

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

* * * * *

In the matter of the application of)
ALPENA POWER COMPANY for authority to)
increase its rates for the sale of electricity, to add)
an energy charge adjustment to the alternative)
energy economic development tariff, and to revise)
its depreciation accrual rates.)
_____)

Case No. U-15935

At the October 13, 2009 meeting of the Michigan Public Service Commission in Lansing,
Michigan.

PRESENT: Hon. Orjiakor N. Isiogu, Chairman
Hon. Monica Martinez, Commissioner
Hon. Steven A. Transeth, Commissioner

ORDER APPROVING SETTLEMENT AGREEMENT

On May 5, 2009, Alpena Power Company (Alpena) filed its application, with supporting testimony and exhibits, for approval of an annual revenue increase of \$2,105,878. Alpena also requested authority to add an energy charge adjustment to the alternative energy manufacturing service tariff and to revise its depreciation accrual rates.

A prehearing conference was held on June 10, 2009 before Administrative Law Judge Daniel E. Nickerson, Jr. Alpena and the Commission Staff participated in the proceeding. Subsequently, the parties submitted a settlement agreement resolving all issues in the case.

According to the terms of the settlement agreement, the parties agree that Alpena's tariffs should be revised to reflect an annual revenue increase of \$650,000 as reflected on Attachment 1 to the settlement agreement effective for service on and after January 1, 2010. The agreed upon

rates are cost-based and include an authorized rate of return on common equity of 10.80% and an overall rate of return of 7.54%, as provided in the revised tariff sheets set forth in Attachment 3 to the settlement agreement. Attachment 3 also reflects miscellaneous tariff changes agreed upon by the parties.

The parties further agree that the revised rates reflect a new power supply cost recovery base of 62.07 mills per kilowatt-hour; Alpena's alternative energy manufacturing service tariff (formerly alternative energy economic development tariff) shall include an energy charge adjustment; and, effective January 1, 2010, Alpena shall utilize revised annual depreciation accrual rates as set forth in Attachment 2 to the settlement agreement. The settlement agreement provides for reasonable funding of other post employment benefits and vegetation management, and reporting to the Commission on vegetation management by May 31 of each year. The settlement agreement states that Alpena should be authorized to defer and amortize costs associated with this proceeding over a four-year period and to record deferred related taxes.

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

THEREFORE, IT IS ORDERED that:

A. The settlement agreement is approved. Due to its length and availability on the Commission's website, a copy of the settlement agreement is not attached to this order. A person may contact the Commission Staff at (517) 241-6170 or by e-mail at:

mpscedockets@michigan.gov to obtain a print version of the document.

B. The revised rates and tariffs set forth in Attachment 3 are approved and shall become effective as provided for in the settlement agreement.

C. The revised annual depreciation accrual rates set forth in Attachment 2 are approved and shall take effect January 1, 2010.

D. Within 30 days of the issuance of this order, Alpena Power Company shall file with the Commission tariff sheets essentially the same as those set forth in Attachment 3 to the settlement agreement. The revised tariff sheets shall reflect that they are effective for service rendered on and after January 1, 2010.

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, under MCL 462.26.

MICHIGAN PUBLIC SERVICE COMMISSION

Orjiakor N. Isiogu, Chairman

Monica Martinez, Commissioner

Steven A. Transeth, Commissioner

By its action of October 13, 2009.

Mary Jo Kunkle, Executive Secretary

3. In accordance with the directives of the Commission, Alpena gave notice of the pre-hearing conference throughout its service territory. Alpena electronically filed its proof of service and affidavit of publication of the Notice of Hearing with the Commission on June 5, 2009.
4. At the June 10, 2009 pre-hearing conference, it was established that Alpena timely served and published the Notice of Hearing. In addition, a case schedule was established.
5. On August 11, 2009, the Staff and Alpena conducted settlement discussions which led to the agreements incorporated in this Settlement Agreement.
6. The parties agree that this Settlement Agreement will aid in the expeditious conclusion of this matter and will minimize the expense of this proceeding by both Alpena and the Commission.
7. This Settlement Agreement resolves this case and all provisions of this agreement are dependent upon all other provisions.
8. Alpena and the Commission Staff agree as follows:
 - A. Alpena should be authorized to revise its tariffs to reflect an annual revenue increase of approximately \$650,000 effective for service rendered on and after January 1, 2010.
 - B. On a class-by-class basis, the tariff sheets in Attachment 3 implement percentage rate increases as set forth in Attachment 1 hereto. Rates have been deskewed to the extent practicable and are cost based in accordance with the provisions of 2008 PA 286; MCL 460.11(6). The residential service tariff increase in this settlement reflects both the effects of a general rate increase of approximately 2.33% along with the effect of deskewing adjustments of 2.50% for an estimated aggregate increase in residential service tariff of approximately 4.83%.
 - C. The agreed upon rates reflect an authorized rate of return on common equity of 10.80% and an overall rate of return of 7.54%.

- D. The revised rates reflect a new Power Supply Cost Recovery ("PSCR") base of 62.07 mills per kWh at the generation level effective January 1, 2010.
- E. Alpena's Alternative Energy Economic Development Service Tariff shall include an energy charge adjustment component and shall be henceforth known as the Alternative Energy Manufacturing Service Tariff. Other post employment benefits and vegetation management shall be reasonably funded. By May 31 of each year, Alpena will file with the Commission a report detailing the prior years operational progress of its vegetation management plan.
- F. Effective January 1, 2010, Alpena shall utilize revised annual depreciation accrual rates as set forth in Attachment 2.
- G. Alpena should be authorized to defer and amortize costs associated with this proceeding over a four year period and to record deferred taxes related thereto.
- H. The specific provisions of this settlement agreement shall take effect January 1, 2010.

9. Each signatory 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.

10. This Settlement Agreement is entered into for the sole and express purpose of reaching compromise among the parties. All offers of settlement and discussions relating to this Settlement Agreement are considered privileged under MRE 408. If the Commission approves the Settlement Agreement without modification, neither the parties to the settlement nor the Commission shall make any reference to, or use this 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 any other case or proceeding; provided however, such reference may be made to enforce or implement the provisions of this Settlement Agreement and the order approving it.

11. Section 81 of the APA is waived by the signatories.

ALPENA POWER COMPANY

Date: 9/29/09

By: James D. Florip (P26861)
Its: Attorney
Gillard, Bauer, Mazrum, Florip,
Smigelski & Gulden
109 E. Chisholm Street
Alpena, MI 49707
(989) 356-3444

MICHIGAN PUBLIC SERVICE COMMISSION

Date: 9/29/09

By: Vincent J. Leone (P24093)
Its: Attorney
Assistant Attorney General
6545 Mercantile Way, Ste. 15
Lansing, MI 48911
(517) 241-6680

**ATTACHMENT 1
CASE U-15935**

**ALPENA POWER COMPANY
Present and Proposed Revenues by Rate Schedules**

No.	(A) Rate Schedule	(B) Revenue		(D) Change	(E) Percent Change
		Present	Proposed		
1	Residential	11,357,000	11,905,101	548,101	4.83%
2	General Service	3,863,500	3,954,297	90,797	2.35%
4	Standard Power	4,925,500	5,163,149	237,649	4.82%
5	Large Power	2,996,300	3,007,868	11,568	0.39%
6	Large Industrial	3,989,000	3,770,081	-218,919	-5.49%
7	Alternative Energy Econ Devel	319,800	314,603	-5,197	-1.63%
8	Outdoor Protective Lights	226,800	216,066	-10,734	-4.73%
9	Street & Highway Lights	27,700	23,727	-3,973	-14.34%
10	Experimental Primary Distribution	29,700	30,472	772	2.60%
11	Misc Operating Revenue	203,500	203,500	0	0.00%
12	Total Jurisdictional Revenues	27,938,800	28,588,864	650,064	2.33%
13	Special Contract	3,759,400	3,759,400	0	0.00%
14	Total Revenues	31,698,200	32,348,264	650,064	2.05%

**Attachment 2
Case No. U-15935**

ALPENA POWER COMPANY
Proposed Annual Depreciation Accrual Rates
To be Effective January 1, 2010

