

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

* * * * *

In the matter of the application of)	
THUMB ELECTRIC COOPERATIVE for:)	Case No. U-14714-R
(i) a power supply cost recovery reconciliation)	
proceeding and (ii) a TIER ratemaking mechanism)	
review for the 12-month period ended)	
December 31, 2006.)	
_____)	

At the July 5, 2007 meeting of the Michigan Public Service Commission in Lansing, Michigan.

PRESENT: Hon. J. Peter Lark, Chairman
Hon. Monica Martinez, Commissioner

OPINION AND ORDER

On February 26, 2007, Thumb Electric Cooperative (Thumb) filed an application, with supporting testimony and exhibits, seeking approval to reconcile its power supply cost recovery (PSCR) costs and revenues and for approval of its times interest earned ratio (TIER) ratemaking mechanism for the 12-month period ending December 31, 2006.

Pursuant to due notice, a prehearing conference was held on June 5, 2007, before Administrative Law Judge Sharon L. Feldman. The Commission Staff participated in the proceedings. Subsequently, the parties submitted a settlement agreement, attached as Exhibit A, in which they agreed that: (i) Thumb experienced a \$385,461 overrecovery for the 12-month period ended December 31, 2006; (ii) after including prior years' overrecoveries, the total amount to be

refunded to member-customers is \$388,358; (iii) Thumb will refund the \$388,358 total overrecovery to member-customers by reducing its monthly PSCR factor; (iv) for the 12-month period ending December 31, 2006, an adjusted TIER of 1.61 and a revenue increase of \$556,446 is required and should be allocated to ten service classes: Farm and Home Service, Seasonal Residential Service, General Service, Seasonal and Low Usage General Service, Large General Service, Dual Fuel, Outdoor Protective Lighting, Farm and Home Time of Day Service, General Time of Day, and Interruptible Water Source Heat Pump; (v) Thumb will provide a revenue by rate calculation spreadsheet and bill frequency distribution reports in future TIER ratemaking filings; and (vi) Thumb's annual reconciliation proceedings will be filed no later than four months after the end of the 12-month period covered by its most recent PSCR plan.

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 460.551 et seq.; 1939 PA 3, as amended, MCL 460.1 et seq.; 1982 PA 304, as amended, MCL 460.6h et seq.; 1969 PA 306, as amended, MCL 24.201 et seq.; and the Commission's Rules of Practice and Procedure, 1999 AC, R 460.17101 et seq.

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

c. Thumb's \$385,461 overrecovery for the 12-month period ended December 31, 2006 should be approved.

d. Thumb's method to refund the \$388,358 total overrecovery by reducing its monthly PSCR factor should be approved.

e. For the 12-month period ended December 31, 2006, Thumb had an adjusted TIER of 1.61, and therefore a revenue increase of \$556,446, to be allocated to ten of its rate classes, should be approved.

THEREFORE, IT IS ORDERED that:

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

B. Thumb Electric Cooperative's \$385,461 overrecovery for the 12-month period ended December 31, 2006 is approved.

C. Thumb Electric Cooperative's method to refund the \$388,358 total overrecovery is approved.

D. Based on an adjusted TIER of 1.61, Thumb Electric Cooperative is authorized to increase its rates by \$556,446, to be allocated to ten of its rate classes for service rendered on and after the day following this order.

E. Within 30 days of the date of this order, Thumb Electric Cooperative shall file tariff sheets essentially the same as 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 E A L)

/s/ J. Peter Lark

Chairman

/s/ Monica Martinez

Commissioner

By its action of July 5, 2007.

/s/ Mary Jo Kunkle

Its Executive Secretary

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

By its action of July 5, 2007.

