities within its service area upon request. Qualifying facilities selling only excess energy or capacity to the utility shall compensate the utility under appropriate rates for: 1) supplementary power, 2) back-up power, and 3) maintenance power where such service is requested of the Cooperative.

2. Rates for Sales

The qualifying facility may elect any of the following options regarding sales made by the Cooperative to such qualifying facility. The election must be made at the time the contract is entered into.

a. Supplemental Power

An operator may contract to purchase power from the Cooperative to supplement the operator's generation. The qualifying facility may receive service under any of the applicable rate schedules currently in effect. A "contract demand" shall be established for such service by mutual agreement between the Cooperative and the operator. The on-peak billing demand shall be the highest 30-minute demand during the on-peak hours, but shall not be less than 60% of the "contract demand" and shall in no case be less than 100 kw. Any on-peak billing demand above the "contract demand" shall be considered as standby service.

b. Original Standby Rate

The qualifying facility may make a monthly payment of \$.60 per kw per day for the highest on-peak demand occurring each day in which standby service is utilized in addition to the otherwise applicable monthly demand charge of the Rate LP, Large Power Service Capacity Charge specified in Cooperative's rate schedule. A maximum demand in kilowatts shall be initially established by mutual agreement for electrical capacity sufficient to meet the maximum standby requirements which the Cooperative 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. The energy charge applicable under this option will be the rate shown for energy charge in Cooperative's **Standard Rate Schedule "LP"**

Issued by  
Don Wozniak, General Manager  
Dafer, Michigan

Effective for Electric Service Rendered  
on and after January 1, 2003  
Issued Under Authority of the  
Michigan Public Service Commission  
Dated in Case No. U-13345

COOPERATIVE SALES TO QUALIFYING COGENERATION  
AND SMALL POWER PRODUCTION FACILITIES

c. **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 Cooperative as to when the maintenance power will be supplied within the calendar year. At least 60 days prior to the commencement date of the requested period of maintenance power, the Cooperative will notify the operator as to whether it is in agreement with the period of maintenance power. During the period of maintenance power, the charge of \$.60 per kw per day under the Optional Standby Rate shall be waived. The operator will pay the demand charge provided for in Cooperative's Standard Rate Schedule "LP." The energy charge per kwh applicable under this option shall equal the maximum per kwh charge for any kWh in the "LP" rate.

d. **"On-peak hours" means the hours from 8 AM through 8 PM weekdays.**

Issued by  
Don Wozniak, General Manager  
Dafer, Michigan

Effective for Electric Service Rendered  
on and after January 1, 2003  
Issued Under Authority of the  
Michigan Public Service Commission  
Dated \_\_\_\_\_ in Case No. U-13345

Not less than once a year and not later than 3 months after the end of the 12-month period covered by Cooperative's most recently authorized power supply cost recovery plan, a power supply cost reconciliation proceeding will be conducted to reconcile the revenues recorded pursuant to the power supply cost recovery factor and the allowance for cost of power included in base rates as established by the Commission under Cooperative's most recent power supply cost recovery plan, among other things. Cooperative shall be required to refund to **member-consumers**, or to credit to member-consumers' bills any net amount determined to have been recovered which is in excess of the amounts actually expended by Cooperative for power supply. Cooperative shall recover from **member-consumers** any net amount by which the amount determined to have been recovered over the period covered was less than the amount determined to have been actually expended by Cooperative for power supply.

For the 12 months ending **December 2003** the Power Supply Cost Recovery Factor is \_\_\_\_\_ per kWh.  
The allowance for cost of power supply included in base rates is **\$0.03232** per kWh.

The following factors are to be applied pursuant to 1992 PA 304 in the months ending December 2002:

<u>Month</u>	<u>Authorized Factor</u>
Jan 03	
Feb 03	
Mar 03	
Apr 03	
May 03	
Jun 03	
Jul 03	
Aug 03	
Sep 03	
Oct 03	
Nov 03	
Dec 03	

Issued:  
By: Don Wozniak, Manager  
Dafter, Michigan

Effective for service rendered on and after  
January 1, 2003  
Issued under the authority of M.P.S.C. dated  
in Case No. U-13345

FARM AND HOME SERVICE  
Schedule "FH"

Availability:

To **member-consumers** of the **Cooperative** for all normal farm and **principal permanent** home uses, subject to the established rules and regulations of the Cooperative. **Member-consumers** having small businesses on their residential premises may take service under this schedule provided such business use does not exceed 25 percent of the energy usage.