Account	Description	Rate %
	TRANSMISSION	
352.0	Struct & Improvements	1.84%
353.0	Station Equipment	2.22%
355.0	Poles & Fixtures	2.46%
356.0	Overhead Conductor	1.65%
358.0	Underground Conductor	2.56%
	DISTRIBUTION	
361.0	Struct & Improvements	22.02%
362.0	Station Equipment	2.23%
364.0	Poles & Fixtures	3.03%
365.0	Overhead Conductor	3.05%
367.0	Underground Conductor	3.01%
368.0	Line Transformers	3.73%
369.0	Services	3.56%
370.0	Meters	3.24%
371.0	Install Cust Premises	4.33%
373.0	Street Lighting	1.19%
	GENERAL	
390.0	Struct & Improvements	1.77%
391.0	Office Furn & Equip	4.89%
391.1	Computer Equipment	10.13%
392.0	Transportation Equip	5.86%
394.0	Tools, Shop & Garage	5.05%
395.0	Laboratory Equipment	3.41%
396.0	Power Operated Equip	5.51%
397.0	Communication Equip	7.02%

Attachment 3
Case U-15935

TARIFF SHEETS

INDEX
 (Continued from Sheet No. A-6.00)
SECTION C
STANDARD RULES AND REGULATIONS (continued)

Construction Policy - Mobile Home Parks (continued)

<u>Title</u>	<u>Sheet No.</u>
D. Miscellaneous General Construction Policies	C-40.00
1. Temporary Service	C-40.00
2. Moving Buildings or Equipment	C-41.00
3. Relocation of Facilities	C-42.00
a. Road Improvements	C-42.00
b. Other Relocations	C-43.00
Emergency Electrical Procedures	
A. General	C-44.00
B. Sudden or Unanticipated Short-Term Capacity Shortage	C-45.00
C. Anticipated or Predictable Short-Term Capacity Shortages in the Company System	C-45.00
D. Long-Term Capacity or Fuel Shortage	C-46.00
E. Emergency Procedures of Wholesale Suppliers	C-47.00

SECTION D
RATE SCHEDULES

<u>Title</u>	<u>Sheet No.</u>
General Terms and Conditions of the Rate Schedules	D-1.00
1. Sales Tax	D-1.00
2. Tax Adjustments	D-1.00
Power Supply Cost Recovery Factor	D-1.00
Residential Service	D-5.00
General Service	D-8.00
Standard Power Service	D-11.00
Large Power Service	D-14.00
Large Industrial Service	D-18.00
<i>Alternative Energy Manufacturing Service</i>	D-24.00
Outdoor Protective Lighting Service	D-30.00
Street and Highway Lighting Service	D-32.00
Special Power Contracts	D-34.00
Cogeneration and Small Power Production Purchase Rate "1"	D-35.00
Cogeneration and Small Power Production Purchase Rate "2"	D-39.00

(continued on Sheet No. A-8.00)

Issued _____, 2009, by
 Ann K. Burton, President
 Alpena, MI 49707

Effective for service rendered on
 and after

Issued under authority of the
 Michigan Public Service Commission
 dated,
 in Case No. U-15935

TERMS AND CONDITIONS OF SERVICE
(Continued from Sheet No. C-18.00)

- (iii) Dwellings containing five or more households, including common area, shall be billed on the appropriate General Service or Standard Power Service Rate.
- (6) **FARM SERVICE** - Single-phase service shall be available to farms for residential use under the appropriate Residential Service Rate. In addition, service may be used through the same meter so long as such use is confined to single-phase service for the culture, processing and handling of products grown or used on the customer's farm. Use of service for purposes other than set forth above shall be served and billed on the appropriate General Service or Standard Power Service Rate.
- b. **NONRESIDENTIAL USAGE AND RATE APPLICATION** - For purposes of rate application, "nonresidential usage" shall be usage metered and consumed that does not qualify for residential usage. Nonresidential usage includes usage associated with the purchase, sale, or supplying (for profit or otherwise) of a commodity or service by a public or private person, entity, organization or institution. Nonresidential usage includes usage associated with penal institutions, corrective institutions, motels, hotels, separately metered swimming pool heater usage, yachts, boats, tent, campers or recreational vehicles.
Nonresidential usage shall be billed on the appropriate General Service, Standard Power Service, Large Power Service, Large Industrial Service or *Alternative Energy Manufacturing Service* rates. Tourist homes, rooming houses, dormitories, nursing homes and other similarly occupied buildings containing sleeping accommodations for more than six persons shall be classified as nonresidential and billed on the appropriate General Service or Standard Power Service Rate.
- c. **COMBINED RESIDENTIAL AND NONRESIDENTIAL USAGE AND RATE APPLICATION** - When the electricity supplied to a customer is used for both residential and nonresidential purposes, the wiring may be so arranged that the residential and nonresidential usage are metered separately. Each type of usage shall be billed on the appropriate rate. If usage is not separately metered, the combined usage shall be billed on the appropriate General Service or Standard Power Service Rate.

(continued on Sheet No. C-20.00)

Issued _____, 2009, by
Ann K. Burton, President
Alpena, MI 49707

Effective for service rendered on
and after

Issued under authority of the
Michigan Public Service Commission
dated _____
in Case No. U-15935

POWER SUPPLY COST RECOVERY CLAUSE
(Continued from Sheet No. D-1.00)

- 2. PSCR FACTOR** - All rates for metered electric service shall include an amount up to the Power Supply Cost Recovery Factor (PSCR Factor) for the specified billing period as set below. The PSCR factor shall consist of an increase or decrease of 0.010625 mills per kWh for each full 0.01 mill per kWh increase or decrease in the projected annual power supply costs above or below a base cost of 62.07 mills per kWh, rounded to the nearest one-hundredth of a mill per kWh. The projected power supply costs per kWh shall equal the total projected annual net power cost divided by the projected annual net system energy requirements. Net system energy requirements shall be the sum of net generation and net purchased and interchange power.
- Should the Company apply lesser factors than those shown below or if the factors are later revised pursuant to Commission orders or 1982 PA 304, the Company will notify the Commission if necessary and file a revision.
- 3. MONTHLY REPORTS** - Not more than 45 days following the last day of each billing month in which a PSCR factor has been applied to customers' bills, the Company shall file with the Commission a detailed statement for that month of the revenues recorded pursuant to the PSCR factor and the allowance for cost of power included in the base rates established in the latest Commission Order for the Company, and the cost of power supply.
- 4. ANNUAL RECONCILIATION** - All power supply revenues received by the Company, whether included in base rates or collected pursuant to a PSCR clause, shall be subject to annual reconciliation with the cost of power supply. Such annual reconciliations shall be conducted in accordance with the reconciliation procedures described in section 6j(12) to (18) of 1939 PA 3, as amended, including the provisions for refunds, additional charges, deferral and recovery, and shall include consideration by the Commission of the reasonableness and prudence of expenditures charged pursuant to any PSCR clause in existence during the period being reconciled.

(continued on Sheet No. D-3.00)

Issued _____, 2009 by
Ann K. Burton, President
Alpena, MI 49707

Effective for service rendered on
and after

Issued under authority of the
Michigan Public Service Commission
dated,
in Case No. U-15935

DEFINITIONS

- A. **RENEWABLE ENERGY PROGRAM CLAUSE** - This clause permits, pursuant to Section 45(1) of 2008 PA 295, the adjustment of rates for power supply, through the application of a Renewable Energy Surcharge, to allow recovery of the incremental cost of compliance with the renewable energy standards included in 2008 PA 295.

Customers of Alternative Energy Suppliers do not pay the Renewable Energy surcharge to Alpena Power Company.

An annual renewable cost reconciliation shall be conducted pursuant to Section 49 of 2008 PA 295.

The approved Renewable Energy Surcharges are shown on Sheet No. D-4.90.

- B. **ENERGY OPTIMIZATION PROGRAM CLAUSE** - This clause permits, pursuant to Section 91(4) of 2008 PA 295, the adjustment of distribution rates, via the application of an Energy Optimization Surcharge, to allow recovery of the energy optimization alternative compliance payment made by the Company in compliance with Section 91(1) of 2008 PA 295.

Customers of Alternative Energy Suppliers must continue to be billed the Energy Optimization surcharge.

An annual energy optimization cost reconciliation shall be conducted.

The approved Energy Optimization Surcharges are shown on Sheet No. D-4.90.