Its Executive Secretary

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

* * * * *

In the matter of the application of)	
THUMB ELECTRIC COOPERATIVE)	Case No. U-14714-R-TIER
(i) for a power supply cost recovery)	
reconciliation proceeding and (ii) for)	
a TIER Ratemaking mechanism review)	
– both for the 12-month period ended)	
December 31, 2006.)	
_____)	

SETTLEMENT AGREEMENT

On February 26, 2007, Thumb Electric Cooperative (Thumb) filed an application relative to (i) its power supply cost recovery (PSCR) reconciliation proceeding for the 12 months ended December 31, 2006 and (ii) its Times Interest Earned Ratio (TIER) Ratemaking Mechanism for the twelve month period ended December 31, 2006.

With respect to its PSCR reconciliation, Thumb reported an overrecovery (power supply revenue exceeded power supply costs) of \$385,461 for the twelve-month period ended December 31, 2006 and a remaining prior years' overcollection of \$2,897. With respect to its TIER Ratemaking, Thumb reported an adjusted TIER of 1.59 and requested a \$594,778 rate increase.

At the prehearing conference on June 5, 2007, Administrative Law Judge Sharon Feldman (ALJ) presiding, Thumb presented proof of service of the Notice of Hearing on all cities, incorporated villages, townships and counties in its service area, and also presented an affidavit evidencing the requisite publication of the notice. Only the Commission Staff (Staff) and Thumb participated in the proceedings. No other parties

DYKEMA GOSSETT, A PROFESSIONAL LIMITED LIABILITY COMPANY, CAPITOL VIEW 201 TOWNSEND STREET SUITE 900, LANSING, MICHIGAN 48933

attempted to intervene or otherwise participate. This proceeding was conducted as a contested case matter pursuant to Chapter 4 of the Administrative Procedures Act of 1969, 1969 PA 306.

Subsequent to the June 5, 2007 prehearing conference, the parties exchanged information and discussed Thumb's filing. The result of those discussions is this executed settlement agreement.

It is the opinion of the signatories hereto that this settlement agreement will promote the public interest, will aid the expeditious conclusion of this case and will minimize the time and expense 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). By this Settlement Agreement, Thumb and Staff hereby agree and stipulate as follows:

1. For the 12 months ended December 31, 2006, Thumb experienced an overcollection in the amount of \$385,461. After including remaining prior year overcollections, the total amount to be refunded to member-customers is \$388,358. Thumb will refund the \$388,358 total overcollection by reducing its monthly PSCR factor.

2. For the twelve month period ended December 31, 2006, Thumb's adjusted TIER is 1.61 and a revenue increase of \$556,446 is required. On a class-by-class basis, the tariff sheets attached hereto result in the following impacts:

Class-By-Class % Increase/(Decrease)

<u>Rate Class</u>	<u>% Increase</u>
Farm and Home Service	3.68%
Seasonal Residential Service	11.30%
General Service	0.01%
Seasonal and Low Usage General Service	6.58%
Large General Service	2.94%
Dual Fuel	12.24%
Outdoor Protective Lighting	0.36%
Farm and Home Time of Day Service	3.84%
General Time of Day	4.50%
Interruptible Water Source Heat Pump	9.72%
Total-All Classes	3.76%

There will be no rate increase to the other classes.

3. In future TIER Ratemaking filings, Thumb will provide a Revenue by Rate Calculation spreadsheet and Bill Frequency Distribution Reports.

4. Consistent with the Commission's Order in Case U-14465, dated November 10, 2005, Thumb's tariffs should be revised to state that Thumb's annual reconciliation proceedings will be filed no later than four months after the end of the 12-month period covered by its most recent PSCR plan.

5. Thumb's tariffs should be revised to reflect the availability of the seasonal general service rate (Schedule SGS) to non Farm & Home members with low annual usage of under 2,400 kWh.

6. Thumb should be authorized to revise its rates to reflect the changes on the tariff sheets attached as Exhibit A.

7. 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.

