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NOV 19 2002

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November 12, 2002

RECEIVED
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MICHIGAN PUBLIC SERVICE COMMISSION
ADMINISTRATIVE LAW JUDGE
LANSING, MICH.

Hon. Daniel E. Nickerson, Jr.
Administrative Law Judge
Michigan Public Service Commission
6545 Mercantile Way, Ste. 14
Lansing, MI 48911

Re: Case No. U-12656
Cloverland Restructuring Proceeding
Executed Settlement Package

Dear Judge Nickerson:

This is to advise that the parties have entered into a settlement agreement in the above-referenced matter — and a copy of the executed settlement agreement and draft order are attached.

In view of the fact that there has already been a prehearing conference in this matter, Assistant Attorney General Nickerson and I suggest that no further hearings be required — and that you forward the attached to the Commission for formal issuance (assuming that the package is acceptable to you).

On behalf of Assistant Attorney General Nickerson and me, thank you for your patience and courtesies in this matter. If there are questions or comments, do not hesitate to contact Assistant Attorney General Nickerson or me.

Sincerely,

DYKEMA GOSSETT PLLC

Christine Mason Soneral

CMS/jmb
Enclosures
cc: Don Wozniak
Tom Anderson
Michael A. Nickerson

NOV 19 2002

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

* * * * *

In the matter of Cloverland Electric Cooperative's compliance filing relative to the restructuring plan required by 2000 PA 141 and the Commission's June 19, 2000 opinion and order in Case No. U-12464.	**Case No. U-12656**
In the matter of Midwest Energy Cooperative's compliance filing relative to the restructuring plan required by 2000 PA 141 and the Commission's June 19, 2000 opinion and order in Case No. U-12464.	**Case No. U-12657**
In the matter of Cherryland Electric Cooperative's compliance filing relative to the restructuring plan required by 2000 PA 141 and the Commission's June 19, 2000 opinion and order in Case No. U-12464.	**Case No. U-12658**
In the matter of Great Lakes Energy Cooperative's compliance filing relative to the restructuring plan required by 2000 PA 141 and the Commission's June 19, 2000 opinion and order in Case No. U-12464.	**Case No. U-12659**
In the matter of Presque Isle Electric & Gas Co-op's compliance filing relative to the restructuring plan required by 2000 PA 141 and the Commission's June 19, 2000 opinion and order in Case No. U-12464.	**Case No. U-12660**
In the matter of HomeWorks Tri-County Electric Cooperative's compliance filing relative to the restructuring plan required by 2000 PA 141 and the Commission's June 19, 2000 opinion and order in Case No. U-12464.	**Case No. U-12661**

SETTLEMENT AGREEMENT

1 The signatories, parties to one or more of the captioned cases, by their respective counsel,

2 enter into this Settlement Agreement ("Agreement") to be filed in each docket.

RECITALS

The following recitals are accepted by all signatories and are included in this Agreement to establish the procedural and factual framework for the Agreement set forth below:

A. The captioned cases are being conducted pursuant to Michigan's Customer Choice and Electric Reliability Act ("Act 141"), 2000 PA 141, MCL 460.10-460.10bb. The captioned cases specifically address the implementation of Sections 10a(1) and 10x(1) of Act 141, which provide as follows:

> Sec. 10a (1) No later than January 1, 2002, the Commission shall issue orders establishing the rates, terms, and conditions of service that allow all retail customers of an electric utility or providers to choose an alternative electric supplier. The orders shall provide for full recovery of a utility's net stranded costs and implementation costs as determined by the Commission.
>
> * * *
>
> Sec. 10x (1) The commission shall not require a cooperative electric utility to provide retail customers the ability to choose an alternative electric supplier before January 1, 2005, nor unbundle its rates as required under section 10b before July 1, 2004. Any retail customer of a cooperative with a peak load of 1 megawatt or greater shall be provided the opportunity to choose an alternative electric supplier no later than January 1, 2002.

B. On June, 19, 2000, the Michigan Public Service Commission ("Commission") issued its order in Case No. U-12464 requiring each cooperative utility with any member having a peak load of one megawatt or more ("1 MW members") to file, no later than October 2, 2000, a restructuring plan in compliance with 2000 PA 141 to permit such 1 MW members to choose an alternative electric supplier ("AES") no later than January 1, 2002.