Type of Service:

Single-phase, alternating current, 60 hertz, approximately 120/240 volts.

Monthly Rate:

<b>Facility Charge:</b>	<b>\$9.00</b> per month
<b>Energy Charges:</b>	
First 500 kWh	<b>\$0.0723</b> per kWh
Excess	<b>\$0.0656</b> per kWh
Optional Automatic Meter Reading	\$4.50 per month

Minimum Charge:

The Minimum Monthly Charge under this schedule shall be the **Facility Charge**. For **member-consumers** participating in the Cooperative's Automatic Meter Reading option, the minimum charge shall be increased by \$4.50 per month.

Power Supply Cost Recovery Clause and Factor:

This rate schedule is subject to the Cooperative's Power Supply Cost Recovery Clause as set forth on Sheet No. 7.00.

Terms of Payment:

A one time late payment charge of 2% of the unpaid balance will be assessed on any bill not paid by the due date. This provision does not apply to **member-consumers** participating in the Winter Protection Plan set forth in U-4240.

Taxes:

Michigan State Sales Tax will be added to all billings whenever applicable.

Issued:  
By: Don Wozniak, Manager  
Dafer, Michigan

Effective for service rendered on and after  
January 1, 2003  
Issued under the authority of M.P.S.C. dated  
in Case No. U-13345

SEASONAL RESIDENTIAL SERVICE  
Schedule "SR"

Availability:

To **member-consumers** of the **Cooperative**, who use their homes or cottages only a part of each year or at intervals during the year, for all normal residential uses, subject to the established rules and regulations of the Cooperative. **It is not available for member-consumers' principal permanent residential units.**

Type of Service:

Single-phase, alternating current, 60 hertz, approximately 120/240 volts.

Annual Rate:

<b>Facility Charge:</b>	<b>\$138.00 per year</b>
<b>Energy Charge:</b>	<b>\$0.0740 per kWh</b>

Minimum Charge:

The Minimum Annual Charge under this schedule shall be the **Facility Charge**.

Power Supply Cost Recovery Clause and Factor:

This rate schedule is subject to the Cooperative's Power Supply Cost Recovery Clause as set forth on Sheet No. 7.00.

Meter Reading:

The Cooperative will read all meters **once** each year.

Issued:  
By: Don Wozniak, Manager  
Dafer, Michigan

Effective for service rendered on and after  
January 1, 2003  
Issued under the authority of M.P.S.C. dated  
in Case No. U-13345

SEASONAL RESIDENTIAL SERVICE  
Schedule "SR"  
(Continued from Sheet No. 9.00)

Billing

**Member-consumers** receiving service under this schedule will be billed in advance for the annual **Facility Charge**. All charges under the schedule in excess of the annual **Facility Charge** will be billed annually.

Terms of Payment

A onetime late payment charge of 2% of the unpaid balance will be assessed on any bill not paid by the due date.

Taxes

Michigan State Sales Tax will be added to all billings whenever applicable.

Tax Adjustment

A. Bills shall be increased within the limits of political subdivisions which levy special taxes, license fees or rentals against the Cooperative's property, or its operations, or the production and/or sale of electric energy, to offset such special charges and thereby prevent other **member-consumers** from being compelled to share such local taxes.

B. Bills shall be increased to offset any new or increased specific tax or excise imposed by any governmental authority which increases the Cooperative's cost of providing electric energy.

Issued:  
By: Don Wozniak, Manager  
Dafer, Michigan

Effective for service rendered on and after  
January 1, 2003  
Issued under the authority of M.P.S.C. dated  
in Case No. U-13345

GENERAL SERVICE  
Schedule "GS"

Availability:

To any **member-consumer** of the **Cooperative** for all uses, subject to the established rules and regulations of the Cooperative.

Type of Service:

Single-phase or **three-phase**, alternating current, 60 hertz, at the Cooperative's available secondary voltages.

Monthly Rate:

<b>Facility Charge:</b>	
<b>Single Phase</b>	<b>\$10.00</b> per month
<b>Three Phase</b>	<b>\$25.00</b> per month
<b>Energy Charge:</b>	<b>\$0.0745</b> per kWh
<b>Optional Automatic Meter Reading:</b>	<b>\$4.50</b> per month

Minimum Charge:

The Minimum Monthly Charge under this schedule shall be the **Facility Charge**.