8. Thumb and the Commission Staff jointly recommend that the Commission issue its Order Adopting Settlement Agreement.

9. This settlement agreement has been made for the sole and express purpose of reaching compromise among the positions of the signatory parties without prejudice to their rights to take new and/or different positions in other proceedings. If the Commission approves this settlement agreement without modification, neither the parties to this settlement agreement nor the Commission shall make any reference to or use of the settlement agreement or the order approving it as a reason, authority, rationale or example for taking any action or position or making any subsequent decision in this case or any other cases or proceedings; provided, however, such reference or use may be made to enforce the settlement agreement and order

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

Dated: June 28, 2007

COMMISSION STAFF
Michael J. Orris (P51232)
Assistant Attorney General
6545 Mercantile Way, Suite 15
Lansing, MI 48933
(517) 241-6680

Dated: June 28, 2007

THUMB ELECTRIC COOPERATIVE
Albert Ernst (P24059)
Christine Mason Soneral (P58820)
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Issued:
By Michael P. Krause
General Manager
Uby, Michigan

Effective for electric bills rendered
On and after
Issued under the Authority of M.P.S.C. order
Dated in Case No. U-

FARM AND HOME SERVICE
SCHEDULE A

Availability:

Available to members of the Thumb Electric Cooperative for all normal permanent year-around farm and home use, **who require a transformer 50 kVa or less and have only one (1) point of service on the premises**, subject to the established rules and regulations of the Cooperative.

Type of Service:

Alternating current, 60 hertz, at approximately 120/240 volts, single phase, three-wire or, where available, three phase, four-wire delta connected.

Monthly Rate:

Basic Service Charge	@	\$7.00
Energy Charge	@	\$0.10584/kWh

Minimum Charge:

The minimum monthly charge under this schedule shall not be less than **\$7.00**. The monthly minimum may be increased, in accordance with the Cooperative's rules and regulations, in those cases in which a greater than average investment is necessary in order to service an account under this schedule,

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 Nos. 20.00 through 20.02.

Taxes:

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

Tax Adjustments:

- 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 customers 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.

Terms of Payment:

This rate is subject to the Allowable Charges as set forth on Sheet No. 6.23.

Issued:
By Michael P. Krause
General Manager
Ubyly, Michigan

Effective for service rendered
on and after
Issued under the authority of the M.P.S.C.
dated _____ in Case No. U-

OPTIONAL FARM AND HOME TIME-OF-DAY SERVICE
SCHEDULE A-TOD

Availability:

Available to members of the Cooperative for all normal farm and home use, subject to the established rules and regulations of the Cooperative. The member must contract to receive service on this rate for a minimum of twelve months with a minimum average monthly usage of 1,000 kWh. Members taking service under the CWH, DF or ES rates are not eligible for service under the TOD rate. (This rate is only available to members being served on this rate prior to October 1, 2001.)

Type of Service:

Alternating current, 60 hertz, at approximately 120/240 volts, single phase, three-wire or, where available, three phase, four-wire delta connected.

Monthly Rate:

Basic Service Charge	@	\$16.00
Energy Charge		
On-Peak	@	\$0.100/kWh
Intermediate	@	\$0.070/kWh
Off-Peak	@	\$0.048/kWh

Minimum Charge:

The minimum monthly charge under this schedule shall not be less than **\$16.00**. The monthly minimum may be increased, in accordance with the Cooperative's rules and regulations, in those cases in which a greater than average investment is necessary in order to service an account under this schedule.

Taxes:

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

Tax Adjustments:

- 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 customers 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 Michael P. Krause
General Manager
Ubly, Michigan

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

SEASONAL AND LOW USAGE FARM & HOME SERVICE
SCHEDULE A-S

Availability:

Available to seasonal members as defined on Sheet No. 5.00 and low usage non permanent Farm & Home uses, subject to the established rules and regulations of the Cooperative.

Type of Service:

Alternating current, 60 hertz, at approximately 120/240 volts, a single-phase, three-wire.

