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June 5, 2001

Ms. Dorothy **Wideman**
Executive Secretary
Michigan Public Service Commission
6545 Mercantile Way
Lansing, MI 48911

RE: Case No. U-12655
In the matter of the application of Alpena Power Company
for approval of its plan to implement 2000 PA 141

Dear Ms. **Wideman**:

Enclosed for tiling are an original and four copies of the Supplemental Testimony of Steven K. Mitchell On Behalf of Alpena Power Company. This tiling is also being made pursuant to the Commission's electronic filing project.

Very truly yours,

James D. Florip
Attorney for Alpena Power Company

JDF:jrm

cc: S. Mitchell
Parties of Record

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the Matter of the application of **ALPENA POWER COMPANY** for approval of its plan to implement 2000 PA 141	))))	Case No. U-12655

Supplemental Testimony of

Steven K Mitchell

On Behalf of:

Alpena Power Company

Filed: June 5, 2001

Supplemental Testimony of Steven K Mitchell

Q: Please state your name and business address.

A: My name is Steven K. Mitchell and my business address is 310 N. Second Avenue, Alpena, Michigan 49707

Q: What is your position with Alpena Power Company ("Company")?

A: I am Vice President, Treasurer and Chief Financial Officer.

Q: Did you submit written testimony earlier in this proceeding?

A. Yes. My initial written testimony was filed on February 20, 2001 and my rebuttal testimony was filed on April 27, 2001. My qualifications and experience are described in the earlier testimony. I have continued to oversee the process to implement the electric choice program in Michigan for the Company since filing that testimony.

Q: Please summarize the purpose and scope of this supplemental testimony.

A: In the earlier testimony, I stated that the preparation of the Company's retail access service tariff containing the terms and conditions of retail access is an ongoing process. This supplemental testimony provides a summary of the overall approaches in the tariff and the changes to the tariff since the Company filed the draft identified as Exhibit A- ___ (SKM-1) on February 20. I am also providing testimony concerning the Company's proposed unbundled service schedules and miscellaneous items necessary to implement Customer Choice. For reading ease I have divided my supplemental testimony into three sections.

RETAIL ACCESS SERVICE TARIFF

Q: Are you sponsoring any additional exhibits related to the retail access service tariff?

A: Yes. Exhibit A- __ (SKM-2) is an updated copy of the retail access service tariff which reflects the continued work and revisions resulting from the MEGA project team effort, testimony of the parties and Commission Staff and subsequent discussions with Staff on their concerns. The tariff in this exhibit supersedes the earlier version as the Company's proposed tariff for retail access service. The tariff in this exhibit provides the terms and conditions for retail access service. The unbundled rates for Company services are addressed in other exhibits and later in this supplemental testimony. In addition, Exhibit A- __ (SKM-3) provides the Company specific values for certain items left blank in the tariff, Exhibit A- ___ (SKM-2). This was prepared because the tariff was developed based on common terms and conditions, recognizing that each company might have different rates or values for the items left blank.

Q: In general, what are the changes from the draft tariff submitted in February?

A: Changes occur in each of the tariff's five major sections, which are: Introduction and Definitions, Customer, Alternative Energy Supplier, Dispute Resolution, and Liabilities. In the Introduction and Definitions section, the Company has updated a few of the definitions, either to adopt suggestions by Staff witness Paul Carlson or to clarify the meaning. New defined terms

were added for the settlements process, which was not part of the earlier version of this tariff.

In the Customer section, there were minor word changes and filling in of some blanks. Additional changes were made to Part 2.3, regarding the fee for customer information, Part 2.5 concerning metering and load profiling and Part 2.6 on the return of customers to full requirements service. The metering and load profiling section in the earlier draft was incomplete and the returning customer provisions have been the subject of further review, discussion and minor revisions.

In the Alternative Electric Supplier section, there is a complete new added Part 3.7, which was inserted to address the "settlement process" which refers to the reconciliation of AES scheduled power and other services with the actual power and other services used by the customers of the AES. This language was not ready for filing in February. The creditworthiness language has also been changed in consideration of the Staff position. There were also other minor changes as there were with the first two sections.

Finally, the Dispute Resolution and Liability sections contain only a few minor word changes. The liability provisions now appear in a separate section instead of being included in both the Supplier and Customer sections.

Q: Please explain the basic approach adopted in the Customer section of the tariff.

A: There is a general statement in Section 1.1 of the customer role. Existing and new customers for basic residential, commercial and industrial metered electric services will be eligible for customer choice for generation service on and after January 1, 2002. An AES chosen by the customer will submit the switch request by means of a defined transaction process. The Company will begin to process switch requests received from an AES on or after January 1, 2002 but not before that date. Most switches from the Company's Full Requirements Service to an AES or from one AES to another will be effective on the first day of the next customer meter-reading cycle, provided there are at least 8 days between confirmation of the request and the next cycle.

Customers below the 30 KW threshold will have the option of requesting an interval demand meter, subject to a monthly charge, or using the Company's determination of load profile under the system residual method. Energy consumption and demand, for settlement purposes, will be determined using the interval demand meter data for those customers who have such meters or otherwise by using the company load profile.

If a customer taking generation service from an AES decides to return to the Full Requirements Service of the Company, then 6 months notice is required and the customer must remain on the company's Full Requirements Service for 12 months after return to Full Requirements Service. Those customers will pay the Company's standard rates for Full Requirements Service upon returning. Customers may return on shorter notice; however, upon returning

they will be served under Default Service for the balance of the required 6-month notice period, at marginal rates for the generation service based on the Company's top incremental generation cost. These customers must also remain on the Company's Full Requirements Service for 12 months, starting with the date they move from Default Service to Full Requirements Service.

Q: Please explain the basic approach under the Supplier section of the tariff.

A: In order to enroll customers under the tariff, the AES must comply with applicable licensing, performance, legal and creditworthiness standards and enter into a written agreement with the Company. The AES must also have arrangements for transmission of electricity to the Company for delivery to AES customers. The Company will begin processing switch requests submitted by an AES on January 1, 2002.

The AES must have and maintain aggregate load of at least 1,000 KW to serve customers in the Company's area. The AES obtains customer approval for the switch and submits its requests to the Company by means of a defined transaction. The AES is responsible for daily scheduling of power deliveries to the Company for distribution to the AES customers. The AES must satisfy the Company's creditworthiness standards and it is required to schedule enough power delivery to account for power losses associated with delivery.

An AES customer also remains a customer of the Company for distribution service. The AES must bill its customers separately for power delivered

through the Company unless there is an agreement by the Company to bill for both services, subject to tariff requirements, a written billing service agreement between the parties and agreement on the charges for this service. The settlement process in the tariff allows for flexibility in periodic statements due to the involvement of the transmission service provider. Settlement invoices will be processed monthly.

Q: Do you have any comments on the remaining tariff language?

A: The dispute resolution process calls for efforts to resolve disputes informally at first, with optional arbitration to follow. The Liabilities section provides standard limitations of liability for the Company.

My summaries of the general approaches and changes of each section from the February tariff do not include every item changed or updated, but for the most part, the tariff speaks for itself.

Q: Please explain the Company-Specific Entries shown on Exhibit A-___(SKM-3).

A. As I stated earlier, the purpose of this exhibit is to fill in the blanks that are in the Retail Access Service tariff with information specific to the Company. Explanations of individual items are as follows:

The Maximum Demand Value utilizes different time periods for different customers classes to reflect existing variations in the time period over which maximum demands are measured.

The Information Request Fee is based upon estimates of the time and costs associated with receiving and processing a request for information.

The Switch Processing Change fee is discussed later in the Unbundled Rates section of my supplemental testimony.

The Interval Demand Meter Threshold is set at 30 kW to correspond to the existing demand level at which capacity charges are applied to a customer's usage.

The Data Retrieval Fee is set at $15.00 to mirror the existing Meter Reading Charge. It is likely that it will actually cost more to read interval demand meters than standard meters, but at this time the Company is not proposing a higher charge.

The Real Power Loss factors are based on the voltage levels at which the usage is metered. This is straightforward except for customers metered at 4.16 kV. The Company has only two customers that are metered at 4.16 kV. One customer is served from a transformer that steps power down from 34.5 kV, and therefore has losses similar in nature to customers metered at 13.2 kV (which is also stepped down from 34.5 kV). The other 4.16 kV customer is served from a transformer that steps power down from 13.2 kV, and therefore has losses similar in nature to customers metered at voltages below 4.16 kV (which are also stepped down from 13.2 kV).

I believe the remaining items in the table are self-explanatory.

Q: What procedure will the Company follow to complete the tariff in time for the January 1, 2002 implementation date?

A. The final tariff will be modified to put it in the proper Commission format for approved tariffs of the Company and will become Section IX, C of the

Company's Rate Book. This would not involve any changes in the terms and conditions, other than identification of the Company. To the extent that issues remain to be resolved in this proceeding, the final tariff will reflect the determination reached by the Commission through its review and approval of various positions and/or settlement among the parties.

UNBUNDLED RATES

Q: What is the purpose of the unbundled rates section of your supplemental testimony?

A: The purpose of this section of my supplemental testimony is to sponsor the Company's submission of proposed commercial and industrial unbundled service schedules in compliance with Section 10b(2) of PA 141 of 2000. In conjunction with the proposed unbundled commercial and industrial tariffs, the Company is also proposing an unbundled residential service schedule. All of these proposed unbundled service schedules, in concert with the retail access service tariff, are designed to implement Retail Access Service for the Company's electric customers beginning on January 1, 2002.

Q: Please summarize this section of your supplemental testimony.

A. This section of my supplemental testimony presents the Company's proposed unbundled service schedules, Exhibit A-___(SKM-4), and the underlying rate development, including the supporting analysis performed using the cost of service study, Exhibit A-___(SKM-5). Lastly, Exhibit A-___(SKM-6) compares the present January 1, 2002 rate levels with the proposed unbundled rate levels, showing that the proposed unbundling is

revenue neutral.

Q: Please describe the service schedules in your Exhibit A-__(SKM-4).

A: There are schedules for Residential Service, General Service, General Service-Electric Heat, Standard Power Service, Large Power Service, Large Industrial Service, and Large Electric Furnace Service. These are all of the Company's metered service schedules.

Each of the schedules contains an identical new section entitled "Customer Choice of Generation Service Provider", which indicates that, subject to the provisions of the retail access service tariff, the customer has the ability to choose an AES to provide generation service, or to be a Full Requirements Service customer of the Company.

Each of the schedules has the monthly rate unbundled into "Distribution Charges" and "Power Supply Charges". I will address this aspect of the schedules in more detail later in this section of my supplemental testimony.

Lastly, each of the schedules contains an identical new section entitled "Customer Switching Service Charge" covering the proposed $5.00 service charge for any switches beyond the first switch in each calendar year. The charge would not apply to a customer who was slammed. This new section conforms to section 2.4.6 of the proposed Retail Access Service Tariff.

Q. When does the Company propose that the proposed service schedules become effective?

A. The Company proposes that the service schedules become effective January 1, 2002. There are two reasons for this effective date. The first is

that such a date coincides with the requirements of PA 141 of 2000. The second reason is that in the Commission's December 16, 1999 order in Case No. U-12000 the Company received approval to implement certain rate changes effective January 1, 2002, that are overall revenue neutral. The proposed unbundled service schedules are based on the rates approved in Case No. U-12000 to be effective January 1, 2002. Thus earlier adoption of the proposed unbundled service schedules would not be appropriate.

