

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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In the matter of the application of	)	
<b>MIDWEST ENERGY COOPERATIVE</b> for	)	
approval of unbundled rates for commercial	)	Case No. U-14185
and industrial member-consumers with a peak	)	
load of 200 kilowatts or more.	)	
_____	)	

At the February 24, 2005 meeting of the Michigan Public Service Commission in Lansing, Michigan.

PRESENT: Hon. J. Peter Lark, Chair  
Hon. Robert B. Nelson, Commissioner  
Hon. Laura Chappelle, Commissioner

**OPINION AND ORDER**

Section 10x(1) of the Customer Choice and Electricity Reliability Act, 2000 PA 141, MCL 460.10x(1), provides that the Commission shall not require a cooperative electric utility to implement customer choice before January 1, 2005, nor require the unbundling of a cooperative's rates under Section 10b before July 1, 2004. On February 4, 2003, Midwest Energy Cooperative (Midwest) and the other electric utility cooperatives filed an application in Case No. U-13698, requesting the Commission to delay implementation of customer choice for customers with a peak load of less than 1 megawatt (MW) until January 1, 2007.<sup>1</sup> On February 19, 2003, the

<sup>1</sup> The cooperatives' member-consumers with a peak load of 1 MW or greater already had customer-choice pursuant to the Commission's December 6, 2002 consolidated order in Cases Nos. U-12656, U-12657, U-12658, U-12659, U-12660, and U-12661. Three cooperatives, Alger-Delta Co-operative Electric Association, The Ontonagon Rural Electrification Association, and Thumb Electric Cooperative of Michigan had no member-consumers with a peak load of

cooperatives filed an amended application seeking to further delay customer choice implementation until January 1, 2008.

Discussions between the Commission Staff (Staff) and the cooperatives led to a compromise proposal which, among other things, required the cooperatives to provide choice for all commercial and industrial member-consumers with a peak load of 200 kilowatts (kW) and above. The compromise proposal also required that unbundled rates for such member-consumers would be filed no later than July 1, 2004.<sup>2</sup>

On July 1, 2004, Midwest submitted its application and exhibits for approval of unbundled rates for commercial and industrial member-consumers with a peak load of 200 kW or more. Subsequently, Midwest and the Staff entered into discussions regarding the filing. An open issue was the appropriate approach for the return to service provision in Section 2.6 of Midwest's proposed tariffs.

On November 23, 2004, the Commission issued its opinion and order in The Detroit Edison Company's rate proceeding in Case No. U-13808, adopting a return to service approach.

On December 22, 2004, Midwest submitted an amended application and exhibits incorporating the return to service approach adopted in Case No. U-13808. Midwest's exhibits included proposed tariff changes for its Schedule RASS Retail Access Standby Service Tariff, Retail Access Service Tariff, Schedule LP-C Large Power Service Rate-Choice, and Schedule LPPS-C Large Power Primary Service Rate-Choice.

Midwest's amended application also requested that the Commission issue an ex parte order approving the proposed tariffs and allow Midwest 90 days from the date of the order for implementation. Midwest explained that the 90-day lead-in period would allow it an opportunity

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1 MW or greater.

<sup>2</sup> On September 11, 2003 in Case No. U-13698, the Commission issued an order approving the compromise proposal.

to finalize the billing format with its billing agent, complete employee training, plan and follow through on necessary customer education, and finalize and file all requisite tariffs. In addition, Midwest noted, the Michigan Electric Cooperative Association had planned a workshop for all affected employees to help them understand and implement the choice transition process.

The Staff has reviewed Midwest's amended application, including the proposed tariff changes, and recommends approval.

The Commission FINDS that:

a. Jurisdiction is pursuant 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, 1999 AC, R 460.17101 et seq.

b. Midwest's amended application and proposed tariff changes are reasonable and in the public interest, and should be approved.

THEREFORE, IT IS ORDERED that:

A. Midwest Energy Cooperative's amended application, including its Schedule RASS Retail Access Standby Service, Retail Access Service Tariff, Schedule LP-C Large Power Service Rate-Choice, and Schedule LPPS-C Large Power Primary Service Rate-Choice, is approved.

B. Midwest Energy Cooperative's Large Power Retail Access Service is cancelled.

C. Midwest Energy Cooperative shall file with the Commission, within 30 days, tariff sheets consistent with this order.

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/ J. Peter Lark

Chair

( S E A L )

/s/ Robert B. Nelson

Commissioner

/s/ Laura Chappelle

Commissioner

By its action of February 24, 2005.

/s/ Mary Jo Kunkle

Its Executive Secretary

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

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Chair

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Commissioner

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Commissioner

By its action of February 24, 2005.

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Its Executive Secretary

**SCHEDULE LP-C**  
**LARGE POWER SERVICE RATE-CHOICE**

Availability

Subject to the Rules and Regulations of the Cooperative and its *Retail Access Service Tariff*, this schedule is available to Member-Consumers eligible to be taking service under the Cooperative's Large Power Service Rate, Schedule LP. Service under this rate is for delivery of power from the Point of Distribution Receipt to the Point of Distribution Delivery and is subject to the following conditions:

1. The Member-Consumer must have a Maximum Demand of at least 200 kW. Individual Member-Consumers receiving demand metered service at multiple metering points eligible to be taking service under the Cooperative's Schedule LP or Schedule LPPS may achieve the 200 kW Maximum Demand threshold by aggregating or summing the Maximum Demands for each metering point occurring during a single month. The applicable rate schedule will apply to all aggregated metering points on an individual account basis.
2. The Member-Consumer must enter a Retail Access Service Agreement with the Cooperative.
3. The transmission of power to the Distribution Point of Receipt and all related costs shall be the responsibility of the Member-Consumer and/or Alternative Electric Supplier (AES).
4. The Member-Consumer must agree to purchase any default energy delivered pursuant to Schedule RASS-Retail Access Standby Service in addition to the service specified herein.