Monthly Rate:

Basic Service Charge	@	\$11.90
Energy Charge	@	\$0.10584/kWh

Minimum Charge:

The minimum charge under this schedule shall not be less than **\$11.90** per month. The minimum charge may be increased, in accordance with the Cooperative's rules and regulations, in those cases in which a greater than average investment is necessary in order to serve an account under this schedule.

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 Nos. 20.00 through 20.02.

Billing:

Members taking service under this schedule will monthly be billed the monthly service charge and may be billed monthly for the energy charge if a reading is obtained. If readings are not secured, the energy will be billed annually.

Meter Reading:

The Cooperative will read each meter at least once each year.

Tax Adjustments:

- 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 customers 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 Michael P. Krause
General Manager
Ubly, Michigan

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

**SEASONAL AND LOW USAGE GENERAL SERVICE
SCHEDULE SGS**

Availability:

Available to members of the Thumb Electric Cooperative, who occupy or make use of their facilities only a part of each year or at intervals during the year, for all uses, subject to the established rules and regulations of the Cooperative. In addition, this rate is available for non Farm & Home members with low annual usage of under 2,400 kWh. This schedule is specifically intended for, but not necessarily limited to, the following classes of service: seasonal commercial, seasonal industrial, irrigation system, isolated pumps, sheds, and any others that cannot be classified as Seasonal Farm & Home. Schools may have the option of taking service under this schedule, if they so choose.

Type of Service:

Alternating current, 60 hertz, single phase or three phase, at the Cooperative's available secondary voltages.

Monthly Rate:

Basic Service Charge	@	\$14.10
Energy Charge	@	\$0.10525/kWh

Minimum Charge:

The minimum charge under this schedule shall not be less than **\$14.10** per month. The minimum charge may be increased, in accordance with the Cooperative's rules and regulations, in those cases in which a greater than average investment is necessary in order to serve an account under this schedule.

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 Nos. 20.00 through 20.02.

Billing:

Members taking service under this schedule will monthly be billed the monthly service charge and may be billed monthly for the energy charge if a reading is obtained. If readings are not secured, the energy will be billed annually.

Taxes:

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

Tax Adjustments:

- 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 customers 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 Michael P. Krause
General Manager
Ubly, Michigan

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

SEASONAL AND LOW USAGE GENERAL SERVICE
SCHEDULE SGS
(Continued)

Meter Reading:

The Cooperative will read each meter at least once each year.

Terms of Payment:

Billings are due 21 days from the date of rendition for payment in full. A onetime late payment charge of 5% of the unpaid balance will be assessed on any bill not paid by the due date.

Issued:
By Michael P. Krause
General Manager
Uby, Michigan

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

OPTIONAL GENERAL TIME-OF-DAY SERVICE
SCHEDULE GS-TOD

Availability:

Available to members of the Cooperative for all uses, subject to the established rules and regulations of the Cooperative, when billing demand is less than 75 kW. Members with billing demands between 50 kW and 75 kW may elect to take service under either Rate Schedule GS or Rate Schedule LGS. This schedule is specifically intended for, but not necessarily limited to, the following classes of service: commercial, industrial, public buildings, schools, churches and any others that cannot be classified as normal farm and home use. The member must contract to receive service on this rate for a minimum of twelve months with a minimum average monthly usage of 1,000 kWh. Members taking service under the CWH, DF, or ES rates are not eligible for service under TOD rate. (This rate will not be available to members after October 1, 2001.)

Type of Service:

Alternating current, 60 hertz, single phase or three phase, at the Cooperative's available secondary voltages.

Monthly Rate:

Basic Service Charge	@	\$23.00
Energy Charge		
On-Peak	@	\$0.100/kWh
Intermediate	@	\$0.070/kWh
Off-Peak	@	\$0.048/kWh

Minimum Charge:

The minimum charge under this schedule shall not be less than **\$23.00**. The monthly minimum charge may be increased, in accordance with the Cooperative's rules and regulations, in those cases in which a greater than average investment is necessary in order to serve an account under this schedule.

Taxes:

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

Tax Adjustments:

- 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 customers from being compelled to share such local taxes.