Q. How was the $5.00 Customer Switching Service Charge developed?

A. The Company did not perform a cost-based analysis, because such switches are not presently occurring and because at this time it is not even known what all of the steps to actually accomplish a switch will be, let alone what the associated costs are. Instead the Company decided to propose the same cost rate utilized by both Detroit Edison and Consumers Energy for similar switches. In my opinion this $5.00 fee is probably lower than the actual cost of a switch will turn out to be. However, due to the lack of hard data and to encourage a competitive environment the Company has decided to propose a fee of only $5.00.

Q. Please describe the Distribution Charges and Power Supply Charges in more detail.

A: The Distribution Charges are the charges that would apply to all customers, including those who choose to utilize an AES. The Power Supply Charges would apply only to customers who take Full Requirements Service from the Company.

The Power Supply Charges are designed to recover the cost of the Company's purchased power, which, because the Company has no generation or transmission facilities, is the cost of its power supply. The Company's existing PSCR plan and factors would continue to apply to those customers who receive Full Requirements Service from the Company.

The Distribution Charges are designed to recover all of the Company's non-power supply costs.

Q: Are the proposed unbundled service schedules revenue neutral?

A. Yes. For each service schedule the sum of the proposed Distribution Charges and Power Supply Charges is equal to the bundled rates previously approved in Case No U-12000 to be effective January 1, 2002. Exhibit A-___(SKM-6) shows, by service schedule, a comparison of estimated revenues under the bundled and unbundled rates. The rates have been designed such that, except for differences caused by rounding, every customer that remains a Full Service Requirements customer would have the same monthly bill under the unbundled or bundled rates.

Q: Please explain the Interval Demand Meter Surcharge component of the Distribution Charges.

A: The Interval Demand Meter Surcharge is included in the Residential Service, General Service, General Service-Electric Heat, and Standard Power Service schedules only. Existing customer charges for those service schedules do not include the extra costs of interval demand meters compared to standard meters. Under the Retail Access Service tariff,

customers who elect to utilize an AES whose maximum demands are less than 30 KW are not required to have an interval demand meter. However, such customers have the option of using one. If they choose to use an interval demand meter the surcharge would apply to them. In the case of Standard Power Service, which is for customers with a maximum demand of at least 30 KW, a customer who elects to utilize an AES must use an interval demand meter, therefore, the surcharge is mandatory for those customers.

The Interval Demand Meter Surcharge is not included in the Large Power Service, Large Industrial Service and Large Electric Furnace Service schedules because those schedules already require the use of an interval demand meter and thus the current customer charge includes the costs of such meters.

Q: Please explain how the split between Distribution Charges and Power Supply Charges was determined.

A. First, for each service schedule, the proper overall power supply cost was determined utilizing the same Cost of Service Study ("COSS") that was used in Case No. U-12000, which was the Company's latest general rate case, to set the current PSCR base amount of 38.00 mills. A summary of the applicable portion of the COSS is shown in Exhibit A-___(SKM-5). The COSS utilized a 2000 Test Year.

Next, again for each service schedule, specific rates were determined that resulted in Power Supply Charges that equaled the power supply costs determined by the COSS. For those service schedules with capacity

charges the current energy charge was allocated fully to Power Supply Charges and then the capacity charges were allocated such that the total Power Supply Charges equaled the power supply costs determined by the COSS. For service schedules without capacity charges the current energy charge was appropriately allocated.

The revenue calculations by rate schedules, (Exhibit A-___(SKM-6) include subtotals that show the Power Supply Charges on a per kWh basis. These amounts equal the Power Supply Costs shown on the COSS.

MISCELLANEOUS ITEMS

Q: What is the purpose of the Miscellaneous Items section of your supplemental testimony?

A: In this section I will describe various changes and additions to the Company's Standard Rules and Regulations that are necessary to fairly implement Customer Choice. The specific tariff sheets to be incorporated are shown in Exhibit A-___(SKM-7).

Q: What is the proposed change to Sheet No. 5.01?

A: The definition of Customer is changed to reflect the fact that a different definition of Customer exists in the proposed Retail Access Service Tariff.

Q: What is the purpose of the proposed changes to Sheet No. 11.01?

A: The purpose of these changes is to enable the Company to collect a deposit from a customer requesting Generation Service from the Company who has an existing bad debt with an AES.

Q: What is the purpose of the proposed changes to Sheet Nos. 12.06,12.07

and 12.08?

A: The purpose of all of these changes is to ensure that the construction advance that customers are required to pay is not discriminatory. Without these changes a customer that remains with the Company would pay a lesser construction advance than one that selects an AES, resulting in a competitive advantage for the Company

Q: What is the purpose of the new Reactive Supply Service (Sheet No. 28.00)?

A. The purpose of the Reactive Supply Service is to ensure that customers who remain on Full Requirements Service do not end up paying higher rates through operation of the PSCR plan because of customers who choose to use an AES.

Let me explain why this is a concern. Currently, virtually all of the Company's reactive power supply is purchased from Consumers Energy, and as such is included as part of the cost of power supply in the Company's PSCR plan. When a customer leaves Full Requirements Service, the Company will continue to deliver reactive power to the customer. Unless the AES has made alternative arrangement for the delivery of reactive power to the Company's distribution system the Company will continue to purchase the reactive power it delivers to the customer from Consumers Energy with the costs thereof being included in the PSCR. This in turn means that the customers that do not leave would end up paying for the reactive power supply used by customers that do leave.

In order to correct this inequity the Company proposes the new Reactive Power Supply Service, which would be a mandatory service that the AES would have to pay for, unless it makes alternative comparable arrangements for delivery of reactive power supply to the Company's distribution system. Any revenue collected under this new service would then be credited against power supply costs in the Company's PSCR plan, thereby effectively providing the necessary protection to the customers who do not leave.

I would also like to point out that, by crediting the revenue collected under this new service to the PSCR plan, not only are the customers who do not leave protected from unwarranted increases in costs, but, the overall revenue neutrality of the Company's proposed unbundling efforts is maintained.

Q: How was the Reactive Supply Monthly Service rate calculated?

A: The rate calculation is shown in Exhibit A-___(SKM-8). The calculation is based on the Company's actual power and load factors for 2000, and the actual cost rate per kilovar that will be effective under the Company's contract with Consumers Energy beginning in 2002 through 2007. It is similar to the reactive power supply charges included in most transmission tariffs approved by the Federal Energy Regulatory Commission.

Q: What is the purpose of the new Energy Imbalance Service (Sheet Nos. 29.00 and 29.01)?

A: The purpose of this schedule is to ensure that the differences between the energy delivered to the Company's distribution system and the energy

delivered to an AES's customer(s) is accounted for and that proper payments occur for any imbalances in such energy, which the Company must either supply or absorb. Under the tariff either a charge or a credit to the AES will be calculated for every hour when an imbalance exists.

An AES would be able to avoid paying for this service by making alternative comparable arrangements for this service with a third party.

Q: What is the purpose of the new Default Supply Service (Sheet No. 30.00)?

A: Pursuant to the provisions of the proposed Retail Access Service tariff under certain circumstances customers who have utilized an AES and then request Generation Service from the Company are not eligible to take Full Requirements Service for a period of six months after the request is made. If they start to take Generation Service from the Company prior to the expiration of the six month notice period they would be required to do so under this Default Supply Service schedule. The pricing for such service is set to be the greater of the cost of the energy charge component of the Power Supply Charges of the applicable Full Requirements Service schedule or 110% of the Company's incremental cost to serve the load, calculated on an hourly basis.

Q: Does this complete your testimony?

A: Yes.

Exhibit No. ____ (SKM-2)

RETAIL ACCESS SERVICE TARIFF

June 5, 2001

RETAIL ACCESS SERVICE TARIFF

1.0 INTRODUCTION AND DEFINITIONS

This tariff is intended to provide the terms and conditions associated with Retail Access Service as well as provide information regarding the roles of the various market participants. This tariff includes the following sections:

Introduction and Definitions	Section 1.0
Customers	Section 2.0
Alternative Electric Suppliers (AESs)	Section 3.0
Dispute Resolution	Section 4.0
Liability	Section 5.0

In cases where a Customer chooses to participate in Retail Access Service and obtain Generation Service from an Alternative Electric Supplier (AES), the Company will maintain a relationship and interact with two separate participants -- the Customer and the AES.

1.1 The Customer Role

The Customer is the end-user of Power at one or more locations in the State of Michigan who has facilities connected to the Company's Distribution System**.** Under Retail Access Service, the Customer will conduct transactions with at least two participants - the Company and an AES. The decision to choose an AES or to remain on Company service will be made by the Customer.

The Customer must already be connected to the Company's Distribution System as a Full Requirements Service Customer or meet the requirements for new Customers connecting to the Company's Distribution System as defined in the Company's applicable tariffs and service rules.

1.2 The Supplier Role

An Alternative Electric Supplier (AES) is a Person that has been licensed to sell retail electricity in Michigan. AESs take title to Power and sell Power in Michigan's retail electric market.

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

Market participation responsibilities of the AES include: scheduling energy, obtaining and paying for transmission and ancillary services (including energy imbalance charges), and payment or provision of energy for losses incurred on the Transmission System and the Distribution System to deliver Power. The AES is responsible for assuring power supply, arranging deliveries to the Company's Distribution System and managing its own retail sales.

1.3 Definitions

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

"Commission" means the Michigan Public Service Commission.

"Company" means _____ or its agent.

"Customer" means, for purposes of Retail Access Service, a Person with electrical load facilities connected to the Company's Distribution System and to whom Power is delivered to its Location(s) pursuant to this tariff. All Customers, regardless of the voltage level of the service, are considered to be connected to the Company's Distribution System.

"Default Service" means Generation Service provided by the Company to Customers who are no longer being served by an AES for any number of reasons, in situations where the Customer is not eligible for Full Requirements Service.

"Demand" means the amount of Power required to meet the Customer's load at a given instant or averaged over any designated interval of time, expressed in kilowatts or megawatts.

"Distribution Point of Delivery" means the point of interconnection between the Company's Distribution System and the Customer's service Location.

"Distribution Point of Receipt" means the point of interconnection between the Company's Distribution System and the Transmission System or other facilities where electric Energy is received for delivery to a Customer.

"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.

"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 the highest ____-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 Company retail tariff. For Customers that do not have an Interval Demand Meter installed, the Company will determine the Maximum Demand utilizing the average load factor of the rate class of the Customer.

"Open Access Transmission Tariff (OATT)" means Open Access Transmission Tariff of a Person owning or controlling the Transmission System, on file with the Federal Energy Regulatory Commission, as amended from time to time.

"Person" means an individual, governmental body, corporation, partnership, association, or other legal entity.

"Power" means a combination of the electric Demand and Energy requirements of the Customer.

"Retail Access Service" means the service offered by the Company under applicable laws, regulations, tariffs and agreements, which allows the Customer to purchase Generation Service and transmission service from a licensed AES, with Power delivered through the Company's Distribution System.

"Regulated Electric Service" means the services offered by the Company under terms and conditions approved by the Commission.

"Settlement Invoice" means a detailed bill of all energy and ancillary services provided to an AES by the transmission service provider, control area operator, or the Company, as appropriate.

"*Settlement Statement*" means a reconciliation of the energy and ancillary services scheduled by the AES with those actually consumed or used by the AES and its Retail Access Service customers. The energy and ancillary services will be quantified in units generally accepted by the utility industry, e.g., energy will be measured in kilowatt-hours or megawatt-hours. Contents of the Settlement Statement will be suitable for the preparation of the Settlement Invoice, i.e.,

energy and ancillary services scheduled and used will be presented for discreet time periods such as hourly or 15-minute intervals.