Applicability

Alternating current, 60 hertz, single-phase or three-phase, at available secondary voltages.

Type of Service

Three-phase, 60 hertz, at standard secondary voltages. Motors having a rated capacity in excess of ten horsepower must be three-phase unless otherwise specified in writing by the Cooperative.

(Continued on Sheet No. 24.01)

Issued:  
By: Robert Hance  
President and Chief Executive Officer  
Cassopolis, Michigan

Effective for all Open Access Service rendered  
On and After

Issued under the authority of M.P.S.C. Order  
dated in Case No. U-14185

**SCHEDULE LP-C**  
**LARGE POWER SERVICE RATE-CHOICE**

(Continued from Sheet No. 24.00)

Monthly Rates

Demand Charge:	\$0.93 per kW
Variable Distribution Charge	\$.01690 per kWh

Billing Demand

The billing demand shall be the kilowatts (kW) supplied during the 15 minute period of maximum usage in the billing period, but not less than 200 kW. Billing demand will be determined by means of standard demand metering equipment.

Primary Service Discount

A discount of \$0.10/kVa of required transformer capacity shall be applied to the bill when service is taken by the member-consumer at the available primary voltage. If primary metering is used, an additional discount of 2.0 percent shall be applied to the bill.

Adjustment for Power Factor

The above rate charges are predicated upon the member maintaining a power factor not less than 90 percent lagging. The Cooperative has the right to measure power factor at any time by means of test or permanently installed metering equipment. If the member's average power factor is found to be less than 90 percent lagging, the billing demand shall be increased by the ratio that 90 percent bears to the member's actual power factor. A power factor of less than 70 percent will not be permitted; and the member-consumer will be required to install, at his own expense, such corrective equipment as may be necessary to improve power factor.

Minimum Charge

The minimum monthly charge shall be the billing Demand Charge times 200 kW, except that the minimum charge may be increased as necessary, in accordance with the Cooperative's rules and regulations, in those cases in which a larger than average investment is required to serve an account under this schedule.

(Continued on Sheet No. 24.02)

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**SCHEDULE LP-C**  
**LARGE POWER SERVICE RATE-CHOICE**

(Continued from Sheet No. 24.01)

Terms of Payment

- A. A one-time late payment charge of two percent of the unpaid balance, net of taxes, will be assessed on any bill which is delinquent.
- B. Billings are due 21 days from the date of rendition for payment in full.
- C. The Cooperative will not collect any monies on behalf of any alternate power supplier, retailer, or other third party without a written agreement between the Cooperative, the Member, and the third party.

Tax Adjustment

- A. Bills shall be increased or decreased, 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 recognize such special charges and thereby prevent other member-consumers from being compelled to share such local increases or decreases.
- B. Bills shall be adjusted to reflect any new, increased, or decreased specific tax or excise imposed by any governmental authority which impacts the Cooperative's cost of providing electric service.

Michigan State Sales Tax

Michigan State Sales Tax shall be added on all bills, where applicable.

Metering

Subject to the terms and conditions of the *Retail Access Service Tariff*, the Member shall be responsible for any associated communication systems such as telephone lines or other related equipment between the Cooperative, the Member-Consumer, and the third party.

(Continued on Sheet No. 24.03)

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**SCHEDULE LP-C**  
**LARGE POWER SERVICE RATE-CHOICE**

(Continued from Sheet No. 24.02)

Third Party Disputes

The Cooperative has no obligation or duty to intervene, mediate or participate in contractual disputes between the Member Consumer and its AES Supplier or third parties. Further, the Cooperative will not shut off service or otherwise enforce any provision of a contract between the Member Consumer and any third party.

Transition Charge

Service under this rate may be subject to a transition charge subject to the approval of the Michigan Public Service Commission.

Rules and Regulations

Service is governed by the Cooperative's Standard Rules and Regulations and the Cooperative's *Retail Access Service Tariff*.

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**SCHEDULE LPPS-C**  
**LARGE POWER PRIMARY SERVICE RATE-CHOICE**

Availability

Subject to the Rules and Regulations of the Cooperative and its *Retail Access Service Tariff*, this schedule is available to Member-Consumers eligible to be taking service under the Cooperative's Large Power Primary Service Rate, Schedule LPPS. Service under this rate is for delivery of power from the Point of Distribution Receipt to the Point of Distribution Delivery and is subject to the following conditions:

1. The Member-Consumer must have a Maximum Demand of at least 1,000 kW. Individual Member-Consumers receiving demand metered service at multiple metering points eligible to be taking service under the Cooperative's Schedule LP or Schedule LPPS may achieve the 1,000 kW Maximum Demand threshold by aggregating or summing the Maximum Demands for each metering point occurring during a single month. The applicable rate schedule will apply to all aggregated metering points on an individual account basis.
2. The Member-Consumer must enter a Retail Access Service Agreement with the Cooperative.
3. The transmission of power to the Distribution Point of Receipt and all related costs shall be the responsibility of the Member-Consumer and/or Alternative Electric Supplier (AES).
4. The Member-Consumer must agree to purchase any default energy delivered pursuant to Schedule RASS-Retail Access Standby Service in addition to the service specified herein.

Type of Service

Alternating, 60 hertz, three-phase, at voltages determined by the Cooperative.

Service Options

Service may be provided under two options. In instances where the delivery point is located 1,000 feet or less from the distribution substation, service shall be considered to be provided directly from the distribution substation. In instances where the delivery point is located further than 1000 feet from the distribution substation, service shall be considered to be provided from a distribution primary line.