(continued on Sheet No. D-4.90)

Issued _____, 2009 by
Ann K. Burton, President
Alpena, MI 49707

Effective for bills rendered on
and after _____

Issued under authority of the
Michigan Public Service Commission
dated _____
in Case No. U-15935

SURCHARGES
 (continued from Sheet No. D-4.01)

<u>Rate Schedule</u>	<u>Renewable Energy Surcharge Effective September 2009 Bill Month</u>	<u>Energy Optimization Surcharge Effective July 2009 Bill Month</u>
Residential	\$3.00/meter/month	\$0.00130 / kWh
General Service	\$9.10/meter/month	\$1.33/meter/month
Standard Power	\$16.58/meter/month	\$18.83/meter/month
Large Power (less than 13,200 volts)	\$16.58/meter/month	\$162.72/meter/month
Large Power (13,200 volts or higher)	\$187.50/meter/month	\$162.72/meter/month
Large Industrial (13,200 volts or lower)	\$187.50/meter/month	\$573.50/meter/month
Large Industrial (higher than 13,200 volts)	\$187.50/meter/month	\$2,744.32/meter/month
Alternative Energy Manufacturing	\$187.50/meter/month	\$324.92/meter/month
Outdoor Protective Lighting (100 watt)	\$0.37/light/month	\$0.13/light/month
Outdoor Protective Lighting (250 watt)	\$1.00/light/month	\$0.23/light/month
Street & Highway Lighting	\$0.37/light/month	\$0.12/light/month
Special Power Contracts	\$187.50/meter/month	\$3,775.03/meter/month

Issued 2009 by
 Ann K. Burton, President
 Alpena, MI 49707

Effective for bills rendered on
 and after

Issued under authority of the
 Michigan Public Service Commission
 dated
 in Case No.U-15935

RESIDENTIAL SERVICE

Availability:

Open to any customer desiring service for domestic and farm uses, which include only those purposes which are usual in individual private family dwellings, or separately metered apartments, and in the usual appurtenant buildings served through the residential meter. This rate is not available for commercial or industrial service, or for resale purposes.

Residences in conjunction with commercial or industrial enterprises; homes or dormitories for groups other than private family units; apartment buildings or multiple dwellings; and mobile homes in courts may take service on this rate only under the terms and conditions contained in the Company's Standard Rules and Regulations.

Service for single phase motors may be included under this rate, provided the individual capacity of such motors does not exceed 3 Hp, and the total capacity of such motors does not exceed 10 Hp, without the specific consent of the Company.

Nature of Service:

Alternating current, 60 hertz, single phase, 120/240 volts.

Customer Choice of Generation Service Provider:

A customer may choose to have its Generation Service provided by an Alternative Electric Supplier, under the terms and conditions applicable to Retail Access Service as delineated in (Sheet No E-1.00). A customer whose Generation Service is provided by an AES is subject to the Distribution Charges shown below but is not subject to the Power Supply Charges shown below.

A customer that does not choose to have its Generation Service provided by an AES shall be provided Full Requirements Service by the Company and is subject to both the Distribution Charges and the Power Supply Charges shown below.

Monthly Rate:

Distribution Charges:

Customer Charge: \$5.00 per customer per month

Energy Charge: \$0.05288 per kWh for all kWh

Energy Optimization Surcharge:

This rate is subject to the Energy Optimization Surcharge shown on Sheet No. D-4.90.

Power Supply Charges:

Energy Charge: \$0.06533 per kWh for all kWh

(continued on Sheet No. D-6.00)

Issued _____, 2009 by
Ann K. Burton, President
Alpena, MI 49707

Effective for bills rendered on
and after

Issued under authority of the
Michigan Public Service Commission
dated _____, 2009, in Case No.
U-15935

RESIDENTIAL SERVICE
(Continued from Sheet No. D-5.00)

Power Supply Charges (Continued):

Power Supply Cost Recovery:

This rate is subject to the Company's Power Supply Cost Recovery Factors as shown on Sheet Nos. D-3.00 and D-4.00.

Renewable Energy Surcharge:

This rate is subject to the Renewable Energy Surcharge shown on Sheet No. D-4.90.

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

Minimum Charge:

The Customer Charge and Renewable Energy Surcharge.

Customer Switching Service Charge:

\$5.00 each time a customer switches between Generation Service providers. This includes switches from one AES to another, from the Company to an AES, and from an AES to the Company. The customer may switch Generation Service providers at the end of any billing month provided the notice requirements of (Sheet No. E-6.00, Section 2.4) are met. The Customer Switching Service Charge shall not be applied for the first switch of each calendar year or at a time the customer returns to its immediately previous Generation Service provider because the customer was Slammed by an AES.

Due Date and Late Payment Charge:

The due date of the customer bill shall be 21 days from the date of transmittal. A late payment charge of 2%, not compounded, of the unpaid balance, net of taxes, shall be assessed to any bill which is delinquent. The late payment charge shall not apply to customers participating in the Winter Protection Plan.

Auxiliary Power Provision:

Customers desiring electric service as an auxiliary source of power to wind- or solar-powered generating equipment may take service under this rate schedule under special agreement with the Company.

A customer taking auxiliary power under this rate shall pay all reasonable direct costs of metering, controlling, and protective equipment necessitated by the presence of a source of power on his premises. Minor modifications off the premises of the customer shall be the responsibility of the Company. The customer shall pay the monthly rate set forth above. The customer may elect to sell energy to the Company at the Company's Average Avoided Energy Cost.

(continued on Sheet No. D-7.00)

Issued _____, 2009 by
Ann K. Burton, President
Alpena, MI 49707

Effective for bills rendered on
and after _____, 2009

Issued under authority of the
Michigan Public Service Commission
dated _____, 2009, in Case No.
U-15935

GENERAL SERVICE

Availability:

Open to any customer desiring lighting and incidental power service for any metered non-residential use, provided the load does not exceed 35 kW, measured on a 15-minute interval basis.

Nature of Service:

Alternating current, 60 hertz, single phase or three-phase, the particular voltage level in each case to be determined by the Company.

When the service is three-phase, 3-wire, lighting may be included provided the customer furnishes all transformation facilities required for such purpose, and so arranges the lighting circuits as to avoid excessive unbalance of the three-phase load. When service is single-phase, or 4-wire, three-phase, the single-phase individual motor capacity shall not exceed 3 Hp, and the total single-phase motor capacity shall not exceed 10 Hp, without the specific consent of the Company.

Customer Choice of Generation Service Provider:

A customer may choose to have its Generation Service provided by an Alternative Electric Supplier, under the terms and conditions applicable to Retail Access Service as delineated in Section E, starting on (Sheet No. E-1.00). A customer whose Generation Service is provided by an AES is subject to the Distribution Charges shown below but is not subject to the Power Supply Charges shown below.

A customer that does not choose to have its Generation Service provided by an AES shall be provided Full Requirements Service by the Company and is subject to both the Distribution Charges and the Power Supply Charges shown below.

Monthly Rate:

Distribution Charges:

Customer Charge: \$7.00 per customer per month

Energy Charge: \$0.04842 per kWh for all kWh

Energy Optimization Surcharge:

This rate is subject to the Energy Optimization Surcharge shown on Sheet No. D-4.90.

Power Supply Charges:

Energy Charge: \$0.07090 per kWh for all kWh

Power Supply Cost Recovery:

This rate is subject to the Company's Power Supply Cost Recovery Factors as shown on Sheet Nos. D-3.00 and D-4.00.

Renewable Energy Surcharge:

This rate is subject to the Renewable Energy Surcharge shown on Sheet No. D-4.90.

(continued on Sheet No. D-9.00)

Issued _____, 2009 by
Ann K. Burton, President
Alpena, MI 49707

Effective for bills rendered on
and after _____, 2009

Issued under authority of the
Michigan Public Service Commission
dated _____, 2009, in Case No.
U-15935

GENERAL SERVICE
(Continued from Sheet No. D-8.00)

Monthly Rate (Continued):

Power Supply Charges (Continued):

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

Minimum Charge:

The Customer Charge, Energy Optimization Surcharge and Renewable Energy Surcharge

Customer Switching Service Charge:

\$5.00 each time a customer switches between Generation Service providers. This includes switches from one AES to another, from the Company to an AES, and from an AES to the Company. The customer may switch Generation Service providers at the end of any billing month provided the notice requirements on (Sheet No. E-6.00, Section 2.4) are met. The Customer Switching Service Charge shall not be applied for the first switch of each calendar year or at a time the customer returns to its immediately previous Generation Service provider because the customer was Slammed by an AES.