"Slamming" means the act of changing the Customer's chosen AES, or changing the Customer from Full Requirements Service to Generation Service from an AES, without the Customer's consent.

"Switch" means a Customer move from one provider of Generation Service and transmission service to another.

"Switch Date" means the date on which the Customer is actually assigned to a new AES for purposes of Energy supply responsibility.

"Switch Request" means a request by an AES to switch a Customer from the Company or another AES to the requesting AES, for Generation Service.

"Switch Response" means a response sent by the Company to an AES which submitted a Switch Request that confirms the requested Customer switch as pending and provides certain Customer information or, if the Switch Request is denied, provides a reason or invalidation code explaining why the request was denied.

"Transition Charge" is a surcharge for the recovery of costs associated with the implementation of Retail Access Service and/or the Company's stranded costs arising from implementation of Retail Access Service.

"Transmission System" means facilities operated by a Person used for transmitting electric Power to the Distribution Point of Receipt, and subject to the jurisdiction of the Federal Energy Regulatory Commission.

"Uniform Data Transaction" means specific technical arrangements for trading information, initiating business requests and executing other common transactions. These arrangements may encompass a number of electronic media and use specified transport protocols.

2.0 CUSTOMER SECTION

2.1 Availability

Retail Access Service is available on and after January 1, 2002 to all existing or new Customers that meet the terms and conditions of this Retail Access Service tariff and other applicable Company tariffs, subject to contracting with an AES. The Company will begin to accept and process Switch Requests on and after January 1, 2002.

2.2 Eligibility

A Customer's eligibility to take Retail Access Service is subject to the full satisfaction of any terms or conditions imposed by pre-existing contracts with or tariffs of the Company. Customers must have satisfied any past due amounts for Regulated Electric Service owed to the Company under any other arrangements or provisions for Regulated Electric Service before taking service under this tariff

2.3 Customer Information

An AES must obtain written authorization from the Customer before the Company will provide an AES with a Customer's currently available usage and billing information. Customers will be provided their own usage and billing information upon request. No fee shall be charged for the first request per calendar year related to a specific Customer account. Subsequent requests will require a fee of $_____/account that will be billed to the Customer.

2.4 Customer Enrollment and Switching

2.4.1 A Customer will specify only one AES at any given time for the supply of Power to each Customer account or Customer Location.

2.4.2 The AES shall submit to the Company a Switch Request via a Uniform Data Transaction. The information required in the Switch Request for validation purposes shall be defined by the Company.

2.4.3 The Company will process one (1) valid Switch Request per Customer per meter reading cycle. Where multiple Switch Requests for the same Customer are received during the same meter reading cycle, the Company will process the first valid switch request received during a meter read cycle. A Switch Response for each rejected Switch Request will be sent to the appropriate AES via a Uniform Data Transaction within 3 business days.

2.4.4 Where the Customer has legal rights of rescission, the AES shall hold the Switch Request until the legal rescission period has expired. The Company's processing will not start until the legal rescission period is over.

2.4.5 The Company will normally validate a Switch Request within three (3) business days of the receipt of the Switch Request and will transmit a Switch Response to the AES. For valid Switch Requests, the Company will at the same time send to the AES currently serving the Customer, via the appropriate Uniform Data Transaction, notice that the AES's service is to be terminated, including the scheduled Customer Switch Date. In the event that the Customer or the new AES cancels the Switch before the Switch Date, the Company will send to the current AES, via appropriate Uniform Data Transaction, notice reinstating the current AES's service unless the current AES has submitted a valid Drop Request. Cut-off time for the receipt of Switch Requests is eight (8) business days in advance of the Customer's Switch Date. In the case of errors or omissions, final disposition of exceptions may take up to five (5) business days.

2.4.6 Customers shall be permitted to change AESs. The changes will become effective at the completion of their normal billing cycle. Customers will be assessed a fee of $_____ processing charge per Customer account for each change beyond 1 within a calendar year. The change will be submitted to the Company by the Customer's newly chosen AES as a Switch Request.

2.4.7 Other than in situations where Customers require new meter installations as part of a Switch, Customer Switches will be scheduled to take place on the scheduled meter reading date, and will be effective on the actual meter reading date or the date of an estimated meter reading for billing purposes. The Switch Date shall be effective on the next scheduled meter read date that is not less than eight (8) calendar days after a valid Switch Request has been confirmed by the Company. The AES change shall occur at midnight (00:00) local time at the beginning of the effective date.

2.4.8 The Company shall process Drop Requests submitted by AESs in the same manner as it processes Switch Requests. AESs shall be subject to the same timing and validation requirements for Drop Requests as for Switch Requests. An AES shall inform the Customer of the Drop Request.

2.4.9 For Customers required to have Interval Demand Meters, Retail Access Service will be subject to the Company installing an Interval Demand Meter at the Customer's expense and at the service location(s) designated for Retail Access Service. If the Customer is not required to have an Interval Data Meter, Retail Access Service is contingent upon the Customer agreeing to be subject to the load profiling method used by the Company to determine the Customer's interval load data or having the Company install an Interval Demand Meter at the Customer's expense.

2.5 Metering and Load Profiling

2.5.1 Metering equipment for Customers taking Retail Access Service shall be furnished, installed, read, maintained and owned by the Company. Customer accounts with a threshold of _____ or more that receive service under Retail Access Service

shall be required to have an Interval Demand Meter and associated incremental costs will be assessed to the Customer through a standard monthly fee by rate class.

The Company reserves the right to require the installation of an Interval Demand Meter for a Customer not meeting the criteria in Section 2.5.1 of this tariff at the Company's expense, for the purpose of determining the Customer's hourly load for settlement. The Customer will not be subject to a monthly fee for this service unless the growth in the Customer's load reaches or surpasses the criteria in Section 2.5.1 of this tariff.

2.5.2 For Customers required or who elect to have an Interval Demand Meter, the Company may require that the meter be read via telephone. In such cases, Customers may be required to provide telephone connection for purposes of meter interrogation by the Company. The Customer shall be responsible for all costs of the telephone connection.

If a Customer is not able to allow sharing of a telephone connection, the Customer may be required to obtain a separate telephone connection for such purposes and Customer shall pay all charges therewith. The Customer is responsible for assuring the performance of the telephone connection.

2.5.3 In cases where a telephone connection used by the Company for meter interrogation is out of service, the Company may retrieve the data manually for a nominal monthly fee of $_____ payable by the Customer. In the event that the telephone connection is out for three consecutive billing months, the Customer's Retail Access Service may be terminated and the Customer will be returned to service under the Company's Full Requirements Service tariffs subject to the provisions of Section 2.6, unless said outage is due to non-performance by the telecommunication service provider.

2.5.4 For Customers not required to have an Interval Demand Meter installed, i.e., subject to Load Profiling per section 2.5.7, when monthly metered Energy data is not available due to metering errors, malfunctions, or otherwise, the usage will be estimated by the Company using the procedure approved by the Commission under applicable rules and practices.

2.5.5 For Customers with Interval Demand Meters installed, i.e., not subject to Load Profiling requirements, where monthly metered Energy data is not available due to metering errors, malfunctions, or otherwise, the billing quantities will be estimated by the Company using the available historical data and other relevant information for the Customer.

2.5.6 Customers who choose Retail Access Service and who have Interval Demand Meters will have their Energy consumption and Demand for settlement purposes based on the data from the Interval Demand Meters. This method to calculate Energy consumption and Demand does not apply to those Customers who have an Interval Demand Meter installed by the Company solely for load research purposes.

2.5.7 Customers who choose Retail Access Service but do not meet the criteria in Section 2.5.1 of this tariff, will have, unless the Company has exercised its right to require an Interval Demand Meter under Section 2.5.1, the option to use a calculated Load Profile to estimate Energy consumption patterns. If a Customer chooses to install an Interval Demand Meter, that Customer will be assessed a standard monthly fee for the cost of the Interval Demand Meter and its installation.

2.5.7.1 The Company will determine the Load Profiles utilizing the system residual method. The Company reserves the right to modify or change the Load Profiling method after proper review and consideration by the Commission.

2.5.7.2 The system residual Load is calculated for each one (1) hour interval as the difference between the total measured or estimated system Load and the sum of the Interval Demand Metered Loads including losses and the deemed Loads including losses.

2.5.7.3 The Company may apply a deemed profile to some Loads with simple predictable use patterns, such as street lighting or irrigation. Deemed profiles are calculated by assuming on- and off-times each day and assuming constant Load when on.

2.6 Return to Full Requirements Service

2.6.1 A Customer may return to Full Requirements Service by providing at least six (6) months written notice of intent to do so and except as otherwise provided in this tariff may return on the same terms as any new Customer applying for Full Requirements Service. A Customer returning to Full Requirements Service must then remain on such service for a minimum term of twelve (12) months commencing with the end of Default Service. A Customer providing less than six (6) months written notice of its intent to return to Full Requirements Service will receive Default Service.

2.6.2 The six-month notice period commences with the beginning of the Customer's billing cycle following receipt of the Customer's written notice of intent to return to Full Requirements Service. Therefore, Default Service will only apply for the period before the Customer actually returns to Full Requirements Service. For example, if the Customer provided four months written notice of intent to return to Full Requirements Service, then the Customer will be served according to Default Service for the remaining two months of the required six-month notice period.

2.6.3 Subsequent to this six-month notice period, the applicable Full Requirements Service schedule would apply.

2.6.4 In the event that a Customer is slammed by an AES from Full Requirements Service and desires to return to Full Requirements Service, the Company will waive the six month notice and the twelve month minimum term requirements. The Company's Default Service does not apply to such Customers.

2.6.5 In the event a Customer is returned to Company service after being dropped by the AES or due to the bankruptcy of the AES, or upon the AES's complete withdrawal from the market, the Customer will be served under the Company's Default Service tariff. The Customer may return to Full Requirements Service under the provisions of 2.6.1 to 2.6.3 above.

2.7 Billing and Payment

2.7.1 The Company will bill the Customer for Retail Access Service as outlined in section 3.3 of this tariff.

2.7.2 The Customer shall pay the Company the amount billed by the Company on or before a due date established by Customer billing rules approved by the Commission in accordance with the Commission's consumer standards and billing practices, MCA R 460.2101 et seq., as amended, for residential customers, and MCA R 460.3901 et seq., as amended, for nonresidential customers.

2.7.3 Where incorrect billing results from a calculation error discovered by either the Company, the AES or the Customer, the error will be corrected and revised bills for the Customer and the AES will be calculated and settled on the next billing period after the error is discovered. Billing errors discovered by the Company shall be adjusted as provided for in the residential and commercial and industrial billing rules**.**

2.8 Disconnection of Service

2.8.1 The Company is the only Person allowed to physically shut off service to a Customer.

2.8.2 The Company will not disconnect a Customer who is current on the Company's bill for distribution services or who has executed a payment plan agreement with the Company but is delinquent on the AES's bill for Generation Service supplied to the Customer.

Disconnection of service to a Customer for nonpayment of the Company's bill or for any violation of the Company's tariffs shall be in accordance with applicable Commission rules and Company tariffs. The Company will provide notice to the AES of the intent to disconnect, and the date/time of actual disconnection. The Company shall not be liable for any losses to the AES due to disconnection.

3.0 ALTERNATIVE ELECTRIC SUPPLIER SECTION

3.1 Availability

The Company will not process a switch Request from an AES unless and until:

3.1.1 The AES has been granted a license as an electric Power provider by the Commission.

3.1.2 The AES has demonstrated creditworthiness as described in Section 3.5.

3.1.3 AES has complied with all applicable statutory and administrative requirements.

3.1.4 The AES has demonstrated Uniform Data Transaction capability, which meets the Company's defined standards and protocols.