(Continued on Sheet No. 25.01)

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**SCHEDULE LPPS-C**  
**LARGE POWER PRIMARY SERVICE RATE-CHOICE**

(Continued on Sheet No. 25.00)

Monthly Rates

All rates assume service directly from a distribution substation.

Demand Charge:

Distribution Substation:	\$1.55 per kW
Distribution Primary Line:	\$3.42 per kW

Variable Distribution Charge:           \$.001331 per kWh

Billing Demand

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

Power Factor

The above rate charges are predicated upon the member-consumer maintaining a power factor not less than 95 percent lagging. The Cooperative has the right to measure power factor at any time by means of test or permanently installed metering equipment. If the member-consumer's average power factor is found to be less than 95 percent lagging, the billing demand will be increased by the ratio that 95 percent bears to the member-consumer's actual power factor. A power factor of less than 70 percent will not be permitted; and the member-consumer will be required to install, at its own expense, such corrective equipment as may be necessary to improve power factor.

Minimum Charge

The minimum monthly charge shall be the billing Demand Charge times 1,000 kW, except that the minimum charge may be increased as necessary, in accordance with the Cooperative's rules and regulations, in those cases in which a larger than average investment is required to serve an account under this schedule.

(Continued on Sheet No. 25.02)

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**SCHEDULE LPPS-C**  
**LARGE POWER PRIMARY SERVICE RATE-CHOICE**

(Continued on Sheet No. 25.01)

Terms of Payment

- A. A one-time late payment charge of two percent of the unpaid balance, net of taxes, will be assessed on any bill which is delinquent.
- B. Billings are due 21 days from the date of rendition for payment in full.
- C. The Cooperative will not collect any monies on behalf of any alternate power supplier, retailer, or other third party without a written agreement between the Cooperative, the Member, and the third party.

Tax Adjustment

- A. Bills shall be increased or decreased, 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 recognize such special charges and thereby prevent other member-consumers from being compelled to share such local increases or decreases.
- B. Bills shall be adjusted to reflect any new, increased, or decreased specific tax or excise imposed by any governmental authority which impacts the Cooperative's cost of providing electric service.

Michigan State Sales Tax

Michigan State Sales Tax shall be added on all bills, where applicable.

Metering

Subject to the terms and conditions of the *Retail Access Service Tariff*, the Member shall be responsible for any associated communication systems such as telephone lines, or other related equipment between the Cooperative, the Member, and the third party.

(Continued on Sheet No. 25.03)

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**SCHEDULE LPPS-C**  
**LARGE POWER PRIMARY SERVICE RATE-CHOICE**

(Continued on Sheet No. 25.02)

Third Party Disputes

The Cooperative has no obligation or duty to intervene, mediate or participate in contractual disputes between the Member Consumer and its AES Supplier or third parties. Further, the Cooperative will not shut off service or otherwise enforce any provision of a contract between the Member Consumer and any third party.

Transition Charge

Service under this rate may be subject to a transition charge subject to the approval of the Michigan Public Service Commission.

Rules and Regulations

Service is governed by the Cooperative's Standard Rules and Regulations and the Cooperative's *Retail Access Service Tariff*.

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**SCHEDULE LPRAS**

**LARGE POWER RETAIL ACCESS SERVICE**

**THIS SHEET IS CANCELLED**

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President and Chief Executive Officer  
Cassopolis, Michigan

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**SCHEDULE LPRAS**

**LARGE POWER RETAIL ACCESS SERVICE**

**THIS SHEET IS CANCELLED**

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Cassopolis, Michigan

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**SCHEDULE LPRAS**

**LARGE POWER RETAIL ACCESS SERVICE**

**THIS SHEET IS CANCELLED**

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**SCHEDULE RASS  
RETAIL ACCESS STANDBY SERVICE**

Availability

This schedule is available on a best efforts basis only to Member-Consumers of the Cooperative receiving service under its Large Power Service Rate-Choice (Schedule LP-C) and Large Power Primary Service Rate-Choice (Schedule LPPS-C). This is in addition to the Member-Consumer's applicable Choice tariff.

Nature of Service

Service under this schedule is only available on a best efforts basis to the Member-Consumer when an Alternative Electric Supplier (AES) has ceased service to the Member-Consumer. The Member-Consumer may arrange to return to Full Requirements Service by following the procedures detailed in the Cooperative's *Retail Access Service Tariff*, subject to the terms and conditions set forth in said tariff.

Standby Service under this schedule does not include net under- or over- deliveries of Energy that result when Energy is delivered on behalf of a Member-Consumer but deviates from the Member-Consumer's scheduled Energy requirements plus applicable provisions for line losses. Any change in the Member-Consumer's Energy schedule must be reported to the Transmission Service Provider according to the provisions in the applicable Open Access Transmission Tariff (OATT). These charges represent Schedule 4 ancillary services and will be summarized each month with payment to the Member-Consumer or due from the Member-Consumer per the calculation.

Charges for Service

The charges for this service shall be equal to the Cooperative's out-of-pocket cost of standby power delivered to the Member-Consumer, plus a service fee of one-cent (\$0.01) per kWh delivered to the Member-Consumer.

The Cooperative's out-of-pocket cost shall be equal to the amount it is billed by its wholesale supplier for Standby Service delivered to the Member-Consumer.

(Continued on Sheet No. 22.01)

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**SCHEDULE RASS**  
**RETAIL ACCESS STANDBY SERVICE**  
(Continued from Sheet No. 22.00)

Terms of Payment

1. Monthly bills for Standby Service rendered by the Cooperative are due and payable on or before the due date listed on the bill.
2. The above rates are net. A one-time late payment charge of two (2%) percent of the unpaid balance, excluding sales tax, will be assessed on any bill for Standby Service not paid by the due date
3. The Cooperative will not collect any monies on behalf of any AES, retailer or other third party without a written agreement between the Cooperative, the Member-Consumer and the third party.