Issued:
By Michael P. Krause
General Manager
Udly, Michigan

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

GENERAL SERVICE
SCHEDULE GS

Availability:

Available to members of the Thumb Electric Cooperative for all uses, subject to the established rules and regulations of the Cooperative, when billing demand is less than **50 kW**. This schedule is specifically intended for, but not necessarily limited to, the following classes of service: commercial, industrial, public buildings, schools, churches and any other that cannot be classified as normal farm and home use.

Type of Service:

Alternating current, 60 hertz, single phase or three phase, at the Cooperative's available secondary voltages.

Monthly Rate:

Service Charge	@	\$9.00
Energy Charge	@	\$0.10525/kWh

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 Nos. 20.00 through 20.02.

Minimum Charge:

The minimum charge under this schedule shall not be less than **\$9.00**. The monthly minimum charge may be increased, in accordance with the Cooperative's rules and regulations, in those cases in which a greater than average investment is necessary in order to serve an account under this schedule.

Taxes:

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

Tax Adjustments:

- 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 customers 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.

Terms of Payment:

Billings are due 21 days from the date of rendition for payment in full. A one-time late-payment charge of 5% of the unpaid balance will be assessed on any bill not paid by the due date.

Issued:
By Michael P. Krause
General Manager
Ubyly, Michigan

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

LARGE GENERAL SERVICE
SCHEDULE LGS

Availability:

Available to any members of the Thumb Electric Cooperative for all uses, subject to the Cooperative's rules and regulations, when billing demand is greater than 50 kW.

Type of Service:

Alternating current, 60 hertz, single phase or three phase, at the Cooperative's available secondary voltages.

Monthly Rate:

Demand Charge	@	\$10.70/kW
Energy Charge	@	\$0.07625/kWh

Power Cost Recovery Clause and Factor:

This rate schedule is subject to the Cooperative's Power Supply Cost Recovery Clause as set forth on Sheet Nos. 20.00 through 20.02.

Billing Demand:

The billing demand shall be the kilowatts (kW) supplied during the 30-minute period of the maximum usage during the billing period, but not less than 65% of the highest monthly on-peak metered billing demand during the billing months of June, July, August, December, January, and February of the preceding eleven billing months, nor less than 50 kW.

Minimum Charge:

The minimum charge shall not be less than the demand charge. The monthly minimum charge may be increased, in accordance with the Cooperative's rules and regulations, in those cases in which a greater than average investment is necessary in order to serve an account under this schedule, in those cases in which maximum demand is highly seasonal in nature, and those cases in which the member's equipment causes high demands or short time duration or of intermittent nature.

Primary Service Discount:

A discount of 2.0 percent shall be applied to the bill if the customer owns the transformer and service is provided at primary voltage.

Power Factor:

The above rate charges are predicated upon the Consumer maintaining a power factor not less than ninety (90%) percent lagging. Cooperative reserves the right to measure power factor at any time by means of test or permanently installed metering equipment; and, if the Consumer's average power factor is found to be less than ninety (90%) percent lagging, the billing demand will be increased by the ratio that ninety (90%) percent bears to the Consumer's actual power factor.

Issued:
By Michael P. Krause
General Manager
Uby, Michigan

Effective for service rendered
on and after
Issued under the authority of the M.P.S.C.
dated _____ in Case No. U-

LARGE POWER DISTRIBUTION SUBSTATION
SCHEDULE LPDS

Availability:

This rate is available only to Large Power Loads (Consumer) of 350 kW or greater to be served within 1,000 feet of the distribution substation.

Type of Service:

Alternating current, 60 hertz, single phase or three phase, at the Cooperative's available secondary voltages or primary voltages.

Monthly Rate:

Demand Charge @ \$10.70/kW
Energy Charge @ **\$0.06073/kWh**

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 Nos. 20.00 through 20.02.