C. On October 3, 2000, the applicants in each case, Cloverland Electric Cooperative, Midwest Energy Cooperative, Cherryland Electric Cooperative, Great Lakes Energy Cooperative, Presque Isle Electric & Gas Co-op, and HomeWorks Tri-County Electric

1 (collectively the "Cooperatives"), requested a three month extension, *i.e.*, from October 2, 2000
2 to January 2, 2001. On October 31, 2000, the Commission Staff filed its response in opposition
3 to the Cooperatives' requested extensions. On November 1, 2000, the Cooperatives filed their
4 replies to the Commission Staff's October 31, 2000 response, and committed to filing their
5 restructuring plans by November 15, 2000. On November 15, 2000, each Cooperative submitted
6 an application which included plans for how the Cooperative intended to restructure the way in
7 which it conducted business to allow certain retail members the opportunity to choose their
8 energy supplier ("Electric Member Choice Program"). Attached to each application was (i) an
9 Electric Member Choice Guidebook and (ii) a proposed Large Power Open Access Service
10 ("Schedule LPOA") tariff.

11 D. On November 20, 2000, the Commission issued its Notices of Hearing
12 commencing these proceedings. In accordance with the Commission's Notices of Hearing, each
13 Cooperative provided the requisite notice throughout its service area.

14 E. At the prehearing conferences, the Cooperatives presented proofs of service of the
15 Notices of Hearing on all cities, incorporated villages, townships and counties in their service
16 areas, and also presented affidavits evidencing the notices' publication. Administrative Law
17 Judge ("ALJ") Daniel Nickerson, Jr. consolidated the captioned cases for hearing only. Also, a
18 procedural schedule was established for the remainder of the proceedings. Only the Commission
19 Staff and the Cooperatives participated in these proceedings, which were conducted as contested
20 case matters pursuant to Chapter 4 of the Administrative Procedures Act of 1969, 1969 PA 306,
21 as amended, MCL 24.201 *et seq*.

F. The parties engaged in extensive discussions for the purpose of developing common terms and conditions for the retail access tariffs through a collaborative effort. During those discussions, the parties resolved all issues except for one, *i.e.*, relative to when a choice customer is entitled to return to assured, bundled service ("return to service issue").

G. By letter dated December 18, 2001, counsel for the Cooperatives advised counsel for the Commission Staff that even though the Cooperatives and the Commission Staff had not resolved the return to service issue, the Cooperatives would voluntarily provide customer choice in accordance with the terms of their most recent offer, effective January 1, 2002.

H. Subsequent to the above referenced December 18, 2002 letter, the parties have resolved all differences, the result being this agreement.

AGREEMENT

In view of the foregoing, and pursuant to Section 78 of the Administrative Procedures Act of 1969, as amended (1969 PA 306, §78; MCL 24.278), the Cooperatives and the Commission Staff hereby agree to the following terms and support the issuance of a Commission order approving this Agreement:

A. The attached plans are recommended for approval by the Commission. The attached include the following for each of the Cooperatives: (i) a Retail Access Service Tariff (Schedule RAS), (ii) a Large Power Retail Access Service Tariff (Schedule LPRAS), and (iii) a Retail Access Standby Service Tariff (Schedule RASS). For Cloverland Electric Cooperative, the settlement plan is attached as Exhibit 1; for Midwest Energy Cooperative, the settlement plan is attached as Exhibit 2; for Cherryland Electric Cooperative, the settlement plan is attached as Exhibit 3; for Great Lakes Energy Cooperative, the settlement plan is attached as Exhibit 4; for

1 Presque Isle Electric & Gas Co-op, the settlement plan is attached as Exhibit 5; and for
2 HomeWorks Tri-County Electric Cooperative, the settlement plan is attached as Exhibit 6.