Third Party Disputes

The Cooperative has no obligation or duty to intervene, mediate or participate in contractual disputes between the Member Consumer and its AES Supplier or third parties. Further, the Cooperative will not shut off service or otherwise enforce any provision of a contract between the Member Consumer and any third party.

Tax Adjustment

1. Bills shall be increased or decreased 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 increases or decreases.
2. Bills shall be adjusted to offset any new, increased or decreased specific tax or excise imposed by any governmental authority, which increases or decreases the Cooperative's cost of providing electric service.

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## **RETAIL ACCESS SERVICE TARIFF**

### **1.0 INTRODUCTION AND DEFINITIONS**

This tariff expresses the terms and conditions associated with Retail Access Service and provides information regarding the roles of the various market participants. This tariff includes the following sections:

Introduction and Definitions	Section 1.0
Member-Consumer Section	Section 2.0
Alternative Electric Supplier Section	Section 3.0
Dispute Resolution	Section 4.0
Liability and Exclusions	Section 5.0

When a Member-Consumer participates in Retail Access Service and obtains Generation Services from an Alternative Electric Supplier (AES), the Cooperative will maintain a relationship and interact with the separate participants – including the Member-Consumer, the Transmission Service Provider, and the AES.

#### **1.1 The Member-Consumer Role**

The Member-Consumer is the end-user of Power in the State of Michigan who has facilities connected to the Cooperative's Distribution System. Under Retail Access Service, the Member-Consumer will conduct transactions with at least two participants – including the Cooperative and an AES. The Member-Consumer is responsible for choosing an AES. Member-Consumers may receive transmission service directly from the Transmission Service Provider or the AES may make such arrangements as part of its service to the Member-Consumer.

The Cooperative's principal requirement is that the Member-Consumer must be eligible to be taking service under the Cooperative's Schedule LP or Schedule LPPS and have a Maximum Demand of at least 200 kW. An Individual Member-Consumer currently demand metered and who is eligible to be taking service under the Cooperative's Schedules LP or Schedule LPPS may achieve the 200 kW Maximum Demand threshold by aggregating or summing the Maximum Demands for each metering point occurring during a single month. All charges or fees specified herein and all related rate schedules apply to aggregated metering points on an individual account basis.

(Continued on Sheet No. 23.01)

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## **RETAIL ACCESS SERVICE TARIFF**

(Continued from Sheet No. 23.00)

The Member-Consumer is ultimately responsible for the purchase and delivery of power to the Cooperative's distribution system that is sufficient to meet the Member-Consumer's electrical requirements for each hour of each day. If for any reason, including but not limited to the failure or default of the AES, the failure of its generation resources and/or transmission system constraints, power is delivered to a retail open access Member-Consumer by the Cooperative then the Member-Consumer shall purchase said power from the Cooperative pursuant to the Default Service provisions of this tariff.

### **1.2 The Alternative Electric Supplier Role**

An Alternative Electric Supplier (AES) is a Person that has been licensed by the Michigan Public Service Commission to sell electric generation service to retail Consumers in this state. The AES takes title to Power and sells Power in Michigan's retail electric market.

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

Market participation responsibilities of the AES or Member-Consumer 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 Cooperative's Distribution System, and managing its own retail sales.

### **1.3 Transmission Service Provider Role**

The Transmission Service Provider delivers electrical energy to the Cooperative's distribution system. To obtain retail access service, the Member-Consumer or the AES on behalf of the Member-Consumer must arrange for transmission service from the Transmission Service Provider. The Transmission Service Provider provides services to transmission consumers, whether an AES or a Member-Consumer as defined herein, pursuant to its Open Access Transmission Tariff (OATT) rules and regulations as approved by the Federal Energy Regulatory Commission or pursuant to a Transmission Tariff approved by another appropriate regulatory authority.

(Continued on Sheet No. 23.02)

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**RETAIL ACCESS SERVICE TARIFF**

(Continued from Sheet No. 23.01)

**1.4 Cooperative Role**

The Cooperative provides facilities and related services for the distribution of electricity and is the Member-Consumer's primary contact for electric service. Under Retail Access, the Cooperative arranges for the physical connection of the Member-Consumer's facilities to the Distribution system and provides system maintenance, outage restoration, metering equipment, meter data processing, bill processing for distribution services and other Consumer support services.

The Cooperative's Generation Services (Default Service and Full Requirements Service) offered herein are supplied by purchases for resale from the Cooperative's wholesale power supplier. Such purchases are made pursuant to tariffs that are established by the wholesale power supplier and approved by the Federal Energy Regulatory Commission or other appropriate regulatory authority.

**1.5 Definitions**

“*Aggregate*” or “*Aggregation*” means to combine or the combination of multiple metering points serving an individual Member-Consumer for the purpose of qualifying for Retail Access Service.

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

“*Commission*” means the Michigan Public Service Commission.

“*Cooperative*” means Midwest Energy Cooperative or its agent.

“*Default Service*” means Generation Service provided by the Cooperative. Default Service shall be purchased under the rates, terms, and conditions in the applicable Retail Access Standby Service tariff approved by the Commission.

(Continued on Sheet No. 23.03)

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**RETAIL ACCESS SERVICE TARIFF**

(Continued from Sheet No. 23.02)

“*Demand*” means the amount of Power required to meet the Member-Consumer’s load averaged over a designated interval of time, expressed in kilowatts or megawatts.

“*Distribution Point of Delivery*” means the point of interconnection between the Cooperative’s Distribution System and the Member-Consumer’s service Location.