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

3.1.6 The AES has obtained a valid agreement form the Customer, indicating that the Customer has chosen to Switch to the AES for Generation Service.

3.1.7 The AES has executed agreements with the appropriate transmission provider(s), control area(s) and ancillary services provider(s) as applicable.

3.2 Switch Requests

Service availability shall be on and after January 1, 2002 for all eligible Customers. All Switch Requests will be handled in accordance with Section 2.4 of this tariff, and will be accepted for processing by the Company on or after January 1, 2002.

3.3 Billing

3.3.1 Unless otherwise agreed, the Company and the AES will separately bill the Customer for the respective services provided by each. The Customer will receive two separate bills and is responsible for making payments to the Company for service provided in accordance with requirements of the Company as set forth in the applicable billing rules and Commission approved tariffs.

3.3.2 The Company may elect to offer a service where it bills the Customer for services that the Company provides as well as the services provided by an AES. When the Company bills for charges on behalf of an AES**,** the following conditions will apply:

A. The Company and the AES must have entered into a billing agreement which specifies the terms, conditions and charges under which such billing will occur.

B. Any discrepancies in charges collected and remitted will be corrected and reflected in the subsequent billing cycles.

C. Payments received from or on behalf of a Customer shall be applied in the following order:
   1. To the Company's past due and current distribution and distribution related charges,
   2. To the AES's past due and current Generation Service and transmission supply charges,
   3. To the Company's other charges, and
   4. To the AES's other charges.

D. Optional Services (i.e., billing and remittance processing, credit and collections, meter read information, Customer information, etc.) may be provided by the Company pursuant to terms negotiated with the AES, and shall be offered on a non-discriminatory basis.

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

F. The Company will not pursue collections action for any AES unless mutually agreed upon as an optional billable service.

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

3.4 Terms and Conditions of Service

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

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

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

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

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

3.4.6 The Company shall bill the AES for all associated switching fees incurred as a result of Slamming by the AES plus the actual administrative cost incurred for switching a Slammed Customer from one rate service to another.

3.4.7 An AES shall not resell Customer account information or transfer it to other parties for any purpose.

3.5 Creditworthiness

3.5.1 The AES must demonstrate and maintain current creditworthiness in an amount sufficient to cover anticipated charges for all services provided by the Company. Absent previous business interactions between the AES and the Company or where the business interactions between the AES and the Company span a time period less than three (3) years, the AES must provide to the Company a historical record, of up to three (3) years, documenting prompt and timely payment for all charges previously incurred with other business entities involved in the delivery of Power to a Customer whether in Michigan or another jurisdiction. The AES may provide alternative security or credit enhancement,

such as a letter of guarantee, letter of credit or prepayment. Affiliates of the Company are subject to these same requirements and must provide proof of creditworthiness consistent with the code of conduct approved by the Commission.

3.5.2 In order to avoid duplication of effort, if the Company has another electric tariff approved by the Commission or FERC that includes creditworthiness standards applicable to AESs, the AES may demonstrate and maintain creditworthiness under those standards.

3.5.3 The AES will notify the Company immediately of any material adverse change in the AES's financial condition that prevents the AES from meeting the creditworthiness conditions of this tariff.

3.6 Real Power Losses

The AES is responsible for replacing losses associated with the delivery of Power to the Customer's meter. The amount of power that the AES shall cause to be delivered to the Company's distribution system will be the amount of power delivered at the customer meter plus an amount to reflect the distribution system loss factors as set forth _____.

3.7 Settlement

3.7.1 The Company may produce a periodic preliminary Settlement Statement for the transmission service provider or control area operator, as appropriate, and each AES operating in the Company's distribution service territory. Periodic preliminary Settlement Statements may be issued every 1 to 7 days.

3.7.2 The Company shall produce a final monthly Settlement Statement for the transmission service provider or control area operator, as appropriate, and each AES operating in the Company's distribution service territory.

3.7.3 Final monthly Settlement Statements will be issued fifteen (15) calendar days following the completion of all scheduled meter reads for each billing cycle that begins in the calendar month of the settlement. In the event the fifteenth (15^{th}) calendar day falls on a weekend or holiday, the final monthly Settlement Statement will be issued on the following business day.

3.7.4 The periodic and final monthly Settlement Statements may be issued in paper format or electronically.

3.7.5 The transmission service provider, control area operator, or Company, as appropriate, shall prepare a monthly Settlement Invoice for each AES operating in the Company's distribution service territory based on items listed in the final monthly Settlement Statement and other services that may be provided by the transmission service provider, control area operator, or the Company.

3.7.6 Payment process for the Settlement Invoice shall be comprised of the following two-step process.

A. All Settlement Invoices with net funds owed by the AES are paid to the transmission service provider, control area operator, or the Company, as appropriate, by 1000 ____ Prevailing Time (PT) on the payment date, and

B. All Settlement Invoices with net funds owed to an AES shall be paid by 1400_____PT on the payment date.

3.7.7 In the event the AES does not remit full payment for the monthly Settlement Invoice, the transmission service provider, control area operator, or the Company, as appropriate, will initiate the following procedure:

3.7.7.1 The transmission service provider, control area operator, or the Company, as appropriate, will draw on any available line of credit or security posted by the AES to cover payment shortages.

3.7.7.2 The transmission service provider, control area operator or the Company, as appropriate, may cease scheduling additional energy deliveries for the AES and petition the Commission to de-certify the AES if, after executing any available line of credit or security posted, there is still insufficient funds available to pay in full the monthly Settlement Invoice.

3.7.8 Disputes between the transmission service provider, the control area operator, or the Company, where appropriate, and the AES regarding the final monthly Settlement Statement or the Settlement Invoice shall be resolved utilizing the procedure outlined in section 4.0 of this document.

A revised final monthly Settlement Statement and/or a revised Settlement Invoice will be issued when disputes are resolved or when data errors are corrected that result in a two (2) percent change or greater from the initial final Settlement Statement or initial Settlement Invoice. Resolved disputes or data errors that result in a change to the final monthly Settlement Statement or Settlement Invoice of less than two (2) percent shall be addressed in the next monthly Settlement Statement.

4.0 DISPUTE RESOLUTION

4.1 The Company shall have no duty or obligation to resolve any complaints or disputes between AESs and their Customers.

4.2 In the event the Customer or AES has a dispute over the implementation service provided under the transmission service provider's OATT, the dispute shall be resolved using the dispute resolution procedures as described in the appropriate transmission service provider's OATT section.

4.3 In the event the AES has a dispute over the implementation of the Company's Retail Access Service, then the AES shall provide the Company with a statement of the dispute and the proposed resolution to the designated Company contact. Upon receipt of the statement of dispute, the Company shall attempt to resolve the dispute according to the following process:

4.3.1 The Company will investigate the dispute and attempt to resolve the dispute informally in a manner that is satisfactory to both parties within 5 business days of initial receipt of the statement of dispute.

4.3.2 If the dispute is not resolved in five business days, the parties shall attempt to resolve the dispute by promptly appointing a senior representative of each party to attempt to mutually agree upon a resolution. The two senior representatives shall meet within ten (10) business days. If the two senior representatives cannot reach a resolution within a 30-day period, the dispute may, on demand of either party, be submitted to arbitration as provided in this section.

4.3.3 The dispute, if mutually agreed by the parties, may be submitted for resolution in accordance with the American Arbitration Association ("AAA") commercial arbitration rules. The judgement rendered by the arbitrator may be enforced in any court having jurisdiction of the subject matter and the parties.

4.3.4 The arbitrator may be determined by AAA.

4.3.5 The findings and award of the arbitrator shall be final and conclusive and shall be binding upon the parties, except as otherwise provided by law. Any award shall specify the manner and extent of the division of the costs between the parties.

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

5.0 LIABILITY

5.1 In no event will the Company, its affiliates, or its suppliers be liable under any cause of action relating to the subject matter of this tariff, whether based on contract, warranty, tort (including negligence), strict liability, indemnity or otherwise for any incidental or consequential damages including but not limited to loss of use, interest charges, inability to operate full capacity, lost profits or claims of AES or Customers.

5.2 The Company will not be liable to an AES or Customer for damages caused by interruption of service, voltage or frequency variations, single-phase supply to three-phase lines, reversal of phase rotation, or carrier-current frequencies imposed by the Company for system operations or equipment control except such as result from the failure of the Company to exercise reasonable care and skill in furnishing the service.

5.3 In no event will the Company be liable to the AES or Customer for loss of revenue or other losses due to meter or calculation errors or malfunctions. The Company's sole obligation and the AES and Customer's sole remedy will be for the Company to repair or replace the meter and prepare revised bills as described above.

ALPENA POWER COMPANY

Retail Access Service Tariff
Company-Specific Entries

This chart identifies the Retail Access Service Tariff sections where blanks occur for company-specific values to be inserted. The third column shows the variable entry to be applied for Alpena Power Company.

Tariff Section	Description	Entry
1.3	Company Name	Alpena Power Company
1.3	Maximum Demand Value	strike "the highest" prior to the blank and then insert "for Large Power, Large Industrial and Large Electric Furnace customers the highest 60-minute and for all other customers the highest 15"
2.3.1	Information Request Fee	$8.00
2.4.6	Switch Processing Change	$5.00
2.5.1	Interval Demand Meter Threshold	a Maximum Demand of 30 kW
2.5.3	Data Retrieval Fee	$15.00
3.6	Real Power Loss Factors	See Table Below
3.7.6A	Time Zone	Eastern
3.7.6B	Time Zone	E

Real Power Factors

The Real Power Loss Factors shall be based upon the voltage at which the Customers usage is meter in accordance with the following:

Voltage	Loss Factor
13.8 kV and above	2.44%
4.16 kV thru 13.2 kV (except where the transformation to 4.16 kV is directly from 13.2 kV)	4.87%
Below 4.16 kV (also 4.16 kV where the transformation to 4.16 kV is directly from 13.2 kV)	7.22%

ALPENA POWER COMPANY
CASE NO. U-12655

EXHIBIT A-___(SKM-4)

PROPOSED UNBUNDLED SERVICE SCHEDULES

Third Revised Sheet No. 15.00
Second Revised Sheet No. 15.01
Original Sheet No. 15.02
Second Revised Sheet No. 16.00
Second Revised Sheet No. 16.01
Original Sheet No. 16.02
Third Revised Sheet No. 17.00
Original Sheet No. 17.01
Third Revised Sheet No. 18.00
Second Revised Sheet No. 18.01
Second Revised Sheet No. 18.02
Second Revised Sheet No. 18.50
First Revised Sheet No. 18.51
First Revised Sheet No. 18.52
Original Sheet No. 18.53
Third Revised Sheet No. 19.00
Third Revised Sheet No. 19.01
Second Revised Sheet No. 19.02
Second Revised Sheet No. 19.03
First Revised Sheet No. 19.04
Original Sheet No. 19.05
Third Revised Sheet No. 20.00
Second Revised Sheet No. 20.01
Second Revised Sheet No. 20.02
First Revised Sheet No. 20.03

RESIDENTIAL SERVICE

Availability:

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

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

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

Nature of Service:

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

Customer Choice of Generation Service Provider:

A customer may choose to have its Generation Service provided by an Alternative Electric Supplier, under the terms and conditions applicable to Retail Access Service as delineated in Section IX, C. A customer whose Generation Service is provided by an AES is subject to the Distribution Charges shown below but is not subject to the Power Supply Charges shown below.