Power Supply Cost Recovery Clause and Factor:

This rate schedule is subject to the Cooperative's Power Supply Cost Recovery Clause as set forth on Sheet No. 7.00.

Terms of Payment:

The above rates are net, the gross rates being 2.0% higher. In the event that the current monthly bill is not paid by the due date on the bill, the gross rate shall apply.

Taxes:

Michigan State Sales Tax will be added to all billings whenever applicable.

Issued:  
By: Don Wozniak, Manager  
Dafer, Michigan

Effective for service rendered on and after  
January 1, 2003  
Issued under the authority of M.P.S.C. dated  
in Case No. U-13345

SEASONAL GENERAL SERVICE  
Schedule "SGS"

Availability:

To the **member-consumers** of the **Cooperative** who use their places of business only a part of each year or at intervals during the year, for all normal commercial uses, subject to the rules and regulations of the Cooperative.

Type of Service:

Single-phase, alternating current, 60 hertz, at the Cooperative's available secondary voltages.

Annual Rates:

<b>Facility Charge:</b>	<b>\$150.00 per year</b>
<b>Energy Charge:</b>	<b>\$0.0745 per kWh</b>

Minimum Charge:

The Minimum Annual Charge under this schedule shall be the **Facility Charge**.

Power Supply Cost Recovery Clause and Factor:

This rate schedule is subject to the Cooperative's Power Supply Cost Recovery Clause as set forth on Sheet No. 7.00.

Meter Reading:

**The Cooperative will read all meters once each year.**

Billing

**Member-consumers** receiving service under this schedule will be billed in advance for the annual **Facility Charge**. All charges under the schedule in excess of the annual **Facility Charge** will be billed annually.

Issued:  
By: Don Wozniak, Manager  
Dafer, Michigan

Effective for service rendered on and after  
January 1, 2003  
Issued under the authority of M.P.S.C. dated  
in Case No. U-13345

LARGE POWER SERVICE  
Schedule "LP"

Availability:

To any **member-consumer** of the **Cooperative** requiring three- phase service, subject to the Cooperative's rules and regulations, when the billing demand is not more than 500 **kW**.

Type of Service:

Three-phase, alternating current, 60 hertz, at the Cooperative's available secondary voltages.

Monthly Rates:

<b>Facility Charge:</b>	<b>\$50.00 per month</b>
<b>Demand Charge:</b>	<b>\$4.20 per kW</b>
<b>Energy Charge:</b>	
First 200 kWh per kW	<b>\$0.050 per kWh</b>
Excess	<b>\$0.045 per kWh</b>

Power Supply Cost Recovery Clause and Factor:

This rate schedule is subject to the Cooperative's Power Supply Cost Recovery Clause as set forth on Sheet No. 7.00.

Billing Demand:

The billing demand shall be the kilowatts (kW) supplied during the 15 minute period of maximum usage during the billing period.

Minimum Charge:

The Minimum Monthly Charge shall be the **Facility Charge** included in the rates.

Issued:  
By: Don Wozniak, Manager  
Dafer, Michigan

Effective for service rendered on and after  
January 1, 2003  
Issued under the authority of M.P.S.C. dated  
in Case No. U-13345

LARGE POWER SERVICE  
Schedule "LP"  
(Continued from Sheet No. 12.00)

Primary Service

A **member-consumer** may elect to furnish, install, own and maintain **their** own transformation facilities and to take service **at the Cooperative's** primary distribution voltage. In such event, **the Cooperative** will install primary metering and deduct 3.0% from demand and energy measurements for billing purposes.

Terms of Payment

The above rates are net, the gross rates being 2.0% higher. In the event that the current monthly bill is not paid by the due date on the bill, the gross rate shall apply.

Taxes

Michigan States Sales Tax will be added to all billings whenever applicable.

Tax Adjustment

- A. Bills shall be increased within the limits of political subdivisions which levy special taxes, licenses fees or rentals against the Cooperative's property, or its operations, or the production and/or sale of electric energy, to offset such special charges and thereby prevent other **member-consumers** from being compelled to share such local taxes.
- B. Bills shall be increased to offset any new or increased specific tax or excise imposed by any governmental authority which increases the Cooperative's cost of providing electric energy.