Due Date and Late Payment Charge:

The due date of the customer bill shall be 21 days from the date of transmittal. A late payment charge of 2% of the total net bill shall be added to any bill which is not paid on or before the due date shown thereon.

Unmetered Service:

Loads that can be readily calculated and are impractical to meter, such as CATV Power Supply Units, may, at the option of the Company, be served hereunder without the use of a meter. In such cases a flat kWh usage per month shall be billed.

Monthly kWh usage shall be determined by multiplying the total connected load in kW (including the lamps, ballasts, transformers, amplifiers, and control devices) times 730 hours. The kWh for cyclical devices shall be 50% of the total kWh so calculated. The kWh for continuous, nonintermittent devices shall be 100% of the total kWh so calculated. No reduction in kWh shall be made for devices not operated 24 hours per day, or not operated every day.

The kWh for CATV Power Supply Units shall be 50% of the total kWh as determined from the manufacturer's rated input capacity of the Power Supply Units or the actual test load, whichever is greater.

The Company may, at its option, install test meters for the purpose of determining the monthly kWh usage to be used for billing purposes.

(continued on Sheet No. D-10.00)

Issued _____, 2009 by
Ann K. Burton, President
Alpena, MI 49707

Effective for bills rendered on
and after _____, 2009

Issued under authority of the
Michigan Public Service Commission
dated _____, 2009, in Case No.
U-15935

STANDARD POWER SERVICE

Availability:

Open to any customer desiring secondary or primary voltage service where the annual highest actual demand, measured on a 15-minute interval basis, is at least 30 kW but less than 275 kW.

This rate is not available for street lighting service or for resale purposes.

Nature of Service:

Alternating current, 60 hertz, single phase or three-phase, the particular voltage level in each case to be determined by the Company.

When the service is three-phase, 3-wire, lighting may be included provided the customer furnishes all transformation facilities required for such purpose, and so arranges the lighting circuits as to avoid excessive unbalance of the three-phase load. When service is single-phase, or 4-wire, three-phase, the single-phase individual motor capacity shall not exceed 3 Hp, and the total single-phase motor capacity shall not exceed 10 Hp, without the specific consent of the Company.

Where the Company elects to measure the service on the primary side of the transformers, 2% shall be deducted for billing purposes from the energy measurements thus made.

Customer Choice of Generation Service Provider:

A customer may choose to have its Generation Service provided by an Alternative Electric Supplier, under the terms and conditions applicable to Retail Access Service as delineated in Section E, starting on (Sheet No. E-1.00). A customer whose Generation Service is provided by an AES is subject to the Distribution Charges shown below but is not subject to the Power Supply Charges shown below.

A customer that does not choose to have its Generation Service provided by an AES shall be provided Full Requirements Service by the Company and is subject to both the Distribution Charges and the Power Supply Charges shown below.

Monthly Rate:

Distribution Charges:

Customer Charge:

\$30.00 per customer per month

Capacity Charge:

\$10.300 per kW of billing demand.

Energy Optimization Surcharge:

This rate is subject to the Energy Optimization Surcharge shown on Sheet No. D-4.90.

(continued on Sheet No. D-12.00)

Issued _____, 2009 by
Ann K. Burton, President
Alpena, MI 49707

Effective for bills rendered on
and after _____, 2009

Issued under authority of the
Michigan Public Service Commission
dated _____, 2009, in Case No.
U-15935

STANDARD POWER SERVICE
(Continued from Sheet No. D-11.00)

Monthly Rate (Continued):

Power Supply Charges:

Energy Charge:

\$0.07380 per kWh for the first 300 kWh per kW of billing demand,
\$0.06642 per kWh for the excess kWh.

Power Supply Cost Recovery:

This rate is subject to the Company's Power Supply Cost Recovery Factors as shown on Sheet Nos. D-3.00 and D-4.00.

Renewable Energy Surcharge:

This rate is subject to the Renewable Energy Surcharge shown on Sheet No. D-4.90.

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

Billing Demand:

The billing demand shall be the maximum kilowatt demand, on a 15-minute interval basis, during the billing month, but not less than 50% of the highest billing demand of the preceding eleven months.

Billing demand determinations shall be rounded to the next highest full kilowatt.

Adjustment for Power Factor:

When the average power factor during the billing month is less than 80% lagging, the Company reserves the right to increase the capacity charge or charges, as applicable, for such billing month in the ratio that 80% bears to such average power factor. The Company shall determine the average power factor by test or by permanently installed measuring equipment.

Substation Ownership Credit:

When the customer furnishes and maintains complete substation equipment, including all transformers, switches, and other apparatus necessary to take service at primary voltage, 3% of the capacity charge or charges, as applicable, shall be deducted for billing purposes.

Minimum Charge:

The Customer Charge, Energy Optimization Surcharge, Renewable Energy Surcharge and the capacity charge .

(continued on Sheet No. D-13.00)

Issued _____, 2009 by
Ann K. Burton, President
Alpena, MI 49707

Effective for bills rendered on
and after _____, 2009

Issued under authority of the
Michigan Public Service Commission
dated _____, 2009, in Case No.
U-15935

LARGE POWER SERVICE

Availability:

Available to any customer where the annual highest actual demand is at least 250 kW, measured on a 15-minute interval basis, but not more than 1,300 kW, measured on a 60-minute interval basis.

This rate is not available for resale purposes.

Nature of Service:

Alternating current, 60 hertz, three-phase, the particular voltage level in each case to be determined by the Company.

Customer Choice of Generation Service Provider:

A customer may choose to have its Generation Service provided by an Alternative Electric Supplier, under the terms and conditions applicable to Retail Access Service as delineated in Section E, starting on (Sheet No. E-1.00). A customer whose Generation Service is provided by an AES is subject to the Distribution Charges shown below but is not subject to the Power Supply Charges shown below.

A customer that does not choose to have its Generation Service provided by an AES shall be provided Full Requirements Service by the Company and is subject to both the Distribution Charges and the Power Supply Charges shown below.

Monthly Rate:

Distribution Charges:

Customer Charge:

\$100.00 per month

Capacity Charge:

Maximum Demand Charge:

For service provided at 13,200 volts or higher nominal voltage:

\$2.970 per kW of maximum demand

For service provided at less than 13,200 volts nominal voltage:

\$4.455 per kW of maximum demand

On-Peak Billing Demand Charge:

For service provided at 13,200 volts or higher nominal voltage:

\$6.680 per kW of on-peak billing demand

For service provided at less than 13,200 volts nominal voltage:

\$6.814 per kW of on-peak billing demand

Power Factor Charge:

\$0.25 per excess kVar

Energy Optimization Surcharge:

This rate is subject to the Energy Optimization Surcharge shown on Sheet No. D-4.90.

(continued on Sheet No. D-15.00)

Issued _____, 2009 by
Ann K. Burton, President
Alpena, MI 49707

Effective for bills rendered on
and after _____, 2009

Issued under authority of the
Michigan Public Service Commission
dated _____, 2009, in Case No.
U-15935

LARGE POWER SERVICE
(Continued from Sheet No. D-14.00)

Monthly Rate (Continued):

Power Supply Charges:

Energy Charge:

For service provided at 13,200 volts or higher nominal voltage:
\$0.07199 per kWh for all kWh consumed during the on-peak period
\$0.05759 per kWh for all kWh consumed during the off-peak period
For service provided at less than 13,200 volts nominal voltage:
\$0.07343 per kWh for all kWh consumed during the on-peak period
\$0.05874 per kWh for all kWh consumed during the off-peak period

Power Factor Charge:

\$0.35 per excess kVar

Power Supply Cost Recovery:

This rate is subject to the Company's Power Supply Cost Recovery Factors as shown on Sheet Nos. D-3.00 and D-4.00.

Renewable Energy Surcharge:

This rate is subject to the Renewable Energy Surcharge shown on Sheet No. D-4.90.

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

On-Peak Billing Demand:

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

The on-peak demand shall be the highest 60-minute demand created during on-peak hours.

Billing demand determinations shall be rounded to the next highest full kilowatt.