“*Distribution Point of Receipt*” means the point of interconnection between the Cooperative’s Distribution System and the Transmission System or other facilities where electric Energy is received for delivery to a Member-Consumer.

“*Distribution Service*” means the provision of retail Regulated Electric Service including delivery of Generation over the Distribution System, and ancillary services all provided by the Cooperative pursuant to its rates for Retail Access Service.

“*Distribution System*” means facilities operated by the Cooperative for the purpose of distributing electric power within the Cooperative'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 Member-Consumer.

“*Drop Response*” means a response sent by the Cooperative to an AES which submitted a Drop Request that confirms the requested Member-Consumer drop as pending and provides certain Member-Consumer information or, if the Drop Request is denied, provides a reason or invalidation code explaining why the request was denied.

“*Energy*” refers to “electrical energy.” Energy is usually measured in kilowatt-hours (kWh) or megawatt-hours (MWh).

“*Full Requirements Service*” means the provision of retail Regulated Electric Service including generation, transmission, distribution, and ancillary services all provided by the Cooperative pursuant to its rates for standard electric service.

(Continued on Sheet No. 23.04)

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**RETAIL ACCESS SERVICE TARIFF**

(Continued from Sheet No. 23.03)

“*Generation Service*” means the provision of electric Power, transmission, 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.

“*Location*” means each Member-Consumer facility, whether owned or leased, where power is delivered by the Cooperative.

“*Maximum Demand*” (also known as “Peak Demand”) means the highest 15-minute integrated demand created during the current and previous eleven (11) billing months at each voltage level, whether the Member-Consumer received service under this tariff or another Cooperative retail tariff.

“*Member-Consumer*” means, for purposes of Retail Access Service, a Person with electrical load facilities connected to the Cooperative’s Distribution System and to whom Power is delivered to its Location pursuant to this tariff. All Member-Consumers, regardless of the voltage level of the service, are considered to be connected to the Cooperative’s Distribution System.

“*Open Access Transmission Tariff (OATT)*” means Open Access Transmission Tariff of a Person owning or controlling the Transmission System, on file with the Federal Energy Regulatory Commission, as may be 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 Member-Consumer.

(Continued on Sheet No. 23.05)

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**RETAIL ACCESS SERVICE TARIFF**

(Continued from Sheet No. 23.04)

“*Retail Access Service*” means the service offered by the Cooperative under applicable laws, regulations, tariffs and agreements, which allows the Member-Consumer to purchase Generation Service from a licensed AES, with Power delivered through the Cooperative’s Distribution System.

“*Regulated Electric Service*” means the services offered by the Cooperative under terms and conditions approved by the Commission.

“*Relevant Market*” means either the Upper Peninsula or the Lower Peninsula of this state.

“*Slamming*” means the act of changing the Member-Consumer’s chosen AES, or changing the Member-Consumer from Full Requirements Service to Generation Service from an AES, without the Member-Consumer’s consent.

“*Switch*” means a Member-Consumer move from one provider of Generation Service to another.

“*Switch Date*” means the date on which the Member-Consumer is actually assigned to a new Generation Service provider for purposes of Energy supply responsibility.

“*Switch Request*” means a request by an AES to switch the Member-Consumer from the Cooperative or another AES to the requesting AES, for Generation Service.

“*Switch Response*” means a response sent by the Cooperative to an AES which submitted a Switch Request that confirms the requested Member-Consumer switch as pending and provides certain Member-Consumer information or, if the Switch Request is denied, provides a reason or invalidation code explaining why the request was denied.

“*Transition Charge*” means a surcharge for the recovery of costs associated with the implementation of Retail Access Service and/or the Cooperative’s stranded costs arising from the implementation of Retail Access Service, as determined by the Commission.

(Continued on Sheet No. 23.06)

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**RETAIL ACCESS SERVICE TARIFF**

(Continued from Sheet No. 23.05)

“*Transmission Service Provider*” means a Person that owns, controls and/or operates transmission facilities and provides transmission and related services to the Cooperative including scheduling of power supply resources into the transmission system on behalf of the Cooperative.

“*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.

(Continued on Sheet No. 23.07)

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**RETAIL ACCESS SERVICE TARIFF**

(Continued from Sheet No. 23.06)

**2.0 MEMBER-CONSUMER SECTION**

**2.1 Availability**

Retail Access Service is available to all existing or new Member-Consumers that meet the terms and conditions of this Retail Access Service tariff and other applicable Cooperative tariffs, subject to contracting with an AES.

**2.2 Eligibility**

2.2.1 A Member-Consumer'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 Cooperative. Member-Consumers must have satisfied any past due amounts for Regulated Electric Service owed to the Cooperative under any other arrangements or provisions for Regulated Electric Service before taking service under this tariff.

2.2.2 An Individual Member-Consumer who is eligible to be taking service under the Cooperative's Schedule LP or LPPS, and having a demand meter with a Maximum Demand of at least 200 kW is eligible to take service under this tariff. An Individual Member-Consumer receiving demand metered service at multiple metering points and who is eligible to be taking service under the Cooperative's Schedule LP or Schedule LPRAS may achieve the 200 kW Maximum Demand threshold by aggregating or summing the Maximum Demands for each metering point occurring during a single month. All charges or fees specified herein and all related rate schedules apply to aggregated metering points on an individual account basis.

(Continued on Sheet No. 23.08)

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**RETAIL ACCESS SERVICE TARIFF**

(Continued from Sheet No. 23.07)

**2.3 Member-Consumer Information**

Member-Consumers will be provided their own usage and billing information. No fee shall be charged for the first request per calendar year related to a specific Member-Consumer account. An AES must obtain written authorization from the Member-Consumer before the Cooperative will provide an AES with a Member-Consumer's currently available usage and billing information. Subsequent requests by the Member-Consumer or the AES will require a fee of \$30.00 per account that will be billed to the Member-Consumer.