Maximum Billing Demand:

The billing demand shall be the kilowatts (kw) supplied during the 30-minute period of the maximum usage during the billing period, but not less than 65% of the highest monthly on-peak metered billing demand during the billing months of June, July, August, December, January, and February of the preceding eleven billing months, nor less than 50 kilowatts.

Minimum Charge:

The minimum charge shall not be less than the billing demand charge as above. The monthly minimum charge may be increased, in accordance with the Cooperative's rules and regulations, in those cases in which a greater than average investment is necessary in order to serve an account under this schedule, in those cases in which maximum demand is highly seasonal in nature, and those cases in which the member's equipment causes high demands of short time duration or of intermittent nature.

Primary Service Discount:

A discount of 2.0 percent shall be applied to the bill if the customer owns the transformer and service is provided at primary voltage.

Issued:
By Michael P. Krause
General Manager
Ubyly, Michigan

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

OUTDOOR PROTECTIVE LIGHTING SERVICE
SCHEDULE PL

Availability:

Available to all members of the Thumb Electric Cooperative for outdoor protective lighting service on premises on which the member is already taking service from the Cooperative under another rate schedule. Also available to municipalities, political subdivision and others for street lighting service with the condition that said municipalities, etc., become members of the Cooperative.

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 supply the energy and will own, operate and maintain the lighting fixtures. Burned out lamps must be reported by the member, and the Cooperative will undertake to replace the lamps as soon as possible during regular working hours. Broken lamps or damage to fixtures by accident or vandalism will be repaired at the member's expense.

Contract Terms:

Service supplied under this schedule will be for a minimum term of one year in accordance with the "Outdoor Protective Lighting Service Agreement."

Monthly Rate:

Using existing pole and secondary facilities:

175 watt mercury vapor lamp	\$9.90
400 watt mercury vapor lamp	\$15.80
100 watt high pressure sodium	\$9.90
250 watt high pressure sodium	\$15.80

Special Terms and Conditions:

The above rate is based on the use of existing poles and secondary facilities. If one or more new poles are required, the above rates shall be increased by \$2.00 per month per new pole, secondary span, or transformer required solely for a light.

Taxes:

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

Issued:
By Michael P. Krause
General Manager
Ubyly, Michigan

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

INTERRUPTIBLE CENTRAL AIR CONDITIONING OR HEAT PUMP SERVICE
SCHEDULE IGHP

Availability:

Available to members of the Thumb Electric Cooperative, already taking service concurrently under another rate schedule. This rate is for interruptible service to central air conditioning or heat pump systems, which are controlled by the cooperative. Service is subject to the established rules and regulations of the Cooperative. Service to interruptible load shall be taken through separately metered circuits and permanently wired. Service to interruptible load may not be transferred to firm service circuits to avoid interruption. (This rate is only available to members being served on this rate prior to October 1, 2001.)

Type of Service:

Alternating current, 60 hertz, at approximately 120/240 volts, single phase, three-wire. Service under this schedule will be available at all times except when interrupted by the cooperative during times of peak system demand or system emergencies. Interruption shall not exceed 30 minutes in any hour for no more than 8 hours in any one day.

Monthly Rate:

Energy Charge @ **\$0.0745**

Taxes:

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

Tax Adjustments:

- 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 customers 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.

Terms of Payment:

This rate schedule is subject to the terms of payment as set forth in the concurrent rate schedule that qualifies the member for service.

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By Michael P. Krause
General Manager
Udly, Michigan

Effective for service rendered
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DUAL FUEL HEATING SERVICE
SCHEDULE DF

Availability:

Available to members of the Thumb Electric Cooperative, already taking service concurrently under another rate schedule. This rate is for interruptible service to dual fueled heating loads, which are controlled by the Cooperative. Service is subject to the established rules and regulations of the Cooperative. Service to interruptible load shall be taken through separately metered circuits and permanently wired. Service to interruptible load may not be transferred to firm service circuits to avoid interruption.