(continued on Sheet No. D-16.00)

Issued _____, 2009 by
Ann K. Burton, President
Alpena, MI 49707

Effective for bills rendered on
and after _____, 2009

Issued under authority of the
Michigan Public Service Commission
dated _____, 2009, in Case No.
U-15935

LARGE POWER SERVICE
(Continued from Sheet No. D-16.00)

Monthly Rate (Continued):

Billing Determinants:

All billing determinants shall be based upon recorded meter information.

Minimum Charge:

The Capacity Charge, Energy Optimization Surcharge, Renewable Energy Surcharge and the customer charge.

Customer Switching Service Charge:

\$5.00 each time a customer switches between Generation Service providers. This includes switches from one AES to another, from the Company to an AES, and from an AES to the Company. The customer may switch Generation Service providers at the end of any billing month provided the notice requirements of Section E, starting on (Sheet No. E-1.00). are met. The Customer Switching Service Charge shall not be applied for the first switch of each calendar year or at a time the customer returns to its immediately previous Generation Service provider because the customer was Slammed by an AES.

Due Date and Late Payment Charge:

The due date of the customer bill shall be 21 days from the date of transmittal. A late payment charge of 2% of the total net bill shall be added to any bill which is not paid on or before the due date shown thereon.

Rules and Regulations:

Service under this rate is governed by the Company's Standard Rules and Regulations. The charges under this rate are subject to the General Terms and Conditions of Rate Schedules (Sheet No. D-1.00 through Sheet No. D-4.00).

Issued _____, 2009 by
Ann K. Burton, President
Alpena, MI 49707

Effective for service rendered on
and after

Issued under authority of the
Michigan Public Service Commission
dated,
in Case No. U-15935

LARGE INDUSTRIAL SERVICE

Availability:

Available to any customer desiring primary voltage service where the capacity requirement is 1,250 kW or more. However, customers whose capacity requirements exceed 2,000 kW, or whose service requirements involve unusual Company investments, may be required to enter into a special contract. This rate is not available for resale purposes.

Nature of Service:

Alternating current, 60 hertz, three-phase, the particular voltage level in each case to be determined by the Company.

Term and Form of Contract:

All service under this rate shall require a written contract with a minimum term of one year.

Customer Choice of Generation Service Provider:

A customer may choose to have its Generation Service provided by an Alternative Electric Supplier, under the terms and conditions applicable to Retail Access Service as delineated in Section E, starting on (Sheet No. E-1.00). A customer whose Generation Service is provided by an AES is subject to the Distribution Charges shown below but is not subject to the Power Supply Charges shown below.

A customer that does not choose to have its Generation Service provided by an AES shall be provided Full Requirements Service by the Company and is subject to both the Distribution Charges and the Power Supply Charges shown below.

Monthly Rate:

Distribution Charges:

Customer Charge:

\$400.00 per month

Capacity Charge:

Maximum Demand Charge:

For service provided at 34,500 volts nominal voltage:

\$0.790 per kW of maximum demand

For service provided at 13,800 volts nominal voltage:

\$0.711 per kW of maximum demand

For service provided at 13,200 or lower volts nominal voltage:

\$1.650 per kW of maximum demand

(continued on Sheet No. D-19.00)

Issued _____, 2009 by
Ann K. Burton, President
Alpena, MI 49707

Effective for service rendered on
and after

Issued under authority of the
Michigan Public Service Commission
dated,
in Case No. U-15935

LARGE INDUSTRIAL SERVICE
(Continued from Sheet No. D-18.00)

Monthly Rate (Continued):

Distribution Charges (Continued):

Capacity Charges (Continued):

On-Peak Billing Demand Charge:

For service provided at 34,500 volts nominal voltage:

\$0.976 per kW of on-peak billing demand

For service provided at 13,800 volts nominal voltage:

\$0.976 per kW of on-peak billing demand

For service provided at 13,200 volts or lower nominal voltage:

\$2.445 per kW of on-peak billing demand

Power Factor Charge: *\$0.25* per excess kVar

Energy Optimization Surcharge:

This rate is subject to the Energy Optimization Surcharge shown on Sheet No. D-4.90.

Power Supply Charges:

Capacity Charge:

On-Peak Billing Demand Charge:

For service provided at 34,500 volts nominal voltage:

\$5.500 per kW of on-peak billing demand

For service provided at 13,800 volts nominal voltage:

\$5.500 per kW of on-peak billing demand

For service provided at 13,200 volts or lower nominal voltage:

\$4.930 per kW of on-peak billing demand

Energy Charge:

For service provided at 34,500 volts nominal voltage:

\$0.05869 per kWh for all kWh consumed during the on-peak period

\$0.04989 per kWh for all kWh consumed during the off-peak period

For service provided at 13,800 volts nominal voltage:

\$0.05869 per kWh for all kWh consumed during the on-peak period

\$0.04989 per kWh for all kWh consumed during the off-peak period

For service provided at 13,200 volts or lower nominal voltage:

\$0.05986 per kWh for all kWh consumed during the on-peak period

\$0.05088 per kWh for all kWh consumed during the off-peak period

Power Factor Charge: \$0.35 per excess kVar

(continued on Sheet No. D-20.00)

Issued _____, 2009 by

Ann K. Burton, President
Alpena, MI 49707

Effective for bills rendered on _____
and after _____, 2009

Issued under authority of the
Michigan Public Service Commission
dated _____, 2009, in Case No.
U-15935

LARGE INDUSTRIAL SERVICE
(Continued from Sheet No. D-21.00)

Monthly Rate (Continued):
Interruptible Load Discount:

A credit of \$2.75 per kW of on-peak billing demand shall be applied to any Full Requirements Service customer who contracts in writing to permit the Company to curtail its entire load during a period of short-term power emergency.

If the customer wishes to allow a portion, but not all, of its load to be curtailed during a period of short-term power emergency, it can, subject to approval by the Company, nominate a firm load reservation that is no more than 25% of its maximum load. The customer's load above the firm load reservation will then be subject to curtailment. A credit of \$2.90 per kW of that portion of the on-peak billing demand which is in excess of the customer's firm load reservation shall be applied to any customer who contracts in writing to permit the Company to curtail a portion of its load during a period of short-term power emergency.

The customer shall be provided, whenever possible, notice in advance of probable interruption and the estimated duration of the interruption. Customers who do not interrupt within one hour following notice of an interruption order shall be billed at the cost of replacement energy plus \$0.01 per kWh during the time of the interruption, but not less than \$0.07 per kWh. Additionally the customer shall be billed at the rate of \$50 per kW for the highest 60-minute kW demand created during the interruption period for all usage above the customer's firm demand, in addition to the prescribed monthly rate.

Once the customer has contracted in writing to permit all or a portion of its load to be curtailed it must provide 24 months written notice of its desire to revert to firm service or to increase the firm load reservation. The Company may waive all or a portion of this notice requirement.

Billing Determinants:

All billing determinants shall be based upon recorded meter information.

Minimum Charge:

The Capacity Charge, Energy Optimization Surcharge, Renewable Energy Surcharge and the customer charge.

(continued on Sheet No. D-23.00)

Issued _____, 2009 by
Ann K. Burton, President
Alpena, MI 49707

Effective for service rendered on
and after

Issued under authority of the
Michigan Public Service Commission
dated,
in Case No. U-15935

ALTERNATIVE ENERGY MANUFACTURING SERVICE

Availability:

Available to any customer desiring service that meets each of the following requirements: 1) a new facility or an existing facility that has been closed for at least six months; 2) a facility that receives at least 50% of its revenue from sales to alternative energy markets; and 3) a facility that has a capacity requirement of 2,500 kW or more. However, customers whose capacity requirements exceed 10,000 kW, or whose service requirements involve unusual Company investments, may be required to enter into a special contract. This rate is not available for resale purposes. This rate shall terminate as of December 31, 2024.

Nature of Service:

Alternating current, 60 hertz, three-phase, 34,500 volts.

Term and Form of Contract:

All service under this rate shall require a written contract with a minimum term of one year.

Customer Choice of Generation Service Provider:

A customer may choose to have its Generation Service provided by an Alternative Electric Supplier, under the terms and conditions applicable to Retail Access Service as delineated in Section E, starting on (Sheet No. E-1.00). A customer whose Generation Service is provided by an AES is subject to the Distribution Charges shown below but is not subject to the Power Supply Charges shown below.