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

Monthly Rate:

Distribution Charges:

Customer Charge:

$4.00 per customer per month

Interval Demand Meter Surcharge:

$10.00 per customer per month

This surcharge applies only to customers whose Generation Service is provided by an AES and who elect to have their usage metered with an interval demand meter.

Energy Charge:

$0.03886 per kWh for all kWh

(Continued on Sheet No. 15.01)

RESIDENTIAL SERVICE
(Continued From Sheet No. 15.00)

Monthly Rate (Continued)

Power Supply Charges:

Energy Charge:

$0.03972 per kWh for all kWh

Power Supply Cost Recovery:

This rate is subject to the Company's Power Supply Cost Recovery Factors as shown on Sheet ***Nos.*** 14.03 and ***14.04***.

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

Minimum Charge:

The customer charge.

Customer Switching Service Charge:

$5.00 each time a customer switches between Generation Service providers. This includes switches from one AES to another, from the Company to an AES, and from an AES to the Company. The customer may switch Generation Service providers at the end of any billing month provided the notice requirements of Section IX, C, 2, d are met. The Customer Switching Service Charge shall not be applied for the first switch of each calendar year or at a time the customer returns to its immediately previous Generation Service provider because the customer was Slammed by an AES.

Due Date and Late Payment Charge:

The due date of the customer bill shall be 21 days from the date of transmittal. A late payment charge of 2%, not compounded, of the unpaid balance, net of taxes, shall be assessed to any bill which is delinquent. The late payment charge shall not apply to customers participating in the Winter Protection Plan described in Section V, F, 14.

Auxiliary Power Provision:

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

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

(Continued on Sheet No. 15.02)

RESIDENTIAL SERVICE
(Continued From Sheet No. 15.01)

Average Avoided Energy Cost:

Average Avoided Energy Cost is the average cost of Supplemental Energy, including both energy and capacity charges, billed to the Company by Consumers Energy Company, based on the rolling average of the six consecutive months ending on the last day of the second month prior to the month that purchases are made by the Company (e.g., the August billing month cost will be calculated using the avoided energy costs for the six months ending in June).

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

Rules and Regulations:

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

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 30 kW.

Nature of Service:

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

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

Customer Choice of Generation Service Provider:

A customer may choose to have its Generation Service provided by an Alternative Electric Supplier, under the terms and conditions applicable to Retail Access Service as delineated in Section IX, C. A customer whose Generation Service is provided by an AES is subject to the Distribution Charges shown below but is not subject to the Power Supply Charges shown below.

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

Monthly Rate:

Distribution Charges:

Customer Charge:

$6.75 per customer per month

Interval Demand Meter Surcharge:

$10.00 per customer per month

This surcharge applies only to customers whose Generation Service is provided by an AES and who elect to have their usage metered with an interval demand meter.

Energy Charge:

$0.04304 per kWh for all kWh

Power Supply Charges:

Energy Charge:

$0.03931 per kWh for all kWh

(Continued on Sheet No. 16.01)

GENERAL SERVICE
(Continued From Sheet No. 16.00)

Monthly Rate (Continued):

Power Supply Charges (Continued):

Power Supply Cost Recovery:

This rate is subject to the Company's Power Supply Cost Recovery Factors as shown on Sheet ***Nos.*** 14.03 and ***14.04***.

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

Minimum Charge:

The customer charge.

Customer Switching Service Charge:

$5.00 each time a customer switches between Generation Service providers. This includes switches from one AES to another, from the Company to an AES, and from an AES to the Company. The customer may switch Generation Service providers at the end of any billing month provided the notice requirements of Section IX, C, 2, d 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.

(Continued on Sheet No. 16.02)

GENERAL SERVICE
(Continued From Sheet No. 16.01)

Unmetered Service (Continued):

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

Auxiliary Power Provision:

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

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

Average Avoided Energy Cost:

Average Avoided Energy Cost is the average cost of Supplemental Energy, including both energy and capacity charges, billed to the Company by Consumers Energy Company, based on the rolling average of the six consecutive months ending on the last day of the second month prior to the month that purchases are made by the Company (e.g., the August billing month cost will be calculated using the avoided energy costs for the six months ending in June).

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

Rules and Regulations:

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

GENERAL SERVICE ELECTRIC HEAT

Availability:

Open to any existing commercial or existing industrial customer, whose premise was served prior to March 15, 1978 under this rate, desiring service for electric space heating furnished through a separate meter to which no other device, except electric air-conditioning equipment or electric water heater(s), may be connected and provided the customer has permanently installed and uses electric heating equipment as the primary source of space heating.

Nature of Service:

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

Customer Choice of Generation Service Provider:

A customer may choose to have its Generation Service provided by an Alternative Electric Supplier, under the terms and conditions applicable to Retail Access Service as delineated in Section IX, C. A customer whose Generation Service is provided by an AES is subject to the Distribution Charges shown below but is not subject to the Power Supply Charges shown below.

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

Monthly Rate:

Distribution Charges:

Customer Charge:

$4.00 per customer per month

Interval Demand Meter Surcharge:

$10.00 per customer per month

This surcharge applies only to customers whose Generation Service is provided by an AES and who elect to have their usage metered with an interval demand meter.

Energy Charge:

$0.02701 per kWh for all kWh

Power Supply Charges:

Energy Charge:

$0.03972 per kWh for all kWh

(Continued on Sheet No. 17.01)

GENERAL SERVICE ELECTRIC HEAT
(Continued From Sheet No. 17.00)

Monthly Rate (Continued):

Power Supply Charges (Continued):

Power Supply Cost Recovery:

This rate is subject to the Company's Power Supply Cost Recovery Factors as shown on Sheet ***Nos.*** 14.03 and ***14.04***.

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

Minimum Charge:

The customer charge.

Customer Switching Service Charge:

$5.00 each time a customer switches between Generation Service providers. This includes switches from one AES to another, from the Company to an AES, and from an AES to the Company. The customer may switch Generation Service providers at the end of any billing month provided the notice requirements of Section IX, C, 2, d are met. The Customer Switching Service Charge shall not be applied for the first switch of each calendar year or at a time the customer returns to its immediately previous Generation Service provider because the customer was Slammed by an AES.

Due Date and Late Payment Charge:

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

Rules and Regulations:

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

STANDARD POWER SERVICE

Availability:

Open to any customer desiring secondary or primary voltage service where the billing demand is at least 30 kW but less than 250 kW. This rate is not available for street lighting service or for resale purposes.

Nature of Service:

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

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

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

Customer Choice of Generation Service Provider:

A customer may choose to have its Generation Service provided by an Alternative Electric Supplier, under the terms and conditions applicable to Retail Access Service as delineated in Section IX, C. A customer whose Generation Service is provided by an AES is subject to the Distribution Charges shown below but is not subject to the Power Supply Charges shown below.

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

Monthly Rate:

Distribution Charges:

Customer Charge:

$25.00 per customer per month

Interval Demand Meter Surcharge:

$10.00 per customer per month

This surcharge applies only to customers whose Generation Service is provided by an AES.

Capacity Charge:

$8.42 per kW of billing demand.

(Continued on Sheet No. 18.01)

STANDARD POWER SERVICE
(Continued From Sheet No. 18.00)

Monthly Rate (Continued):

Power Supply Charges:

Capacity Charge:

$0.58 per kW of billing demand.

Energy Charge:

$0.03876 per kWh for the first 300 kWh per kW of billing demand,
$0.03276 per kWh for the excess kWh.

Power Supply Cost Recovery:

This rate is subject to the Company's Power Supply Cost Recovery Factors as shown on Sheet ***Nos.*** 14.03 and ***14.04***.

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 during the billing month, but not less than 50% of the highest billing demand of the preceding eleven months.

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

Adjustment for Power Factor:

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

Substation Ownership Credit:

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

Minimum Charge:

The customer charge plus the capacity charge.

(Continued on Sheet No. 18.02)

STANDARD POWER SERVICE
(Continued From Sheet No. 18.01)

Monthly Rate (Continued):

Customer Switching Service Charge:

$5.00 each time a customer switches between Generation Service providers. This includes switches from one AES to another, from the Company to an AES, and from an AES to the Company. The customer may switch Generation Service providers at the end of any billing month provided the notice requirements of Section IX, C, 2, d are met. The Customer Switching Service Charge shall not be applied for the first switch of each calendar year or at a time the customer returns to its immediately previous Generation Service provider because the customer was Slammed by an AES.

Due Date and Late Payment Charge:

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

Auxiliary Power Provision:

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

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

Average Avoided Energy Cost:

Average Avoided Energy Cost is the average cost of Supplemental Energy, including both energy and capacity charges, billed to the Company by Consumers Energy Company, based on the rolling average of the six consecutive months ending on the last day of the second month prior to the month that purchases are made by the Company (e.g., the August billing month cost will be calculated using the avoided energy costs for the six months ending in June).

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

Rules and Regulations:

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

LARGE POWER SERVICE

Availability:

Available to any customer where the capacity requirement is at least 250 kW but not more than 1,250 kW. This rate is not available for resale purposes.

Nature of Service:

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

Customer Choice of Generation Service Provider:

A customer may choose to have its Generation Service provided by an Alternative Electric Supplier, under the terms and conditions applicable to Retail Access Service as delineated in Section IX, C. A customer whose Generation Service is provided by an AES is subject to the Distribution Charges shown below but is not subject to the Power Supply Charges shown below.

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

Monthly Rate:

Distribution Charges:

Customer Charge:

$100.00 per month

Capacity Charge:

Maximum Demand Charge:

For service provided at 13,200 volts or higher nominal voltage:
$2.80 per kW of maximum demand

For service provided at less than 13,200 volts nominal voltage:
$4.20 per kW of maximum demand

On-Peak Billing Demand Charge:

For service provided at 13,200 volts or higher nominal voltage:
$4.79 per kW of on-peak billing demand

For service provided at less than 13,200 volts nominal voltage:
$4.88 per kW of on-peak billing demand

(Continued on Sheet No. 18.51)

LARGE POWER SERVICE

(Continued From Sheet No. 18.50)

Monthly Rate (Continued):

Power Supply Charges:

Capacity Charge:

On-Peak Billing Demand Charge:

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

$2.860 per kW of on-peak billing demand

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

$2.923 per kW of on-peak billing demand

Energy Charge:

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

$0.03595 per kWh for all kWh consumed during the on-peak period
$0.02995 per kWh for all kWh consumed during the off-peak period

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

$0.03667 per kWh for all kWh consumed during the on-peak period
$0.03067 per kWh for all kWh consumed during the off-peak period

Power Factor Charge:

$0.35 per excess kVar

Power Supply Cost Recovery:

This rate is subject to the Company's Power Supply Cost Recovery Factors as shown on Sheet ***Nos.*** 14.03 and ***14.04***.

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. 18.52)

LARGE POWER SERVICE

(Continued From Sheet No. 18.51)

Monthly Rate (Continued):

Maximum Demand:

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

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

Existing Customers:

Customers who switch to this rate from another rate shall have their demand history utilized in determining the minimum on-peak billing demand and maximum demand, until they have been on this rate for a full year.

Schedule of On-Peak and Off-Peak Hours:

The following schedule shall apply Monday through Friday (except holidays designated by the Company). Weekends and holidays are off-peak.

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

Holidays Designated by the Company:

The following are designated as holidays by the Company:

New Year's Day	Labor Day
The day Memorial Day is observed	Thanksgiving Day
Independence Day	Christmas Day

Power Factor:

This rate requires the metering of kilovar-hours during the billing period. Each month an excess kilovar amount will be calculated using the following method:

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

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

(Continued on Sheet No. 18.53)

LARGE POWER SERVICE

(Continued From Sheet No. 18.52)

Monthly Rate (Continued):

Billing Determinants:

All billing determinants shall be based upon recorded meter information.