Type of Service:

Alternating current, 60 hertz, at approximately 120/240 volts, single phase, three-wire. Service under this schedule will be available at all times except when interrupted by the Cooperative during times of peak system demand or system emergencies. The total number of hours that this load will be interrupted shall be limited to a maximum of 400 hours per year, and 8 hours per day.

Monthly Rate:

Energy Charge @ **\$0.0605/kWh**

Taxes:

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

Tax Adjustments:

- 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 customers 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.

Terms of Payment:

This rate schedule is subject to the terms of payment as set forth on the concurrent rate schedule that qualifies the member for service.

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Ubyly, Michigan

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ENERGY STORAGE
SCHEDULE ES

Availability:

Available to members of the Thumb Electric Cooperative, already taking service concurrently under another rate schedule. This rate is for interruptible service to energy storage loads, which are controlled by the Cooperative. Service is subject to the established rules and regulations of the Cooperative. Service to interruptible load shall be taken through separately metered circuits and permanently wired. Service to interruptible load may not be transferred to firm service circuits to avoid interruption.

Type of Service:

Alternating current, 60 hertz, at approximately 120/240 volts, single phase, three-wire. Service under this schedule will be available for approximately 8 hours per day, normally 11:00 p.m. to 7 a.m. or as established by the Cooperative, and approved by the Michigan Public Service Commission.

Monthly Rate:

Energy Charge @ **\$0.0479/kWh**

Taxes:

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

Tax Adjustments:

- 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 customers 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.

Terms of Payment:

This rate schedule is subject to the terms of payment as set forth on the concurrent rate schedule that qualifies the member for service.

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Uby, Michigan

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STANDARD RULES AND REGULATIONS

Power Supply Cost Recovery Clause Continued

Not more than 45 days following the last day of each billing month in which a power supply cost recovery factor has been applied to customers' bills, Cooperative shall file with the Commission a detailed statement for that month of the revenues recorded pursuant to the power supply cost recovery factor and the allowance for cost of power included in the base rates established in the latest Commission order for Cooperative and the cost of power supply.

Not less than once a year and not later than 4 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 the 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 customers, or to credit to customers' 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 customers 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 three months ending March 2007, the Power Supply Cost Recovery Factor is \$0.009130 per kWh. For the seven months ending October 2007, the Power Supply Cost Recovery Factor is \$0.011930 per kWh. The allowance for cost of power supply included in base rates for January through June 2007 is \$0.04533 per kWh. Assuming the TIER case is approved for the July 2007 billing, the Power Supply Cost Recovery Factor for the five months ending December 2007 is \$0.00 per kWh. The allowance for cost of power supply included in base rates after July 2007 is \$0.05726 per kWh.

Should the Cooperative apply lesser factors than those above, or if the factors are later revised pursuant to Commission Orders or 1982 PA 304, the Cooperative will notify the Commission and file a revision of the above factors.

The following factors are applied pursuant to 1982 PA 304 in the 12 billing months ending December 2007.

<u>Year</u>	<u>Month</u>	<u>Maximum Authorized 2007 PSCR Factor (per kWh)</u>	<u>Actual Factor Billed (per kWh)</u>
2007	January	0.005329	0.005329
2007	February	0.005329	0.005329
2007	March	0.005329	0.005329

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<u>Year</u>	<u>Month</u>	<u>Maximum Authorized 2007 PSCR Factor (per kWh)</u>	<u>Actual Factor Billed (per kWh)</u>
2007	April	0.008129	0.008129
2007	May	0.008129	0.008129
2007	June	0.008129	0.008129
2007	July	0.008129	0.008129
2007	August	0	(0.003801)
2007	September	0	(0.003801)
2007	October	0	0
2007	November	0	0
2007	December	0	0

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PRIMARY SUPPLY RATE
SCHEDULE PSR

Availability of Service:

Available to any members of the Thumb Electric Cooperative desiring service at primary voltage who contract for a specified capacity of not less than 50 kilowatts at a single location.