A customer that does not choose to have its Generation Service provided by an AES shall be provided Full Requirements Service by the Company and is subject to both the Distribution Charges and the Power Supply Charges shown below.

Monthly Rate:

Distribution Charges:

Customer Charge: \$400.00 per month

Capacity Charge:

Maximum Demand Charge: \$0.250 per kW of maximum demand

On-Peak Billing Demand Charge: \$7.000 per kW of on-peak billing demand

Power Factor Charge: \$0.25 per excess kilovar

Energy Optimization Surcharge:

This rate is subject to the Energy Optimization Surcharge shown on Sheet No. D-4.90.

Power Supply Charges:

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

(continued on Sheet No. D-25.00)

Issued _____, 2009 by
Ann K. Burton, President
Alpena, MI 49707

Effective for bills rendered on
and after _____, 2009

Issued under authority of the
Michigan Public Service Commission
dated _____, 2009, in Case No.
U-15935

ALTERNATIVE ENERGY MANUFACTURING SERVICE
(Continued from Sheet No. D-24.00)

Monthly Rate (Continued):

Power Supply Charges (Continued):

Energy Charge:

The actual incremental cost, calculated on an hourly basis, of the energy used by the Customer. The actual incremental cost shall be determined for each hour of the billing month by subtracting 2) from 1).

- 1) The actual cost incurred by the Company, under the Wholesale for Resale Electric Service contract dated September 19, 1994 between Consumers Energy Company and the Company, as amended, for both firm and supplemental energy.
- 2) The pro-forma cost the Company would have incurred, under the same contract, for both firm and supplemental energy, had the customer not existed. The pro-forma billing determinants used in this calculation shall be the Company's actual kWh purchased under the contract less the customer's actual kWh.

For both 1) and 2) the cost for firm and supplemental energy shall include: a) the energy cost of firm energy; b) the cost of firm energy not delivered; and c) the energy and capacity cost of supplemental energy.

If more than one customer is taking service under this rate the actual incremental cost shall be calculated as above except that the pro-forma billing determinants shall be calculated using the sum of all customers' kWh usage and the resulting incremental cost shall be allocated hourly between each customer ratably based on their individual kWh usage.

Energy Charge Adjustment:

Beginning with the first calendar month after the end of the base period (as determined below), an energy charge adjustment shall be applied to each monthly bill. The energy charge adjustment will, on an annual basis, compare the volume of firm energy that the customer pays for under the energy charge to the volume of firm energy paid for in the base period, and, if the volume of firm energy in the current year is deficient, will result in the application of an adjustment to the bill in an amount equal to the price differential between firm and supplemental energy applied to the firm energy deficiency. The specific details of the energy charge adjustment and its application are as follows:

(continued on Sheet No. D-25.01)

Issued _____, 2009 by
Ann K. Burton, President
Alpena, MI 49707

Effective for bills rendered on
and after _____, 2009

Issued under authority of the
Michigan Public Service Commission
dated _____, 2009, in Case No.
U-15935

ALTERNATIVE ENERGY MANUFACTURING SERVICE
(Continued from Sheet No. D-25.00)

Monthly Rate (Continued):

Power Supply Charges (Continued):

Energy Charge Adjustment (Continued)

Base Period:

The base period shall consist of 12 consecutive calendar months. Unless the customer elects otherwise, the base period shall begin the first day of the 25th full calendar month of service under this rate. The customer may irrevocably elect to start the base period on the first day of any earlier calendar month of service under this rate by providing written notice to the Company before the first day so elected.

Base Year Firm Energy Amounts:

Two different base firm energy amounts shall be calculated for both on-peak and off-peak periods. These shall consist of a base firm energy kWh amount and a base firm energy percent amount. The base firm energy kWh amounts shall equal the total firm energy kWh implicitly included in the energy charge during the base period. (One each for on-peak and off-peak periods.) The base firm energy percent amounts shall equal the total firm energy kWh implicitly included in the energy charge divided by the total energy delivered to the customer during the base period. (One each for on-peak and off-peak periods.)

Minimum Firm Energy Amounts:

Each month a minimum firm energy amount shall be calculated for both on-peak and off-peak periods. For each period the minimum firm energy amount shall be the lesser of 1) the base firm energy kWh amount divided by 12 times the number of months in the calendar year-to-date; or 2) the base firm energy percent times the customer's calendar year-to-date kWh usage.

Firm Energy Deficiency Amounts:

Each month a firm energy deficiency amount shall be calculated for both on-peak and off-peak periods. For each period the firm energy deficiency amount shall be the greater of 1) the minimum firm energy amount less the calendar year-to-date firm energy kWh implicitly included in the energy charge; or 2) zero.

Firm Energy Average Price:

Each month a firm energy average price shall be calculated for both on-peak and off-peak periods. For each period the firm energy average price shall be the calendar year-to-date sum of the energy cost of firm energy and the cost of firm energy not delivered implicitly included in the energy charge divided by the calendar year-to-date firm energy kWh implicitly included in the energy charge, rounded to the nearest \$0.00001 per kWh.

(continued on Sheet No. D-25.02)

Issued _____, 2009 by
Ann K. Burton, President
Alpena, MI 49707

Effective for bills rendered on
and after _____, 2009

Issued under authority of the
Michigan Public Service Commission
dated _____, 2009, in Case No.
U-15935

ALTERNATIVE ENERGY MANUFACTURING SERVICE
(Continued from Sheet No. D-25.01)

Monthly Rate (Continued):

Power Supply Charges (Continued):

Energy Charge Adjustment (Continued)

Supplemental Energy Average Price:

Each month a supplemental energy average price shall be calculated for both on-peak and off-peak periods. For each period the supplemental energy average price shall be the calendar year-to-date energy and capacity cost of supplemental energy implicitly included in the energy charge divided by the calendar year-to-date supplemental energy kWh implicitly included in the energy charge, rounded to the nearest \$0.00001 per kWh.

Calendar Year-to-Date Energy Charge Adjustment Amounts:

Each month a calendar year-to-date energy charge adjustment shall be calculated for both on-peak and off-peak periods. For each period the energy charge adjustment amount shall be calculated by subtracting 2) from 1). The calendar year-to-date energy charge can be positive, negative or zero.

- 1) The firm energy deficiency amount multiplied by the firm energy average price.*
- 2) The firm energy deficiency amount multiplied by the supplemental energy average price.*

Monthly Energy Charge Adjustment Amounts:

Each month a monthly energy charge adjustment amount shall be calculated for both on-peak and off-peak periods. For each period the monthly energy charge adjustment shall be calculated by subtracting 2) from 1). The monthly energy charge adjustment amount can be positive, negative or zero.

- 1) The calendar year-to-date energy charge adjustment for the current month.*
- 2) If the current month is January, zero, otherwise the calendar year-to-date energy charge adjustment for the previous month.*

The monthly energy charge adjustment amount for both the on-peak and off-peak periods shall be applied to the customer's bill.

First Month Phase-In:

For the first month that the energy charge adjustment is applied, the monthly energy charge adjustment amount shall be the calendar year-to-date energy charge adjustment amount for the current month.

(continued on Sheet No. D-25.03)

Issued _____, 2009 by
Ann K. Burton, President
Alpena, MI 49707

Effective for bills rendered on
and after _____, 2009

Issued under authority of the
Michigan Public Service Commission
dated _____, 2009, in Case No.
U-15935

ALTERNATIVE ENERGY MANUFACTURING SERVICE
(Continued from Sheet No. D-25.02)

Monthly Rate (Continued):

Power Supply Charges (Continued):

Transformation and Line Loss Charge:

3.0% of the *sum of the energy charge and the energy charge adjustment*

On-Peak Power Factor Charge:

For power supplied prior to January 1, 2010:

\$0.2496 per on-peak kilovar

For power supplied January 1, 2010 to December 31, 2017:

\$0.2696 per on-peak kilovar

For power supplied on and after January 1, 2018:

\$0.2912 per on-peak kilovar

Power Supply Cost Recovery:

This rate is not subject to the Company's Power Supply Cost Recovery Factors as shown on Sheet Nos. D-3.00 and D-4.00.

Renewable Energy Surcharge:

This rate is subject to the Renewable Energy Surcharge shown on Sheet No. D-4.90.