3 B. This settlement resolves all pending matters in each docket.

4 C. The signatories recognize that the nature and scope of tariff provisions dealing
5 with customers returning to cooperative utility service after choosing an alternative electric
6 service provider is a matter of potential continued controversy. The measures adopted under this
7 Agreement for return to full service requirements represent a compromise among positions. As
8 the market for customer choice and supplier competition develops after January 1, 2002, the
9 parties recognize that it may be necessary to revisit the design of the terms and conditions for
10 customers returning to cooperative utility service. The Cooperatives shall keep the Commission
11 Staff informed about any alleged adverse cost and/or any alleged potential service impacts on
12 native load customers or the Cooperatives caused by returning retail access service customers.
13 Staff will support expedited Commission review of the tariff terms and conditions for customers
14 returning to cooperative utility service, where the Cooperatives demonstrate that returning
15 customers are creating excessive costs to the Cooperative and/or other customers. Further, with
16 respect to the Cooperatives' obligations to provide its retail customers the ability to choose an
17 alternative electric supplier before January 1, 2005, the Cooperatives submit that they will file
18 their proposed plans no later than January 9, 2004.

19 D. This Agreement is made for the purpose of settling the initial terms and
20 conditions of retail access service and the unbundled rates effective on issuance of the
21 Commission's order approving this Agreement. This Agreement shall not bar any of the parties
22 from bringing issues to the Commission using established procedural mechanisms, based on

developments in the market for retail access service. Nothing in this Agreement shall constitute or be cited as a waiver of any parties' rights to pursue cost, rate or other issues in future proceedings.

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

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

Dated: October 31, 2002

MICHIGAN PUBLIC SERVICE COMMISSION STAFF

By: _____

Michael A. Nickerson (P25138)
Assistant Attorney General
6545 Mercantile Way, Ste. 15
Lansing, MI 48911
Telephone: (517) 241-6680

Dated: October 31, 2002

CLOVERLAND ELECTRIC COOPERATIVE,
MIDWEST ENERGY COOPERATIVE,
CHERRYLAND ELECTRIC COOPERATIVE,
GREAT LAKES ENERGY COOPERATIVE,
PRESQUE ISLE ELECTRIC & GAS CO-OP, AND
HOMEWORKS TRI-COUNTY ELECTRIC

By: _____

Albert Ernst (P24059)
Christine Mason Soneral (P58820)
DYKEMA GOSSETT PLLC
124 W. Allegan, Suite 800
Lansing, Michigan 48933
(517) 374-9155/(517) 374-9184

SCHEDULE LPRAS

LARGE POWER RETAIL ACCESS SERVICE

Availability

Subject to the Rules and Regulations of the Cooperative and its *Retail Access Service Tariff*, this schedule is available for multi-phase service to Member-Consumers of the Cooperative for delivery of power from the Point of Distribution Receipt to the Point of Distribution Delivery. Service under this rate is subject to the following conditions:

1. The Member-Consumer must have a Maximum Demand greater than 1,000 kW.
2. The Member-Consumer must enter a Retail Access Service Agreement with the Cooperative.
3. The transmission of power to the Distribution Point of Receipt and all related costs shall be the responsibility of the Member-Consumer and/or Alternative Electric Supplier (AES).
4. The Member-Consumer must agree to purchase any default energy delivered pursuant to Schedule RASS – Retail Access Standby Service.

Type of Service

Service under this rate shall be multi-phase, 60 hertz, at standard primary voltages of the Cooperative.

Service at primary voltage is rendered when the Cooperative delivers power at standard distribution system voltages and the Member-Consumer provides, installs and maintains all necessary transforming, controlling and protective equipment.

Metering Requirement:

The load under this tariff shall be separately metered by Interval Demand Meters. The Cooperative shall furnish, install, maintain and own such metering equipment.

Subject to the terms of the *Retail Access Service Tariff*, the Member-Consumer shall be responsible for any associated communication system such as a telephone line, other related equipment and any related monthly fees.

Monthly Rate

Each Member-Consumer shall purchase Distribution Delivery Service at the following rates:

Monthly Service Charge.....$456.00 per Month per Point of Delivery

Demand Charge

For Service at Primary Voltages ..... $7.70 per Billing kW

If the service location is located within 1,000 feet of a Distribution Substation, the applicable demand charge shall be ..... $5.70 per Billing kW

SCHEDULE LPRAS

LARGE POWER RETAIL ACCESS SERVICE

Determination of Billing Demand

The Billing Demand shall be the greater of the maximum kilowatt (kW) demand established by the Member-Consumer for any period of thirty (30) consecutive minutes during the month for which billing is rendered, as indicated or recorded by the demand meter or 1,000 kW. The Cooperative reserves the right to make special determination of the billing demand and/or minimum charge should circumstances require.