Issued:  
By: Don Wozniak, Manager  
Dafter, Michigan

Effective for service rendered on and after  
January 1, 2003  
Issued under the authority of M.P.S.C. dated  
in Case No. U-13345

COMMERCIAL HEATING AND AIR CONDITIONING  
Schedule "HA"

Availability

To any commercial or industrial **member-consumer** of the **Cooperative** for separately metered heating service where the principal source of energy for comfort heating of the premises is electrically supplied. **Member-consumers** who meet the above qualification can also use this rate for air conditioning service. This rate is in process of elimination and is withdrawn except for the present **member-consumers** receiving services hereunder at premises served prior to August 29, 1977.

Type of Service

Single-phase or three-phase alternating current, 60 hertz, at the Cooperative's available secondary voltages.

Monthly Rate

Facility Charge:	<b>\$10.00 per month</b>
Energy Charge:	<b>\$0.064 per kWh</b>

Power Supply Cost Recovery Clause and Factor

This rate schedule is subject to the Cooperative's Power Supply Cost Recovery Clause as set forth on Sheet No. 7.00.

Minimum Charge

**The Minimum Monthly Charge shall be the Facility Charge.**

Terms of Payment

The above rates are net, the gross rates being 2.0% higher. In the event that the current monthly bill is not paid by the due date on the bill, the gross rate shall apply.

Taxes

Michigan State Sales Tax will be added to all billings whenever applicable.

Issued:  
By: Don Wozniak, Manager  
Dafer, Michigan

Effective for service rendered on and after  
January 1, 2003  
Issued under the authority of M.P.S.C. dated  
in Case No. U-13345

OUTDOOR PROTECTIVE LIGHTING SERVICE  
Schedule "PL"

Availability

**Member-consumers** already taking service for outdoor protective lighting service on premises on which the **member-consumer** is already taking service from the Cooperative under another rate schedule under this schedule may continue to do so. The schedule will be closed to new business as of July 1, 1980.

Hours of Service

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

Type of Service

Multiple lighting from secondary or service lines. The Cooperative will own, operate and maintain the lighting fixtures. Burned out lamps must be reported by the **member-consumer**, and the Cooperative will undertake to replace the lamp as soon as possible during regular working hours. Broken lamps or damage to fixtures by accident or vandalism will be repaired or replaced at the **member-consumer's** expense.

Monthly Rate

1. Using existing pole and secondary facilities:

175 watt mercury vapor lamp @ \$7.87 per month per fixture (assumes 80 kWh/month).

400 watt mercury vapor lamp @ \$15.14 per month per fixture (assumes 180 kWh/month).

100 watt high pressure sodium lamp @ \$7.28 per month per fixture (assumes 45 kWh per month).

2. Requiring new pole and one span of new secondary facilities

175 watt mercury vapor lamp @ \$9.05 per month per fixture (assumes 80 kWh/month).

400 watt mercury vapor lamp @ \$16.32 per month per fixture (assumes 180 kWh/month).

100 watt high pressure sodium lamp @ \$8.46 per month per fixture (assumes 45 kWh per month).

Issued:  
By: Don Wozniak, Manager  
Dafer, Michigan

Effective for service rendered on and after  
January 1, 2003  
Issued under the authority of M.P.S.C. dated  
in Case No. U-13345

OUTDOOR PROTECTIVE LIGHTING SERVICE  
Schedule "PL-1"

Availability

To all **member-consumers** of the **Cooperative** for outdoor protective lighting service on premises on which the **member-consumer** is already taking service from the Cooperative under another rate schedule. This service will only be available to **member-consumers** who agree to enter into an agreement with the **Cooperative** whereby the **member-consumer** guarantees a minimum of 60 months' payments. However, should removal occur before 60 months have elapsed, the **member-consumer** will be required to pay the balance of the monthly fees or \$200.00 whichever is less.

Hours of Service

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

Type of Service

Multiple lighting from secondary or service lines. The Cooperative will own, operate and maintain the lighting fixtures. Burned out lamps must be reported by the **member-consumer**, and the Cooperative will undertake to replace the lamp as soon as possible during regular working hours. Broken lamps or damage to fixtures by accident or vandalism will be repaired or replaced at the **member-consumer's** expense.

Monthly Rate

100 watt high pressure sodium lamp @ \$7.28 per month per fixture (assumes 45 kWh per month).