Hours of Service:

24 hours, subject to interruption by agreement, or by advance notice.

Type of Service:

Alternating current, three-phase, 12,470 volts at the option of the Cooperative.

Contract Capacity:

Members shall contract for a specified capacity in kilowatts sufficient to meet normal maximum requirements but not less than 50 kilowatts. The Cooperative undertakes to provide the necessary facilities for a supply of electric power from its primary distribution system at the contract capacity. Any single reading of the demand meter in any month that exceeds the contract capacity then in effect shall become the new contract capacity.

Monthly Charges:

Service Charge:

\$275.00 per member per month

Demand Charges:

\$11.00 per kW for on-peak billing demand plus

\$ 4.50 per kW of maximum demand

Energy Charge:

\$0.0337 per kWh for all kWh

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By Michael P. Krause
General Manager
Udly, Michigan

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**LARGE GENERAL SERVICE RATE-CHOICE
SCHEDULE LGS-C**

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 General Service Rate, Schedule LGS. 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 and eligible to be taking service under the Cooperative's Schedule LGS or Schedule LPDS may achieve the 200 kW Maximum Demand threshold by aggregating or summing the Maximum Demands for each demand metering point occurring during a single month. The applicable rate schedule will apply to all aggregated demand 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 current, 60 hertz, single phase or three phase, at the Cooperative's available secondary voltages.

Billing Rate (Includes losses):

Demand Charge:	\$10.08 per kW
Transmission Charge:	\$0.0049 per kWh (subject to Transmission and Ancillary Cost Adjustment)
Variable Distribution Charge:	\$0.025125 per kWh

(Continued on Sheet No. 26.01)

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By Michael P. Krause
General Manager
Ubly, Michigan

Effective for all Retail Access Service
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**LARGE POWER DISTRIBUTION SUBSTATION RATE –CHOICE
SCHEDULE LPDS-C**

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 Distribution Substation Service Rate, Schedule LPDS. 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 350 kW. Individual Member-Consumers receiving demand metered service at multiple metering points and eligible to be taking service under the Cooperative’s Schedule LGS or Schedule LPDS may achieve the 350 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 current, 60 hertz, single phase or three phase, at the Cooperative’s available secondary voltages or primary voltages.

Billing Rate (Includes losses):

Demand Charge:	\$9.51 per Kw
Transmission Charge:	\$0.0049 per kWh (subject to Transmission and Ancillary Cost Adjustment)
Variable Distribution Charge:	\$0.0108 per kWh

(Continued on Sheet No. 27.01)

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General Manager
Ubly, Michigan

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Supplemental Electric Service Schedule SB

Availability

Availability for Supplemental Electric Service to members of the Cooperative who own and operate their own generating units which under normal operating conditions are used to supply all or a portion of the member's power and energy requirements. Members served under this rate shall have installed generation equipment with a nameplate capacity of not less than 30 kilowatts and shall enter into an Interconnection Agreement with the Cooperative. The rate is not available for Retail Access Service.

Type of Service:

Multi-phase, 60 hertz, at standard secondary voltages.

Monthly Rate

Demand Charge

Contract Demand	\$15.79 per kW
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Energy Charges

Energy Rate Delivered to Member	\$.0400 per kWh
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Energy Rate Delivered to Cooperative	\$.0194 per kWh
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Determination of Contract Billing Demand

The Contract Billing Demand shall be the maximum kilowatt (kW) demand that the Cooperative will provide to the member. The Interconnection Agreement shall specify the initial Contract Billing Demand. If the member's metered maximum demand for any 15 minute period during any billing month exceeds the Contract Billing Demand, then Contract Billing Demand shall be equal to the metered maximum demand for the current and all subsequent billing months.

Determination of Billing Energy

The cooperative shall provide bi-directional metering that shall maintain separately the total energy delivered to the member during periods when the member's consumption exceeds its energy output and total the total energy delivered to the cooperative during periods when the

(Continued on Sheet No. 29.01)

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