**2.4 Member-Consumer Enrollment and Switching**

- 2.4.1 A Member-Consumer which switches to an AES cannot return to the Cooperative's Full Requirements Service for two years after the switch to the AES has been effectuated. See Return to Service Provision in Section 2.6.
- 2.4.2 A Member-Consumer will specify only one AES at any given time for the supply of Power to each Member-Consumer account or Member-Consumer Location.
- 2.4.3 A Member-Consumer shall be permitted to change AESs. Assuming all other requirements are met, the changes will become effective at the completion of their normal billing cycle. Member-Consumers will be assessed a fee of \$10.00 per Member-Consumer account for each change beyond one (1) within a calendar year. The change will be submitted to the Cooperative by the Member-Consumer's newly chosen AES as a Switch Request.
- 2.4.4 The AES shall submit to the Cooperative a Switch Request via a Uniform Data Transaction after a required ten (10) day Consumer rescission period.
- 2.4.5 The Cooperative will process one (1) valid Switch Request per Member-Consumer per meter reading cycle. Where multiple Switch Requests for the same Member-Consumer are received during the same meter reading cycle, the Cooperative 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.

(Continued on Sheet No. 23.09)

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**RETAIL ACCESS SERVICE TARIFF**

(Continued from Sheet No. 23.08)

The Cooperative 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 Cooperative shall notify the Member-Consumer in writing that a Switch Request has been received and is being processed.

For valid Switch Requests from one AES to another, the Cooperative will at the same time send to the AES currently serving the Member-Consumer, via the appropriate Uniform Data Transaction, notice that the AES's service is to be terminated, including the scheduled Member-Consumer Switch Date. In the event that the Member-Consumer or the new AES cancels the Switch before the Switch Date, the Cooperative 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.

Cut-off time for the receipt of Switch Requests is eight (8) business days in advance of the Member-Consumer's Switch Date. In the case of errors or omissions in Switch Requests received by the Cooperative, final disposition of exceptions may take up to five (5) business days.

- 2.4.6 Other than in situations where Member-Consumers require new meter installations as part of a Switch, Member-Consumer Switches will be scheduled to take place on the scheduled meter reading date, and will be effective on the actual meter reading date or the date of an estimated meter reading for billing purposes. The Switch Date shall be effective on the next scheduled meter read date that is not less than eight (8) business days after the Switch Request has been confirmed as pending. The AES change shall occur at midnight (00:00) local time at the beginning of the effective date.
- 2.4.7 The Cooperative shall process Drop Requests submitted by AESs in the same manner as it processes Switch Requests, including Member-Consumer notification. AESs shall be subject to the same timing, validation and Uniform Data Transaction requirements for Drop Requests as for Switch Requests. An AES shall inform the Member-Consumer in writing of the submission of a Drop Request.

(Continued on Sheet No. 23.10)

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**RETAIL ACCESS SERVICE TARIFF**

(Continued from Sheet No. 23.09)

**2.5 Metering**

- 2.5.1 Metering equipment for Member-Consumers taking Retail Access Service shall be furnished, installed, read, maintained, and owned by the Cooperative.
- 2.5.2 Member-Consumers shall be required to have an Interval Demand Meter at each metering point.
- 2.5.3 If a new Interval Demand Meter is required, time and material costs to install it will be assessed to the Member-Consumer.
- 2.5.4 The Cooperative may require that the meter be read via telephone. In such cases, Member-Consumers will be required to provide a telephone connection for purposes of meter interrogation by the Cooperative. If a Member-Consumer is not able to allow sharing of a telephone connection, the Member-Consumer may be required to obtain a separate telephone connection for such purposes. The Member-Consumer is responsible for assuring the performance of the telephone connection. The Member-Consumer shall be responsible for all costs of the required telephone connection.
- 2.5.5 In cases where a telephone connection used by the Cooperative for meter interrogation is out of service, the Cooperative may retrieve the data manually for a nominal monthly fee of \$40.00 payable by the Member-Consumer. In the event that the telephone connection is out for three (3) consecutive billing months, the Member-Consumer's Retail Access Service may be terminated and the Member-Consumer will be returned to service under the Cooperative's Full Requirements Service tariffs subject to the provisions of Section 2.6, unless said outage is due to non-performance by the telecommunications service provider.
- 2.5.6 Energy consumption and Demand for settlement purposes shall be based on the data from the Interval Demand Meters.

(Continued on Sheet No. 23.11)

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(Continued from Sheet No. 23.10)

2.5.7 Where monthly metered Energy data is not available due to metering errors, malfunctions, or otherwise, the billing quantities will be estimated by the Cooperative using the available historical data and other relevant information for the Member-Consumer.

**2.6 Return to Full Requirements Service**

2.6.1 A Member-Consumer which switches to an AES cannot return to the Cooperative's Full Requirements Service for two (2) years after the switch to the AES has been effectuated. After such two (2) year period, a Member-Consumer may return to full service after giving the Cooperative at least 30 days written notice, unless the Member-Consumer wants to take service during the summer months of June through September, in which case the Member-Consumer must give the Cooperative notice no later than the preceding December 1. The Cooperative will return the Member-Consumer to Full Requirements Service following the notice period. Said notice period commences with the beginning of the Member-Consumer's billing cycle following receipt of the Member-Consumer's written notice of intent to return to Full Requirements Service. If the Member-Consumer returns to the Cooperative's Full Requirements Service for any reason prior to such two (2) year period or prior to the expiration of the notice period, the Member-Consumer's rate will be determined as the greater of:

- A. The charges for Default Service plus the applicable Retail Access Service rate, or
- B. 110% of the applicable Full Requirements Service Rate.