Minimum Charge:

The capacity charge plus the customer charge.

Customer Switching Service Charge:

$5.00 each time a customer switches between Generation Service providers. This includes switches from one AES to another, from the Company to an AES, and from an AES to the Company. The customer may switch Generation Service providers at the end of any billing month provided the notice requirements of Section IX, C, 2, d are met. The Customer Switching Service Charge shall not be applied for the first switch of each calendar year or at a time the customer returns to its immediately previous Generation Service provider because the customer was Slammed by an AES.

Due Date and Late Payment Charge:

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

Rules and Regulations:

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

LARGE INDUSTRIAL SERVICE

Availability:

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

Nature of Service:

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

Term and Form of Contract:

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

Customer Choice of Generation Service Provider:

A customer may choose to have its Generation Service provided by an Alternative Electric Supplier, under the terms and conditions applicable to Retail Access Service as delineated in Section IX, C. A customer whose Generation Service is provided by an AES is subject to the Distribution Charges shown below but is not subject to the Power Supply Charges shown below.

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

Monthly Rate:

Distribution Charges:

Customer Charge:

$500.00 per month

Capacity Charge:

Maximum Demand Charge:

For service provided at 34,500 volts nominal voltage:
$0.880 per kW of maximum demand

For service provided at 13,800 volts nominal voltage:
$0.792 per kW of maximum demand

For service provided at 13,200 or lower volts nominal voltage:
$1.408 per kW of maximum demand

(Continued on Sheet No. 19.01)

LARGE INDUSTRIAL SERVICE
(Continued From Sheet No. 19.00)

Monthly Rate (Continued):

Distribution Charges (Continued):

Energy Charges (Continued):

On-Peak Billing Demand Charge:

For service provided at 34,500 volts nominal voltage:
$1.88 per kW of on-peak billing demand

For service provided at 13,800 volts nominal voltage:
$1.88 per kW of on-peak billing demand

For service provided at 13,200 volts or lower nominal voltage:
$1.94 per kW of on-peak billing demand

Power Supply Charges:

Capacity Charge:

On-Peak Billing Demand Charge:

For service provided at 34,500 volts nominal voltage:
$6.920 per kW of on-peak billing demand

For service provided at 13,800 volts nominal voltage:
$6.920 per kW of on-peak billing demand

For service provided at 13,200 volts or lower nominal voltage:
$7.036 per kW of on-peak billing demand

Energy Charge:

For service provided at 34,500 volts nominal voltage:
$0.02956 per kWh for all kWh consumed during the on-peak period
$0.02356 per kWh for all kWh consumed during the off-peak period

For service provided at 13,800 volts nominal voltage:
$0.02956 per kWh for all kWh consumed during the on-peak period
$0.02356 per kWh for all kWh consumed during the off-peak period

For service provided at 13,200 volts or lower nominal voltage:
$0.03015 per kWh for all kWh consumed during the on-peak period
$0.02415 per kWh for all kWh consumed during the off-peak period

Power Factor Charge:

$0.35 per excess kVar

(Continued on Sheet No. 19.02)

LARGE INDUSTRIAL SERVICE
(Continued From Sheet No. 19.01)

Monthly Rate (Continued):

Power Supply Charges (Continued):

Power Supply Cost Recovery:

This rate is subject to the Company's Power Supply Cost Recovery Factors as shown on Sheet ***Nos.*** 14.03 ***and 14.04***.

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

On-Peak Billing Demand:

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

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

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

Maximum Demand:

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

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

Existing Customers:

Customers who switch to this rate from another rate (including special contract rates) shall have their demand history utilized in determining the minimum on-peak billing demand and maximum demand, until they have been on this rate for a full year.

Schedule of On-Peak and Off-Peak Hours:

The following schedule shall apply Monday through Friday (except holidays designated by the Company). Weekends and holidays are off-peak.

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

Holidays Designated by the Company:

The following are designated as holidays by the Company:

New Year's Day
The day Memorial Day is observed
Independence Day
Labor Day
Thanksgiving Day
Christmas Day

(Continued on Sheet No. 19.03)

LARGE INDUSTRIAL SERVICE
(Continued From Sheet No. 19.02)

Monthly Rate (Continued):

Extension of Off-Peak Hours:

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

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

The total number of off-peak extended hours shall be limited to 60 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 60 hour limit, regardless of the Customer's actual load during such hours.

During extended off-peak hours the Customer's energy charge shall be computed using the on-peak energy rate. When computing the monthly on-peak billing demand, demands set during extended off-peak hours will not be considered.

Power Factor:

This rate requires the metering of kilovar-hours during the billing period. Each month an excess kilovar amount will be calculated using the following method:

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

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

(Continued on Sheet No. 19.04)

LARGE INDUSTRIAL SERVICE
(Continued From Sheet No. 19.03)

Monthly Rate (Continued):

Interruptible Load Discount:

A credit of $3.15 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 $3.00 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 $0.05 per kWh. Additionally the customer shall be billed at the rate of $50 per kW for the highest 60-minute kW demand created during the interruption period for all usage above the customer's firm demand, in addition to the prescribed monthly rate.

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

Billing Determinants:

All billing determinants shall be based upon recorded meter information.

Minimum Charge:

The capacity charge plus the customer charge.

Customer Switching Service Charge:

$5.00 each time a customer switches between Generation Service providers. This includes switches from one AES to another, from the Company to an AES, and from an AES to the Company. The customer may switch Generation Service providers at the end of any billing month provided the notice requirements of Section IX, C, 2, d 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.

(Continued on Sheet No. 19.05)

LARGE INDUSTRIAL SERVICE
(Continued From Sheet No. 19.04)

Monthly Rate (Continued):

Due Date and Late Payment Charge:

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

Rules and Regulations:

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

LARGE ELECTRIC FURNACE SERVICE

Availability:

Available to any customer desiring service for operation of electric furnaces for metal melting or the reduction of metallic ores, where the furnace capacity requirement is 500 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. The customer shall furnish, install and maintain all necessary furnace transformers or motor-generator sets and all necessary controlling and protective equipment for such transformers or motor-generator sets.

Term and Form of Contract:

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

Customer Choice of Generation Service Provider:

A customer may choose to have its Generation Service provided by an Alternative Electric Supplier, under the terms and conditions applicable to Retail Access Service as delineated in Section IX, C. A customer whose Generation Service is provided by an AES is subject to the Distribution Charges shown below but is not subject to the Power Supply Charges shown below.

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

Monthly Rate:

Distribution Charges:

Customer Charge:

$500.00 per month

Capacity Charge:

Maximum Demand Charge:

For service provided at 34,500 volts nominal voltage:
$0.28 per kW of maximum demand

On-Peak Billing Demand Charge:

For service provided at 34,500 volts nominal voltage:
$4.58 per kW of on-peak billing demand

(Continued on Sheet No. 20.01)

LARGE ELECTRIC FURNACE SERVICE
(Continued From Sheet No. 20.00)

Monthly Rate (Continued):

Power Supply Charges:

Capacity Charge:

On-Peak Billing Demand Charge:

For service provided at 34,500 volts nominal voltage:

$5.10 per kW of on-peak billing demand

Energy Charge:

For service provided at 34,500 volts nominal voltage:

$0.03141 per kWh for all kWh consumed during the on-peak period

$0.02241 per kWh for all kWh consumed during the off-peak period

Power Factor Charge:

$0.35 per excess kVar

Power Supply Cost Recovery:

This rate is subject to the Company's Power Supply Cost Recovery Factors as shown on Sheet ***Nos.*** 14.03 ***and 14.04***.

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

On-Peak Billing Demand:

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

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

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

Maximum Demand:

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

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

Existing Customers:

Customers who switch to this rate from another rate (including special contract rates) shall have their demand history utilized in determining the minimum on-peak billing demand and maximum demand, until they have been on this rate for a full year.

(Continued on Sheet No. 20.02)

LARGE ELECTRIC FURNACE SERVICE
(Continued From Sheet No. 20.01)

Monthly Rate (Continued):

Schedule of On-Peak and Off-Peak Hours:

The following schedule shall apply Monday through Friday (except holidays designated by the Company). Weekends and holidays are off-peak.

On-Peak Hours:	9:00 a.m. to 10:00 p.m.
Off-Peak Hours:	All other hours

Holidays Designated by the Company:

The following are designated as holidays by the Company:

New Year's Day	Labor Day
The day Memorial Day is observed	Thanksgiving Day
Independence Day	Christmas Day

Extension of Off-Peak Hours:

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

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

The total number of off-peak extended hours shall be limited to 60 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 60 hour limit, regardless of the Customer's actual load during such hours.

During extended off-peak hours the Customer's energy charge shall be computed using the on-peak energy rate. When computing the monthly on-peak billing demand, demands set during extended off-peak hours will not be considered.

(Continued on Sheet No. 20.03)

LARGE ELECTRIC FURNACE SERVICE
(Continued From Sheet No. 20.02)

Monthly Rate (Continued):

Power Factor:

This rate requires the metering of kilovar-hours during the billing period. Each month an excess kilovar amount will be calculated using the following method:

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

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

Billing Determinants:

All billing determinants shall be based upon recorded meter information.

Minimum Charge:

The capacity charge plus the customer charge.

Customer Switching Service Charge:

$5.00 each time a customer switches between Generation Service providers. This includes switches from one AES to another, from the Company to an AES, and from an AES to the Company. The customer may switch Generation Service providers at the end of any billing month provided the notice requirements of Section IX, C, 2, d are met. The Customer Switching Service Charge shall not be applied for the first switch of each calendar year or at a time the customer returns to its immediately previous Generation Service provider because the customer was Slammed by an AES.