(continued on Sheet No. D-26.00)

Issued _____, 2009 by
Ann K. Burton, President
Alpena, MI 49707

Effective for bills rendered on
and after _____, 2009

Issued under authority of the
Michigan Public Service Commission
dated _____, 2009, in Case No.
U-15935

ALTERNATIVE ENERGY MANUFACTURING SERVICE
(Continued from Sheet No. D-25.03)

Monthly Rate (Continued):

On-Peak Billing Demand:

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

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

Maximum Demand:

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

Schedule of On-Peak and Off-Peak Hours:

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

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

Off-Peak Hours: All other hours

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

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

Off-Peak Hours: All other hours

Holidays:

The following are designated as holidays by the Company:

New Year's Day

The day Memorial Day is observed

Independence Day

Labor Day

Thanksgiving Day

Christmas Day

Extension of Off-Peak Hours:

The customer may request that the off-peak billing hours be extended beyond 9:00 a.m. for a time period of two to twelve additional hours. The first hour of any such extension shall be the hour ending at 10:00 a.m. Such extension of the off-peak hours shall be continuous and may last for the entire on-peak period of that day.

(continued on Sheet No. D-27.00)

Issued _____, 2009 by
Ann K. Burton, President
Alpena, MI 49707

Effective for service rendered on
and after

Issued under authority of the
Michigan Public Service Commission
dated,
in Case No. U-15935

ALTERNATIVE ENERGY MANUFACTURING SERVICE

(Continued from Sheet No. D-26.00)

Monthly Rate (Continued):

Extension of Off-Peak Hours (Continued):

The customer shall request such extension at least 90 minutes before the beginning of the hour that would otherwise be an on-peak hour. The customer's request will be automatically deemed approved by the Company unless the Company, at its sole discretion, specifically denies the request by informing the customer of its denial at least 45 minutes prior to the beginning of the hour that would otherwise be an on-peak hour. All requests, approvals, or denials shall be transmitted in a mutually agreed upon method.

The total number of off-peak extended hours shall be limited to 72 hours in a calendar year. Once a customer's request for extending off-peak hours is approved, either directly or indirectly, such request is irrevocable and the requested hours shall count against the 72 hour limit, regardless of the customer's actual load during such hours.

When computing the monthly on-peak billing demand, demands set during extended off-peak hours will not be considered. An extension of off-peak hours shall have no effect on the calculation of the on-peak kilovar amount.

Power Factor:

This rate requires the metering of kilovar-hours during the billing period. Each month two different power factor billing determinants shall be determined.

A. An excess kilovar amount, to be utilized to calculate the distribution charge, shall be calculated using the following method:

- 1) Determine total lagging kilovar-hour usage by subtracting the metered leading kilovar-hours from the metered lagging kilovar-hours.
- 2) Determine the total lagging kilovar-hours that would have resulted in an average power factor of 90% for the billing month.
- 3) Subtract 2) from 1), divide the remainder by the number of hours in the billing month, and round to the nearest whole number.

If the excess kilovar amount is positive a power factor charge will be added to the bill. If the excess kilovar amount is negative a power factor charge will be credited to the bill.

(continued on Sheet No. D-28.00)

Issued _____, 2009, by
Ann K. Burton, President
Alpena, MI 49707

Effective for service rendered on _____
and after

Issued under authority of the
Michigan Public Service Commission
dated _____,
in Case No. U-15935

ALTERNATIVE ENERGY MANUFACTURING SERVICE

(Continued from Sheet No. D-27.00)

Monthly Rate (Continued):

Power Factor (Continued):

B. An on-peak kilovar amount, to be utilized to calculate the power supply charges, shall be calculated using the following method:

- 1) Determine the total lagging kilovar-hours during on-peak hours.
- 2) Determine the total leading kilovar-hours during on-peak hours.
- 3) Subtract 2) from 1), divide the remainder by the number of on-peak hours in the billing month, and round to the nearest whole number.

If the on-peak kilovar amount is positive an on-peak power factor charge will be added to the bill. If the on-peak kilovar amount is negative an on-peak power factor charge will be credited to the bill.

Load Curtailment Option:

A credit of \$5.984 per kW of that portion of the on-peak billing demand that is in excess of 10% of the customer's highest 60-minute demand set in the prior 12 billing months shall be applied to any Full Requirements Service customer who contracts in writing to permit the Company, when the Company is experiencing a short-term power emergency, to curtail, during on-peak hours, that portion of the customer's load that is in excess of 10% of the customer's highest 60-minute demand set in the prior 12 billing months.

The customer shall be provided, whenever possible, notice in advance of probable curtailment and the estimated duration of the curtailment. Customers who do not curtail their load within one hour following notice of an curtailment order shall be billed on an hourly basis for any excess kWh taken at the greater of 1) the actual cost of replacement energy plus \$0.01 per kWh, or 2) \$0.07 per kWh. Also, in addition to the prescribed monthly rate, the customer shall be billed at the rate of \$50 per kW for the highest 60-minute demand created during the curtailment period(s) that is in excess of 10% of the customer's highest 60-minute demand set in the prior 12 billing months.

Once the customer has contracted in writing to permit a portion of its load to be curtailed it must provide 24 months written notice of its desire to revert to firm service. The Company may waive all or a portion of this notice requirement.

(continued on Sheet No. D-29.00)

Issued _____, 2009, by
Ann K. Burton, President
Alpena, MI 49707

Effective for service rendered on
and after

Issued under authority of the
Michigan Public Service Commission
dated _____
in Case No. U-15935

ALTERNATIVE ENERGY MANUFACTURING SERVICE
(Continued from Sheet No. D-28.00)

Monthly Rate (Continued):

Billing Determinants:

All billing determinants shall be based upon recorded meter information.

Minimum Charge:

The Distribution Capacity Charge, Energy Optimization Surcharge, Renewable Energy Surcharge and the Customer Charge.

Due Date and Late Payment Charge:

The due date of the customer bill shall be 21 days from the date of transmittal. A late payment charge of 2% of the total net bill shall be added to any bill which is not paid on or before the due date shown thereon.

Customer Switching Service Charge:

\$5.00 each time a customer switches between Generation Service providers. This includes switches from one AES to another, from the Company to an AES, and from an AES to the Company. The customer may switch Generation Service providers at the end of any billing month provided the notice requirements on (Sheet No. E-6.00, Section 2.4) are met. The Customer Switching Service Charge shall not be applied for the first switch of each calendar year or at a time the customer returns to its immediately previous Generation Service provider because the customer was slammed by an AES.

Rules and Regulations:

Service under this rate is governed by the Company's Standard Rules and Regulations. The charges under this rate are subject to the General Terms and Conditions of Rate Schedules (Sheet No. D-1.00 through Sheet No. D-4.00).

Issued _____, 2009, by
Ann K. Burton, President
Alpena, MI 49707

Effective for service rendered on
and after

Issued under authority of the
Michigan Public Service Commission
dated _____
in Case No. U-15935

OUTDOOR PROTECTIVE LIGHTING SERVICE

Availability:

Customers desiring controlled service for outdoor protective lighting on premises where the customer is presently taking service under a standard rate schedule.

Hours of Service:

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

Nature of Service:

Service will consist of a high pressure sodium vapor fixture appropriately mounted. The Company shall own, operate and maintain the lights. Non-functioning lights must be reported by the customer and the Company shall undertake to repair the lights as soon as reasonably possible during regular working hours.

Monthly Rate:

Existing pole and existing secondary facilities:

100 watt, 8,500 nom. lumens *\$10.85* per month, per light
250 watt, 24,000 nom. lumens *\$18.05* per month, per light

New pole and single span of new secondary facilities:

100 watt, 8,500 nom. lumens *\$12.55* per month, per light
250 watt, 24,000 nom. lumens *\$19.75* per month, per light

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

Energy Optimization Surcharge:

This rate is subject to the Energy Optimization Surcharge shown on Sheet No. D-4.90.

Power Supply Cost Recovery:

This rate is subject to the Company's Power Supply Cost Recovery Factors as shown on Sheet Nos. D-3.00 and D-4.00.

The monthly kilowatt-hours for application of the Power Supply Cost Recovery Factor shall be 41 kWh for 100 watt lights and 111 kWh for 250 watt lights.

Renewable Energy Surcharge:

This rate is subject to the Renewable Energy Surcharge shown on Sheet No. D-4.90.