2.6.2 A Member-Consumer, having given notice of its intent to return to Full Requirements Service under Section 2.6.1, will receive Cooperative Default Service if, at any time during the notice period, it discontinues purchasing Generation Service from an AES.

(Continued on Sheet No. 23.12)

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(Continued from Sheet No. 23.11)

- 2.6.3 A Member-Consumer taking Default Service under the provisions of Section 2.6.2 may switch to another AES as provided in Section 2.4 at any point during the period that they are on Default Service.
- 2.6.4 The AES shall transmit a Member-Consumer Drop Request to the Cooperative via a Uniform Data Transaction when the Member-Consumer requests return to Full Requirements Service or when AES service is not being continued for any reason. The AES shall inform the Member-Consumer of the Drop Request in writing.
- 2.6.5 The Cooperative 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 Cooperative will notify the Member-Consumer in writing that a Drop Request has been received and is being processed.
- 2.6.6 The Switch from AES to Full Requirements Service will be processed on the next meter read date after the AES submits the necessary Drop Request to the Cooperative, provided that the requirements of section 2.6.1 are met. If the requirements of section 2.6.1 are not met, then the Member-Consumer will be switched to Cooperative Default Service until said requirements are met. The Switch shall occur at midnight (00:00) local time at the beginning of the effective date.
- 2.6.7 A Member-Consumer returning to Full Requirements Service must remain on such service for the minimum term stated in the applicable Full Requirements Service tariff, but not less than twelve (12) months.
- 2.6.8 In the event of Slamming from Full Requirements Service, a Member-Consumer who desires to return to Full Requirements Service may do so. The Cooperative will waive the twelve (12) month minimum term requirements. The Cooperative's Default Service does not apply to such Member-Consumers.

(Continued on Sheet No. 23.13)

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**RETAIL ACCESS SERVICE TARIFF**

(Continued from Sheet No. 23.12)

2.6.9 In the event a Member-Consumer is dropped by the AES due to the bankruptcy of the AES or upon the complete withdrawal of the AES from the Relevant Market, the Member-Consumer may receive Default Service from the Cooperative for not more than three (3) full billing cycles. By the end of that time period, the Member-Consumer must either have a Switch Request completed on their behalf as provided in Section 2.4, or give notice of its intent to return to Full Requirements Service as provided in Section 2.6.1. A Member-Consumer that does not arrange for Generation Service from a different AES or give notice of its intent to return to Full Requirements Service within three (3) months shall be disconnected.

**2.7 Billing and Payment**

2.7.1 The Cooperative will bill the Member-Consumer for Retail Access Service as outlined in section 3.3 of this tariff.

2.7.2 The Member-Consumer shall pay the Cooperative the amount billed by the Cooperative on or before a due date established by Member-Consumer billing rules approved by the Commission in accordance with the Commission's consumer standards and billing practices, R 460.3901 et seq., as amended, for nonresidential Consumers.

2.7.3 Where incorrect billing results from an error discovered by either the Cooperative, the AES or the Member-Consumer, the error will be corrected and revised bills, as appropriate for the Member-Consumer and/or AES, will be calculated and settled on the next billing period after the error is discovered. Billing errors discovered by the Cooperative shall be adjusted as provided for in the Commission's applicable billing rules.

(Continued on Sheet No. 23.14)

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**RETAIL ACCESS SERVICE TARIFF**

(Continued from Sheet No. 23.13)

**2.8 Disconnection of Service**

The Cooperative is the only Person allowed to physically disconnect service to a Member-Consumer. Disconnection of service to a Member-Consumer for non-payment of the Cooperative's bill or for any violation of the Cooperative's tariffs shall be in accordance with applicable Commission rules and Cooperative tariffs. The Cooperative shall notify the AES in writing of the intent to disconnect and the date and time of actual disconnection. The Cooperative shall not be liable for any losses to the AES due to disconnection.

(Continued on Sheet No. 23.15)

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**RETAIL ACCESS SERVICE TARIFF**

(Continued from Sheet No. 23.14)

**3.0 ALTERNATIVE ELECTRIC SUPPLIER SECTION**

**3.1 Availability**

The AES will not be eligible to enroll Member-Consumers unless and until the following conditions have been satisfied and continue to be satisfied. The AES has sole responsibility for conditions 3.1.1, 3.1.2, and 3.1.3. The Cooperative will check and verify conditions 3.1.4 and 3.1.5.

3.1.1 The AES has been granted a license by the Commission.

3.1.2 The AES has obtained and maintains a Member-Consumer-signed Enrollment indicating that the Member-Consumer has chosen to switch its Generation Service to the AES.

3.1.3 The AES has executed agreements with the appropriate Transmission Service Provider(s).

3.1.4 The AES has demonstrated its capability to meet the Cooperative's defined standards and protocols for Uniform Data Transactions.

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

**3.2 Switch and Drop Requests**

3.2.1 Switch Requests and Drop Requests will be handled in accordance with Section 2.4 of this tariff and will be accepted for processing by the Cooperative.

(Continued on Sheet No. 23.16)

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**RETAIL ACCESS SERVICE TARIFF**

(Continued from Sheet No. 23.15)

- 3.2.2 When a Member-Consumer requests to discontinue receiving Generation Service from the AES or when the AES's service is being discontinued for any reason, the AES shall transmit a Member-Consumer Drop Request to the Cooperative via a Uniform Data Transaction within no more than three (3) business days.