Due Date and Late Payment Charge:

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

Rules and Regulations:

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

ALPENA POWER COMPANY
CASE NO. U-12655

EXHIBIT A-___(SKM-5)

COST OF SERVICE STUDY
POWER SUPPLY COMPONENT

	Cost of Service Study As of 12/31/00	Total Company	Residential	General Service	GS-Electric Heat	Standard Power	Large Power	Outdoor Lighting	Str & Hwy Lighting	Large Industrial	Large Electric Furnace	Experimental Primary Distr	Lafarge
	Purchased Power:												
#33	Energy Charge-Thunder Bay	1,195,834	380,835	126,980	2,080	187,518	172,928	4,524	434	279,860	40,675	0	0
#33	Demand Charge-Thunder Bay	1	1	0	0	0	0	0	0	0	0	0	0
	Total-Thunder Bay	1,195,835	380,836	126,980	2,080	187,518	172,928	4,524	434	279,860	40,675	0	0
#33	Energy Charge-Other	4,630,210	1,474,575	491,662	8,053	726,059	669,567	17,517	1,682	1,083,604	157,491	0	0
#7	Demand Charge-Other	4,141,388	1,417,698	461,528	8,046	697,772	635,854	13,060	1,283	858,222	47,925	0	0
DIR	Allocated to Lafarge	1,514,167	0	0	0	0	0	0	0	0	0	0	1,514,167
	Total-Other	10,285,765	2,892,273	953,190	16,099	1,423,831	1,305,421	30,577	2,965	1,941,826	205,416	0	1,514,167
	Total Production	11,481,600	3,273,109	1,080,170	18,179	1,611,349	1,478,349	35,101	3,399	2,221,686	246,091	0	1,514,167
	Power Supply (excluding Lafarge)	9,967,433	3,273,109	1,080,170	18,179	1,611,349	1,478,349	35,101	3,399	2,221,686	246,091		
	Sales in KWH	262,300,000	82,402,158	27,475,000	450,000	40,600,000	37,800,000	978,870	93,972	63,300,000	9,200,000		
	Power Supply Component	38.00	39.72	39.31	40.40	39.69	39.11	35.86	36.17	35.10	26.75		

Case No. U-12655
Exhibit A-___(SKM-6)

ALPENA POWER COMPANY

REVENUE CALCULATIONS BY RATE SCHEDULES

CURRENT RATE/UNBUNDLED RATE

AS OF JANUARY 1, 2002

Case No. U-12655
Exhibit A-___(SKM-6)
Schedule 1

ALPENA POWER COMPANY
Revenue Calculations By Rate Schedules
Current Rate/Unbundled Rate
As of January 1, 2002
Residential Service

Line No.	(A) Description	(B) Units	(C) Present Rate Rate	(D) Amount	(E) Units	(F) Proposed Rate Rate	(G) Amount
1	Customer Charge	160,860	4.00	643,440	160,860	4.00	643,440
2	Energy Charge	82,402,158	0.07858	6,475,162	82,402,158	0.03886	3,202,148
3	Total Distribution Charge						3,845,588
4	Power Supply Charge				82,402,158	0.03972	3,273,014
5	PSCR Factor	82,402,158	0.00000	0	82,402,158	0.00000	0
6	Total Power Supply				82,402,158	0.03972	3,273,014
7	Total Charges			7,118,602			7,118,602
8	Net Change						0

Case No. U-12655
Exhibit A-___(SKM-6)
Schedule 2

ALPENA POWER COMPANY
Revenue Calculations By Rate Schedules
Current Rate/Unbundled Rate
As of January 1, 2002
General Service

Line No.	(A) Description	(B) Units	(C) Present Rate Rate	(D) Amount	(E) Units	(F) Proposed Rate Rate	(G) Amount
1	Customer Charge	20,826	6.75	140,576	20,826	6.75	140,576
2	Energy Charge	27,475,000	0.08235	2,262,566	27,475,000	0.04304	1,182,524
3	Total Distribution Charge						1,323,100
4	Power Supply Charge				27,475,000	0.03931	1,080,042
5	PSCR Factor	27,475,000	0.00000	0	27,475,000	0.00000	0
6	Total Power Supply				27,475,000	0.03931	1,080,042
7	Total Charges			2,403,142			2,403,142
8	Net Change						0

Case No. U-12655
Exhibit A-___(SKM-6)
Schedule 3

ALPENA POWER COMPANY
Revenue Calculations By Rate Schedules
Current Rate/Unbundled Rate
As of January 1, 2002
General Service - Electric Heat

Line No.	(A) Description	(B) Units	(C) Present Rate Rate	(D) Amount	(E) Units	(F) Proposed Rate Rate	(G) Amount
1	Customer Charge	96	4.00	384	96	4.00	384
2	Energy Charge	450,000	0.06741	30,335	450,000	0.02701	12,155
3	Total Distribution Charge						12,539
4	Power Supply Charge				450,000	0.04040	18,180
5	PSCR Factor	450,000	0.00000	0	450,000	0.00000	0
6	Total Power Supply				450,000	0.04040	18,180
7	Total Charges			30,719			30,719
8	Net Change						0

Case No. U-12655
Exhibit A-___(SKM-6)
Schedule 4

ALPENA POWER COMPANY
Revenue Calculations By Rate Schedules
Current Rate/Unbundled Rate
As of January 1, 2002
Standard Power

Line No.	(A) Description	(B) Present Rate Units	(C) Present Rate Rate	(D) Present Rate Amount	(E) Proposed Rate Units	(F) Proposed Rate Rate	(G) Proposed Rate Amount
1	Customer Charge	2,406	25.00	60,150	2,406	25.00	60,150
2	First 300 kWh/kW	34,250,000	0.03876	1,327,530			
3	Excess kWh	6,350,000	0.03276	208,026			
4	Total Energy	40,600,000	0.03782	1,535,556	40,600,000	0.00000	0
5	Capacity	134,000	9.000	1,206,000	134,000	8.420	1,128,280
6	Substation Credit	39,390	-3.0%	-1,182	36,852	-3.0%	-1,106
7	Primary Meter Credit	141,955	-2.0%	-2,839	58,421	-2.0%	-1,168
8	Power Factor Charge			519			486
9	Total Distribution	40,600,000	0.06892	2,798,204	40,600,000	0.02923	1,186,642
10	Power Supply Charge:						
11	First 300 kWh/kW				34,250,000	0.03876	1,327,530
12	Excess kWh				6,350,000	0.03276	208,026
13	Total Energy				40,600,000	0.03782	1,535,556
14	Capacity				134,000	0.580	77,720
15	Substation Credit				2,538	-3.0%	-76
16	Primary Meter Credit				83,534	-2.0%	-1,671
17	Power Factor Charge						33
18	PSCR Factor	40,600,000	0.00000	0	40,600,000	0.00000	0
19	Total Power Supply				40,600,000	0.03969	1,611,562
20	Total Charges			2,798,204			2,798,204
21	Net Change						0

Case No. U-12655
Exhibit A-___(SKM-6)
Schedule 5

ALPENA POWER COMPANY
Revenue Calculations By Rate Schedules
Current Rate/Unbundled Rate
As of January 1, 2002
Large Power

Line No.	(A) Description	(B) Present Rate Units	(C) Present Rate Rate	(D) Present Rate Amount	(E) Proposed Rate Units	(F) Proposed Rate Rate	(G) Proposed Rate Amount
1	Customer Charge	226	100.00	22,600	226	100.00	22,600
2	On-Peak-13.8kV	8,950,000	0.03595	321,753			
3	On-Peak-480V	6,950,000	0.03667	254,857			
4	Off-Peak-13.8kV	12,775,000	0.02995	382,611			
5	Off-Peak-480V	9,125,000	0.03067	279,864			
6	Total Energy	37,800,000	0.03278	1,239,085	37,800,000	0.00000	0
7	Maximum Demand 13.8kV	44,500	2.800	124,600	44,500	2.800	124,600
8	Maximum Demand 480V	53,500	4.200	224,700	53,500	4.200	224,700
9	On-Peak Demand 13.8kV	46,150	7.650	353,048	46,150	4.790	221,059
10	On-Peak Demand 480V	36,150	7.803	282,078	36,150	4.880	176,412
11	Kvar Charge	4,927	0.350	1,724			
12	Total Distribution	37,800,000	0.05947	2,247,835	37,800,000	0.02035	769,371
13	Power Supply Charge:						
14	On-Peak-13.8kV				8,950,000	0.03595	321,753
15	On-Peak-480V				6,950,000	0.03667	254,857
16	Off-Peak-13.8kV				12,775,000	0.02995	382,611
17	Off-Peak-480V				9,125,000	0.03067	279,864
18	Total Energy				37,800,000	0.03278	1,239,085
19	On-Peak Demand 13.8kV				46,150	2.860	131,989
20	On-Peak Demand 480V				36,150	2.923	105,666
21	Kvar Charge				4,927	0.350	1,724
22	PSCR Factor	37,800,000	0.00000	0	37,800,000	0.00000	0
23	Total Power Supply				37,800,000	0.03911	1,478,464
24	Total Charges			2,247,835			2,247,835
25	Net Change						0

Case No. U-12655
Exhibit A-___(SKM-6)
Schedule 6

ALPENA POWER COMPANY
Revenue Calculations By Rate Schedules
Current Rate/Unbundled Rate
As of January 1, 2002
Large Industrial

Line No.	(A) Description	(B) Units	(C) Present Rate Rate	(D) Amount	(E) Units	(F) Proposed Rate Rate	(G) Amount
1	Customer Charge	36	500.00	18,000	36	500.00	18,000
2	On-Peak-34.5kV	19,675,000	0.02956	581,593			
3	On-Peak-13.8kV	0	0.02956	0			
4	On-Peak-4.16kV	3,275,000	0.03015	98,741			
5	Off-Peak-34.5kV	36,625,000	0.02356	862,885			
6	Off-Peak-13.8kV	0	0.02356	0			
7	Off-Peak-4.16kV	3,725,000	0.02415	89,959			
8	Total Energy	63,300,000	0.025801	1,633,178	63,300,000	0.00000	0
9	Maximum Demand 34.5kV	175,202	0.880	154,178	175,202	0.880	154,178
10	Maximum Demand 13.8kV	0	0.792	0	0	0.792	0
11	Maximum Demand 4.16kV	16,610	1.408	23,387	16,610	1.408	23,387
12	On-Peak Demand 34.5kV	127,474	8.800	1,121,771	127,474	1.880	239,651
13	On-Peak Demand 13.8kV	0	8.800	0	0	1.880	0
14	On-Peak Demand 4.16kV	15,303	8.976	137,360	15,303	1.940	29,688
15	Interruptible Discount	127,474	-3.150	-401,543			
16	Kvar Charge	1,633	0.350	572			
17	Total Distribution	63,300,000	0.04245	2,686,903	63,300,000	0.00734	464,904
18	Power Supply Charge:						
19	On-Peak-34.5kV				19,675,000	0.02956	581,593
20	On-Peak-13.8kV				0	0.02956	0
21	On-Peak-4.16kV				3,275,000	0.03015	98,741
22	Off-Peak-34.5kV				36,625,000	0.02356	862,885
23	Off-Peak-13.8kV				0	0.02356	0
24	Off-Peak-4.16kV				3,725,000	0.02415	89,959
25	Total Energy				63,300,000	0.02580	1,633,178
26	On-Peak Demand 34.5kV				127,474	6.920	882,120
27	On-Peak Demand 13.8kV				0	6.920	0
28	On-Peak Demand 4.16kV				15,303	7.036	107,672
29	Interruptible Discount				127,474	-3.150	-401,543
30	Kvar Charge				1,633	0.350	572
31	PSCR Factor	63,300,000	0.00000	0	63,300,000	0.00000	0
32	Total Power Supply				63,300,000	0.03510	2,221,999
33	Total Charges			2,686,903			2,686,903
34	Net Change						0

Case No. U-12655
Exhibit A-___(SKM-6)
Schedule 7

ALPENA POWER COMPANY
Revenue Calculations By Rate Schedules
Current Rate/Unbundled Rate
As of January 1, 2002
Large Electric Furnace

Line No.	(A) Description	(B) Present Rate Units	(C) Present Rate Rate	(D) Present Rate Amount	(E) Proposed Rate Units	(F) Proposed Rate Rate	(G) Proposed Rate Amount
1	Customer Charge	12	500.00	6,000	12	500.00	6,000
2	On-Peak-34.5kV	1,160,000	0.03141	36,436			
3	Off-Peak-34.5kV	8,040,000	0.02241	180,176			
4	Total Energy	9,200,000	0.023545	216,612	9,200,000	0.00000	0
5	Maximum Demand 34.5kV	62,707	0.280	17,558	62,707	0.280	17,558
6	On-Peak Demand 34.5kV	5,850	9.680	56,628	5,850	4.580	26,793
7	Kvar Charge	-1,122	0.350	-393			
8	Total Distribution	9,200,000	0.03222	296,405	9,200,000	0.00547	50,351
9	Power Supply Charge:						
10	On-Peak-34.5kV				1,160,000	0.03141	36,436
11	Off-Peak-34.5kV				8,040,000	0.02241	180,176
12	Total Energy				9,200,000	0.02354	216,612
13	On-Peak Demand 34.5kV				5,850	5.100	29,835
14	Kvar Charge				-1,122	0.350	-393
15	PSCR Factor	9,200,000	0.00000	0	9,200,000	0.00000	0
16	Total Power Supply				9,200,000	0.02675	246,054
17	Total Charges			296,405			296,405
18	Net Change						0

ALPENA POWER COMPANY
CASE NO. U-12655

EXHIBIT A-___(SKM-7)

PROPOSED MISCELLANEOUS TARIFF SHEETS

Second Revised Sheet No. 5.01
Second Revised Sheet No. 11.01
First Revised Sheet No. 12.06
First Revised Sheet No. 12.07
First Revised Sheet No. 12.08
Original Sheet No. 28.00
Original Sheet No. 29.00
Original Sheet No. 29.01
Original Sheet No. 30.00

DEFINITIONS, TECHNICAL TERMS AND ABBREVIATIONS
Continued

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

STANDARD RULES AND REGULATIONS

SECTION VI - COMMERCIAL AND INDUSTRIAL STANDARDS AND BILLING PRACTICES

A. CUSTOMER DEPOSITS

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

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

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

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

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

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

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

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

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

b. Service has been shut off for nonpayment.