Due Date and Late Payment Charge:

The due date of the customer bill shall be 21 days from the date of transmittal. A late payment charge of 2% of the total net bill shall be added to any bill which is not paid on or before the due date shown thereon.

(continued on Sheet No. D-31.00)

Issued _____, 2009 by
Ann K. Burton, President
Alpena, MI 49707

Effective for bills rendered on
and after _____, 2009

Issued under authority of the
Michigan Public Service Commission
dated _____, 2009, in Case No.
U-15935

STREET AND HIGHWAY LIGHTING SERVICE

Availability:

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

Hours of Service:

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

Nature of Service:

The Company shall furnish, install and own the entire equipment, including wood poles, overhead lines, luminaires, supporting brackets for wood pole mounting and lamps. The Company shall supply energy, replace luminaires and lamps and maintain the entire equipment. The Company reserves the right to furnish such service from either a series or multiple system, or both. The Company reserves the right to select the type of fixture to be installed. Non-functioning lights must be reported by the customer and the Company shall undertake to repair the lights as soon as reasonably possible during regular working hours.

Monthly Rate:

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

100 watt, 8,500 nom. lumens \$9.41 per
month, per light

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

Energy Optimization Surcharge:

This rate is subject to the Energy Optimization Surcharge shown on Sheet No. D-4.90.

Power Supply Cost Recovery:

This rate is subject to the Company's Power Supply Cost Recovery Factors as shown on Sheet Nos. D-3.00 and D-4.00.

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

Renewable Energy Surcharge:

This rate is subject to the Renewable Energy Surcharge shown on Sheet No. D-4.90.

Due Date and Late Payment Charge:

The due date of the customer bill shall be 21 days from the date of transmittal. A late payment charge of 2% of the total net bill shall be added to any bill which is not paid on or before the due date shown thereon.

(continued on Sheet No. D-33.00)

Issued _____, 2009 by
Ann K. Burton, President
Alpena, MI 49707

Effective for bills rendered on
and after _____, 2009

Issued under authority of the
Michigan Public Service Commission
dated _____, 2009, in Case No.
U-15935

EXPERIMENTAL PRIMARY DISTRIBUTION SERVICE

Availability:

Available to any customer desiring delivery of customer owned power from a primary (nominal voltage of either 4,160 volts or 13,200 volts) connection point located within 4,000 circuit feet of either 1) a Company interchange point or 2) a Company owned substation, to a Company interchange point.

Each connection point shall be considered a separate service.

Nature of Service:

Alternating current, 60-hertz, three-phase, the particular nature of the voltage in each case to be determined by the Company.

Term and Form of Contract:

All service under this rate shall require a written contract with a minimum term of one year.

Metering Equipment:

The load under this tariff shall be separately metered by demand and energy hourly recording (Time-of-Use) meters of billing quality. Such metering equipment shall be furnished, installed, maintained and owned by the Company.

Monthly Rate:

Customer Charge:

\$100.00 per month

Distribution Service Charge:

\$0.299 per kW of maximum demand

Reactive Power Supply Service Charge:

If the customer's monthly average power factor is lagging then there shall be no charge. If the customer's monthly average power factor is leading then there shall be a charge based upon the hourly average kilovars as follows:

<i>For power supplied prior to January 1, 2010</i>	<i>\$0.2496 per kilovar</i>
<i>For power supplied January 1, 2010 to December 31, 2017</i>	<i>\$0.2696 per kilovar</i>
<i>For power supplied on and after January 1, 2018</i>	<i>\$0.2912 per kilovar</i>

Real Power Losses:

There shall be no real power losses associated with this rate.

Maximum Demand:

The maximum demand shall be the highest 60-minute demand created during the current month or the previous eleven months.

(continued on Sheet No. D-46.00)

Issued _____, 2009 by
Ann K. Burton, President
Alpena, MI 49707

Effective for service rendered on
and after

Issued under authority of the
Michigan Public Service Commission
dated,
in Case No. U-15935

EXPERIMENTAL PRIMARY DISTRIBUTION SERVICE

(Continued from Sheet No. D-45.00)

Minimum Charge:

The Customer Charge, Energy Optimization Surcharge, Renewable Energy Surcharge and the Distribution Service Charge included in the rate.

Due Date and Late Payment Charge:

The due date of the customer bill shall be 21 days from the date of mailing. A late payment charge of 2% of the unpaid balance, net of taxes, shall be assessed to any bill which is not paid on or before the due date shown thereon.

Rules and Regulations:

Service under this rate is governed by the Company's Standard Rules and Regulations. The charges under this rate are subject to the General Terms and Conditions of Rate Schedules (Sheet No. D-1.00 through Sheet No. D-4.00), except for Rule B, Power Supply Cost Recovery Clause.

Issued July 7, 2008, by
Ann K. Burton, President
Alpena, MI 49707

Effective for service rendered on
and after October 10, 2007

Issued under authority of the
Michigan Public Service Commission
dated October 9, 2007,
in Case No. U-15152

REACTIVE SUPPLY SERVICE

Availability:

Available to any Alternative Electricity Supplier. This service must be purchased by an AES serving retail customers located on the Company's distribution system, unless alternative comparable arrangements for reactive supply service that are satisfactory to the Company have been made by the AES.

Nature of Service:

The Company will supply reactive power to the AES's customers.

Monthly Rate:

Reactive Supply Charge:

\$0.080 per kW of aggregated maximum demand.

Aggregated Maximum Demand:

The aggregated maximum demand shall be the sum of the individual maximum demands of each of the AES's customers created in the current month or the previous eleven months.

A 15-minute period shall be used to determine the maximum demand period for all customers, except those that are served under the Company's Large Power, Large Industrial, and *Alternative Energy Manufacturing* rates, whose maximum demand shall be based upon a 60-minute period.

For those customers without a demand meter, the maximum demand shall be estimated using the appropriate load profile.

Maximum demand determinations shall be rounded to the next highest full kilowatt.

Due Date and Late Payment Charge:

The due date of the bill shall be 21 days from the date of transmittal. A late payment charge of 2% of the total net bill shall be added to any bill which is not paid on or before the due date shown thereon.

Rules and Regulations:

Service under this rate is governed by the Company's Retail Access Service Tariff, as set forth in Section E, starting on (Sheet No. E-1.00). The charges under this rate are subject to the General Terms and Conditions of Rate Schedules (Sheet No. D-1.00 through Sheet No. D-4.00).

Issued 2009, by
Ann K. Burton, President
Alpena, MI 49707

Effective for service rendered on
and after

Issued under authority of the
Michigan Public Service Commission
dated
in Case No. U-15935

RETAIL ACCESS SERVICE TARIFF
(Continued from Sheet No. E-2.00)

"Distribution System" means facilities operated by the Company for the purpose of distributing electric power within the Company's electric service territory, which are subject to the jurisdiction of the Commission.

"Drop Request" means a request by an AES to terminate Generation Service to a Customer.

"Energy" means the capacity for doing work. In the context of this tariff the word energy refers to "electrical energy". Energy is usually measured in kilowatt-hours (kWh).

"Energy Meter" means a meter capable of measuring and recording energy on a kWh basis.

"Enrollment" means a transaction between an AES and a Customer whereby a Customer accepts electric service from the AES according to the terms of the AES's offer.

"Full Requirements Service" means the provision of retail regulated electric service including generation, transmission, distribution and ancillary services all provided by the Company.

"Generation Service" means the provision of electric Power and related ancillary services.

"Interval Demand Meter" means a meter capable of measuring and recording kW demands and kVAR demands on a sub-hour time interval and hourly integrated basis and measuring energy in kWh on a cumulative basis.

"Load" means any end-use device drawing energy from the electric system.

"Load Profile" means an allocation of a Customer's electricity usage to discrete time intervals over a period of time, based on individual Customer data or class averages, used to estimate electric supply requirements and to determine cost of service to the Customer.

"Location" means each Customer facility whether owned or leased.

"Maximum Demand" means for Large Power, Large Industrial and *Alternative Energy Manufacturing* Customers the highest 60-minute and for all other Customers the highest 15-minute integrated demand created during the current and previous 11 billing months at each voltage level, whether the Customer received service under this tariff or another

(continued on Sheet No. E-4.00)

Issued 2009, by
Ann K. Burton, President
Alpena, MI 49707

Effective for service rendered on
and after

Issued under authority of the
Michigan Public Service Commission
dated
in Case No. U-15935