**3.3 Billing**

- 3.3.1 Unless otherwise agreed, the Cooperative and the AES will separately bill the Member-Consumer for the respective services provided by each. The Member-Consumer will receive separate bills for services provided and is responsible for making payments to the Cooperative for service provided in accordance with requirements of the Cooperative as set forth in the applicable billing rules and Commission approved tariffs.
- 3.3.2 The Cooperative may elect to offer a service where it bills the Member-Consumer for services that the Cooperative provides as well as services provided by the AES. If the Cooperative bills for AES charges, the following conditions will apply:
1. The Cooperative and the AES must have entered into a billing agreement that specifies the terms and conditions under which such billing will occur.
  2. Any discrepancies in charges collected and remitted will be corrected and reflected in the subsequent billing cycles.
  3. Payments received from or on behalf of a Member-Consumer shall be applied in the following order:
    1. To the Member-Consumer's past due balance owed the Cooperative,
    2. To current balances due the Cooperative,
    3. To current balances due the Cooperative for other charges such as facilities or loan agreements, and
    4. To the AES for all balances due for services provided.

(Continued on Sheet No. 23.17)

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**RETAIL ACCESS SERVICE TARIFF**

(Continued from Sheet No. 23.16)

4. Optional Services (i.e., billing and remittance processing, credit and collections, meter read information, Member-Consumer information, etc.) may be provided by the Cooperative pursuant to terms negotiated with the AES, and shall be offered on a non-discriminatory basis. Amounts owed to the Cooperative by an AES may be deducted from the AES's Member-Consumer payments received by the Cooperative prior to remittance to the AES.
  5. The Cooperative will not pursue collections action for any AES.
- 3.3.3 Unless otherwise specified by the Cooperative, all payments made to the Cooperative by the AES will be made by electronic funds transfer to the Cooperative'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 Service Provider(s) to the Cooperative's Distribution Point of Receipt. The AES shall meet all obligations necessary to schedule Power to match the Member-Consumer's Load, subject to energy imbalance charges and penalties in accordance with the terms of the OATT of the Transmission Service Provider(s).
- 3.4.2 Retail Access Service may not commence until metering has been installed as specified in this Tariff as outlined in Section 2.5.
- 3.4.3 The AES will provide to the Cooperative or the Cooperative's designated recipient 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, the energy schedule has been approved by the Transmission Service Provider(s), and the AES has covered losses on the Transmission System(s).

(Continued on Sheet No. 23.18)

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**RETAIL ACCESS SERVICE TARIFF**

(Continued from Sheet No. 23.17)

- 3.4.4 The AES will pay the Cooperative under applicable tariffs for all applicable ancillary services, emergency energy services, standby and backup services provided by the Cooperative to the AES for the AES's Member-Consumer(s) from the service commencement date to the service termination date.
- 3.4.5 The Cooperative 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 Member-Consumer from one rate service to another.
- 3.4.6 An AES shall not resell Member-Consumer account information or transfer it to other parties for any other purpose. The Cooperative will only release Member-Consumer data to the Member-Consumer or its authorized representative, which may be the AES.

**3.5 Distribution Power Losses**

The AES is responsible for replacing losses associated with the delivery of Power to the Member-Consumer's meter. The amount that the AES shall cause to be delivered to the Cooperative's Distribution System will be the amount of Power delivered at the Member-Consumer meter plus an amount to reflect loss factors. For calendar year 2004, the loss factors were:

Secondary Service	8.7%
Primary Service	3.5%
Primary Substation Service	0

Please contact the Cooperative to obtain the applicable loss factors for the current billing period.

(Continued on Sheet No. 23.19)

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**RETAIL ACCESS SERVICE TARIFF**

(Continued from Sheet No. 23.18)

**4.0 DISPUTE RESOLUTION**

- 4.1 The Cooperative shall have no duty or obligation to resolve any complaints or disputes between AESs and Member-Consumers.
- 4.2 The Cooperative shall have no duty or obligation to resolve any complaints or disputes between AESs or Member-Consumers and their Transmission Service Provider(s). Disputes involving a Transmission Service Provider's OATT shall be resolved using the dispute resolution procedures as described in the OATT.
- 4.3 In the event the AES has a dispute over the implementation of the Cooperative's Retail Access Service, then the AES shall provide the Cooperative with a statement of the dispute and the proposed resolution to the designated Cooperative contact. Upon receipt of the statement of dispute, the Cooperative shall attempt to resolve the dispute according to the following process:
- 4.3.1 The Cooperative will investigate the dispute and attempt to resolve the dispute informally in a manner that is satisfactory to both parties within five (5) business days of initial receipt of the statement of dispute.
- 4.3.2 If the dispute is not resolved in five (5) 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, the dispute may, on demand of either party, be submitted to arbitration as provided in this section.
- 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.

(Continued on Sheet No. 23.20)

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(Continued from Sheet No. 23.19)

- 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.
- 4.4 Nothing in this section shall restrict the rights of any party to seek resolution of the dispute with the appropriate regulatory agency with jurisdiction.

(Continued on Sheet No. 23.21)

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**RETAIL ACCESS SERVICE TARIFF**

(Continued from Sheet No. 23.20)

**5.0 LIABILITY AND EXCLUSIONS**

- 5.1 In no event will the Cooperative 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 AESs or Member-Consumers.
- 5.2 The Cooperative will not be liable to an AES or Member-Consumer 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 Cooperative for system operations or equipment control, except such as result from the failure of the Cooperative to exercise reasonable care and skill in furnishing the service.
- 5.3 In no event will Cooperative be liable to an AES or Member-Consumer for loss of revenue or other losses due to meter or calculation errors or malfunctions. The Cooperative's sole obligation and the AES's or Member-Consumer's sole remedy will be for the Cooperative to repair or replace the meter and prepare revised bills as described in Section 2.7.3.

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