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

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

STANDARD RULES AND REGULATIONS

SECTION VII,B,2,a (Continued)

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

b. CHARGES - When the estimated cost of construction of such facilities exceeds the Company's maximum initial investment as defined in Paragraph a, the applicant shall be required to make a refundable construction advance for the entire amount of such excess construction costs. Owners or developers of mobile home parks shall be required to make a refundable construction advance for the entire amount of the estimated cost of construction. These refundable construction advances are subject to the refund provisions of Paragraph c.

c. REFUNDS - During the five (5) year period immediately following the date the line extension is completed, the Company shall make refunds of the refundable construction advance paid for a financed line extension. The total refund shall not exceed the total refundable construction advance. The refundable construction advance shall not bear interest. Such refunds shall be computed as follows:

(1) ORIGINAL CUSTOMER - At the end of the first complete 12-month billing period immediately following the date of completion of the line extension, the Company shall compute a revised initial investment based on two (2) times the actual ***distribution charge*** revenue provided by the original customer in the 12-month billing period. Any amount by which twice the actual annual ***distribution charge*** revenue exceeds the Company's initial investment, as defined in Paragraph a, shall be made available for refund to the original customer.

(2) ADDITIONAL NEW CUSTOMERS - Refunds for additional new customers directly connected to the financed extension during the refund period shall be made as follows:

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

STANDARD RULES AND REGULATIONS

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

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

3. **SERVICE EXTENSIONS TO LOADS OF QUESTIONABLE PERMANENCE** - When service is requested for loads of questionable permanence, such as, but not limited to, saw mills, mixer plants, gravel pits, oil wells, oil facilities, etc., the Company will install, own, operate and maintain all distribution facilities up to the point of attachment to the customer's service equipment subject to the following:

   a. **CHARGES** - Prior to commencement of construction, the customer shall make a refundable construction advance with the Company in the amount of the Company's estimated construction and removal costs less estimated cost of salvage. Such estimates shall include the cost of extending the Company's distribution facilities and of increasing capacity of its existing facilities to serve the customer's load.

   b. **REFUNDS** - During the five year period immediately following the date the line extension is completed, the Company shall make refunds of the refundable construction advance. The total refund shall not exceed the total refundable construction advance. The refundable construction advance shall not bear interest. Such refunds shall be computed as follows:

      (1) At the end of each billing year for the first four years the lesser of 20% of the original refundable construction advance or 20% of the annual ***distribution charge*** revenue shall be refunded.

      (2) At the end of the five year refund period the refund shall be computed as follows:

STANDARD RULES AND REGULATIONS

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

(a) If at the end of the five year refund period, the total ***distribution charge*** revenue for the five year period is equal to or greater than five times the original refundable construction advance, the balance of the original refundable construction advance shall be refunded.

(b) If (a) is not applicable, the refund for the fifth year shall be calculated in accordance with Subparagraph (1) above.

C. UNDERGROUND SERVICE POLICY

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

a. GENERAL POLICY - The general policy of the Company is that real estate developers, property owners or other applicants for underground service shall make a non-refundable contribution in aid of construction to the Company in an amount equal to the estimated difference in cost between underground and equivalent overhead facilities. Methods for determining this cost differential for specific classifications of service are provided herein. In cases where the nature of service or the construction conditions are such that these provisions are not applicable, the general policy stated above shall apply.

b. CONTRIBUTION - Prior to commencement of construction, the applicant shall make a non-refundable contribution in aid of construction as required by these underground service rules plus a refundable construction advance based on the Company's overhead extension policy. Refunds shall be based on the overhead extension refund policy and shall apply only to the refundable construction advance.

c. UNDERGROUND SERVICE REQUIRED - Existing rules issued by the Michigan Public Service Commission require that distribution facilities in all new residential subdivision and existing residential subdivisions in which electric distribution facilities have not already been constructed shall be placed underground, except that a lot facing a previously existing street or county road and having an existing overhead distribution line on its side of the street or county road shall be served with an

REACTIVE SUPPLY SERVICE

Availability:

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

Nature of Service:

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

Monthly Rate:

Reactive Supply Charge:

$0.080 per kW of aggregated maximum demand.

Aggregated Maximum Demand:

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

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

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

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

Due Date and Late Payment Charge:

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

Rules and Regulations:

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

ENERGY IMBALANCE SERVICE

Availability:

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

Nature of Service:

Energy Imbalance Service is provided by the Company when a difference occurs between the energy actually received at the Distribution Point of Receipt and the energy actually delivered to the Distribution Point of Delivery (adjusted for distribution losses) over a single hour. In hours when the energy received is less than the energy delivered (adjusted for distribution losses) the Company will supply the difference. In hours when the energy received is greater than the energy delivered (adjusted for distribution losses) the Company will absorb the difference.

Monthly Rate:

Energy Imbalance Charge:

The energy imbalance charge shall be calculated for each hour that an imbalance occurs as follows:

For hours that the energy received is less than the energy delivered:

A charge to the AES of 110% of the Company's Incremental Power Cost Rate on an hourly basis applied to the hourly usage (adjusted for distribution losses).

For hours that the energy received is greater than the energy delivered:

A credit to the AES of 90% of the Company's Avoided Cost Rate on an hourly basis applied to the hourly usage (adjusted for distribution losses).

Incremental Power Cost Rate:

The Incremental Power Cost Rate shall be the hourly cost rate of Supplemental Power, including energy and capacity charges, under the Company's September 19, 1994 contract with Consumers Energy, as amended.

(Continued on Sheet No. 29.01)

ENERGY IMBALANCE SERVICE
(Continued From Sheet No. 29.00)

Monthly Rate (Continued):

Avoided Cost Rate:

The Avoided Cost Rate shall be as follows:

For hours when the Company actually purchases Supplemental Power from Consumers Energy:

The hourly cost rate of Supplemental Power, including energy and capacity charges, under the Company's September 19, 1994 contract with Consumers Energy, as amended.

For hours when the Company does not actually purchase Supplemental Power from Consumers Energy:

The lesser of 1) the hourly energy cost rate of Firm Power, and 2) the hourly energy cost rate of Supplemental Power, both under the Company's September 19, 1994 contract with Consumers Energy, as amended.

Due Date and Late Payment Charge:

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

Rules and Regulations:

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

DEFAULT SUPPLY SERVICE

Availability:

This service is mandatory, for the period that begins with the Company's provision of Generation Service and ends with the first regular scheduled meter reading after the expiration of the six month notice requirement of Section IX, C, 2, f, for any customer, who has previously chosen to utilize an AES, that requests that the Company provide Generation Service.

This service does not apply and is not available to any customer who has provided the six-month notice requirement of Section IX, C, 2, f. This service also does not apply and is not available to any customer who was Slammed.

The Company will provide this service on a best-efforts basis and is not required to build or purchase new capacity or interrupt customers receiving firm service to provide service under this rate.

Nature of Service:

The Company will provide, if available, Generation Service to meet the customer's load. The Generation Service supplied will include applicable distribution losses.

Monthly Rate:

Default Supply Service Charge:

The default supply service charge shall be calculated for each hour utilizing the greater of:

1. The Power Supply Energy Charge rate (under the applicable Full Requirements Service rate for the customer) applied to the hourly usage (excluding distribution losses), or
2. 110% of the Company's Incremental Power Cost Rate on an hourly basis applied to the hourly usage (including distribution losses).

Incremental Power Cost Rate:

The Incremental Power Cost Rate shall be the hourly cost rate of Supplemental Power, including energy and capacity charges, under the Company's September 19, 1994 contract with Consumers Energy, as amended.

Due Date and Late Payment Charge:

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

Rules and Regulations:

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

Case No. U-12655
Exhibit A-___(SKM-8)

ALPENA POWER COMPANY
KVar Charge Calculation

KW Maximum Demand		1
Conversion Factor for 88.3% Power Fact (2000 System Average)	x	0.53152
KVar Max Demand		0.532
Load Factor - 2000 System Average	x	60.3%
Average kVar		0.321
Monthly Price per kVar (per contract)	x	$ 0.2496
Monthly kVar Cost per KW Max Demand		$ 0.080

GILLARD, BAUER, MAZRUM, FLORIP, SMIGELSKI, & GULDEN
ATTORNEYS AT LAW
109 E. CHISHOLM STREET
ALPENA, MICHIGAN 49707
(517) 356-3444
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WILLIAM S. SMIGELSKI
TIMOTHY M. GULDEN
JOHN E. FITZGERALD
MATTHEW O. GILLARD

JOEL W. GILLARD
(1944 - 1997)

June 5, 2001

Ms. Dorothy Wideman
Executive Secretary
Michigan Public Service Commission
6545 Mercantile Way
Lansing, MI 48911

RE: Alpena Power Company
Case No. U-12655

Dear Ms. Wideman:

Enclosed for tiling please find a Proof of Service in the above matter. This Proof is also being tiled electronically.

Very truly yours,

James D. Florip

JDF:jrm

Enc.

cc: S. Mitchell
All Parties of Record

S T A T E O F M I C H I G A N

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the application of	)	
ALPENA POWER COMPANY	)	**Case No. U-12655**
for approval of its plan to	)	
implement 2000 PA 141	)	
	)	

PROOF OF SERVICE

Janet R. Misiak, being first duly sworn, deposes and states that on the 5th day of June, 2001, she served a copy of **Supplemental Testimony of Steven K. Mitchell On Behalf of: Alpena Power Company** upon the following persons:

Larry Watterworth
Assistant Attorney General
Public Service Division
6545 Mercantile Way, Ste. 15
Lansing, MI 48911

Brian Coyer
Knaggs, Harter, Brake & Schneider, P.C.
1375 S. Washington Ave., Ste. 300
Lansing, MI 48910

Richard J. Aaron
Honigman, Miller, Schwartz & Cohn
222 N. Washington Sq., Ste. 400
Lansing, MI 48933

Harvey J. Messing
Sherri A. Wellman
Loomis, Ewert, Parsley, David & Gotting
232 S. Capitol Ave., Ste. 1000
Lansing, MI 48933

Christine M. Soneral
Dykema Gossett
800 Michigan National Tower
Lansing, MI 48933

by First Class Mail with proper postage affixed thereto

Janet R. Misiak

Janet R. Misiak

Subscribed and sworn to before me
this 5th day of June, 200 1.

Patricia D. Hiske, Notary Public
Alpena County, Michigan
My commission expires: 06-28-2002