Issued:  
By: Don Wozniak, Manager  
Dafer, Michigan

Effective for service rendered on and after  
January 1, 2003  
Issued under the authority of M.P.S.C. dated  
in Case No. U-13345

MUNICIPAL LIGHTING SERVICE  
Schedule "ML"

Availability

Available to municipalities **and** political subdivisions for street lighting service with the condition that said municipalities, etc., become **member-consumers** of the Cooperative. This service will only be available to **member-consumers** who agree to enter into an agreement with **the Cooperative** whereby the **member-consumer** guarantees a minimum of 60 months' payments. However, should removal occur before 60 months have elapsed, the **member-consumer** will be required to pay the balance of the monthly fees or \$200.00 whichever is less.

Hours of Service

Dusk to dawns controlled by photo-sensitive **devices**, every night and all night for approximately 4,200 hours per year.

Type of Service

Multiple lighting from secondary or service lines. The Cooperative will own, operate and maintain the lighting fixtures. Burned out lamps must be reported by the **member-consumer**, and the Cooperative will undertake to replace the lamp as soon as possible during regular working hours. Broken lamps or damage to fixtures by accident or vandalism will be repaired or replaced at the **member-consumer's** expense.

Monthly Rate

1. 175 watt mercury vapor lamp @ **\$7.87** per month per fixture (assumes 80 kWh/month).  
400 watt mercury vapor lamp @ **\$15.14** per month per fixture (assumes 180 kWh/month).  
100 watt high pressure sodium lamp @ **\$7.28** per month per fixture (assumes 45 kWh per month).

Issued:  
By: Don Wozniak, Manager  
Dafer, Michigan

Effective for service rendered on and after  
January 1, 2003  
Issued under the authority of M.P.S.C. dated  
in Case No. U-13345

Primary Substation Distribution Service  
Schedule "PSDS"

Availability

This rate is available only to **member-consumers with primary service loads of 1,000 kW or greater to be served directly from a distribution substation, or loads of at least 500 kW taken directly from the transmission system at a voltage of 69 kV or greater.**

Type of Service

Three-phase alternating current, 60 hertz, at the Cooperative's available voltages.

Monthly Rates

**Facility Charge:**  
**Unless specified in the Electric Service Agreement: \$200.00 per month**  
**Demand Charge: \$7.35 per kW**  
**Energy Charge: \$0.0295 per kWh**

Minimum Charge

The Minimum Monthly Charge shall be **the greater of the Facility Charge included in the Electric Service Agreement or \$3,675.00 per month.**

Power Supply Cost Recovery Clause and Factor

This rate schedule is subject to the Cooperative's power supply cost recovery clause as set forth on Sheet No. 7.00.

Issued:  
By: Don Wozniak, Manager  
Dafer, Michigan

Effective for service rendered on and after  
January 1, 2003  
Issued under the authority of M.P.S.C. dated  
in Case No. U-13345

**LARGE POWER - MINING OPERATION**  
**SCHEDULE "LP-MO"**

Availability

This rate is available only to **member-consumers with Mining Operations** which are primary service loads.

Type of Service

Three-phase, alternating current, 60 hertz, at the Cooperative's available voltages.

Monthly Rates

<b>Facility Charge:</b>	<b>\$200.00 per month</b>
<b>Demand Charge:</b>	<b>\$3.80 per kW</b>
<b>Energy Charge:</b>	<b>\$0.04410 per kWh</b>

Power Supply Cost Recovery Clause and Factor

This rate schedule is subject to the Cooperative's Power Supply Cost Recovery Clause as set forth on Sheet No. 7.00.

Determination of Billing Demand

The billing demand shall be the maximum kilowatt demand established by the **Member-consumer** for any period of thirty consecutive minutes during the month for which the bill is rendered, as indicated or recorded by the demand meter installed by seller to make such a determination and adjusted for power factor as provided below.

Minimum Charge

The Minimum Monthly Charge under this schedule shall be the **Facility Charge**.

Power Factor Adjustment

The **member-consumer** agrees to maintain a unity power factor as nearly as practicable. Demand charges will be adjusted for average power factors lower than 90%. Such adjustment shall be made by increasing the measured demand 1% for each 1% by which the average power factor is less than 90% lagging.

Terms of Payment

**The above rates are net, the gross rates being 2.0% higher. In the event that the current monthly bill is not paid by the due date on the bill, the gross rate shall apply.**

Issued:  
By: Don Wozniak, Manager  
Dafer, Michigan

Effective for service rendered on and after  
January 1, 2003  
Issued under the authority of M.P.S.C. dated  
in Case No. U-13345