Determination of Billing Energy

The Billing energy shall be the total kilowatt-hours (kWh) used by the Member-Consumer during the month for which billing is rendered.

Line Loss Responsibility

The Member-Consumer's AES is responsible for providing losses associated with the distribution of power from the Distribution Point of Receipt to the Distribution Point of Delivery. The following loss adjustment factors shall be applied to the Member-Consumer's metered usage to determine the Demand and Energy that must be received by the Cooperative for delivery to the Member-Consumer.

Delivery Type	Multiplier
Primary Service	103.9 %
Primary Substation Service	100.0 %

Minimum Charge

The Minimum Charge shall be as specified in the Retail Access Service Agreement. If the Agreement does not specify a Minimum Charge, then the Minimum Charge shall be the sum of the Monthly Service Charge and Demand Charge.

Terms of Payment

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

SCHEDULE LPRAS

LARGE POWER RETAIL ACCESS SERVICE

Third Party Disputes

The Cooperative will not intervene, mediate or participate in contractual disputes between the Member-Consumer and its AES or other third parties. Further, the Cooperative will not shut off service or otherwise enforce any provision of a contract between the Member-Consumer and any third party.

Tax Adjustment

1. Bills shall be increased or decreased within the limits of political subdivisions which levy special taxes, license fees or rentals against the Cooperative's property, or its operations, or the production and/or sale of electric energy, to offset such special charges and thereby prevent other Member-Consumers from being compelled to share such local increases or decreases.
2. Bills shall be adjusted to offset any new, increased or decreased specific tax or excise imposed by any governmental authority, which increases or decreases the Cooperative's cost of providing electric service.

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SCHEDULE RASS

RETAIL ACCESS STANDBY SERVICE

Availability

This schedule is available on a best efforts basis only to Member-Consumers of the Cooperative receiving service under Schedule LPRAS – Large Power Retail Access Service.

Nature of Service

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

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

Charges for Service

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

The Cooperative's out-of-pocket cost shall be equal to the amount it is billed by its wholesale supplier for Standby Service delivered to the Member-Consumer. Pursuant to the applicable wholesale rate, for each hour in which Standby Service is delivered, the cost is determined by multiplying the kW delivered during the hour times the wholesale supplier's incremental cost of power during the same hour.

Terms of Payment

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

SCHEDULE RASS

RETAIL ACCESS STANDBY SERVICE

Third Party Disputes

The Cooperative will not intervene, mediate or participate in contractual disputes between the Member-Consumer and its AES or other third parties. Further, the Cooperative will not shut off service or otherwise enforce any provision of a contract between the Member-Consumer and any third party.

Tax Adjustment

1. Bills shall be increased or decreased within the limits of political subdivisions which levy special taxes, license fees or rentals against the Cooperative's property, or its operations, or the production and/or sale of electric energy, to offset such special charges and thereby prevent other Member-Consumers from being compelled to share such local increases or decreases.
2. Bills shall be adjusted to offset any new, increased or decreased specific tax or excise imposed by any governmental authority, which increases or decreases the Cooperative's cost of providing electric service.

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RETAIL ACCESS SERVICE TARIFF

1.0 INTRODUCTION AND DEFINITIONS

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

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

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

1.1 The Member-Consumer Role

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

The Cooperative's principal requirement is that the Member-Consumer must already be connected to the Cooperative's Distribution System or meet the requirements for a new Member-Consumer connecting to the Cooperative's Distribution System as defined in the Cooperative's applicable tariffs and service rules. The Member-Consumer must have a Maximum Demand of 1,000 kW or more at each Distribution Point of Delivery.

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

1.2 The Alternative Electric Supplier Role

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

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

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

1.3 Transmission Service Provider Role

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

1.4 Cooperative Role

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

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

1.5 Definitions

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

"Commission" means the Michigan Public Service Commission.

"Cooperative" means Cloverland Electric Cooperative or its agent.

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

"Demand" means the amount of Power required to meet the Member-Consumer's load averaged over any designated interval of time, expressed in kilowatts or megawatts.

"Distribution Point of Delivery" means the point of interconnection between the Cooperative's Distribution System and the Member-Consumer's service Location.

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

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

"Drop Request" means a request by an AES to terminate Generation Service to a Member-Consumer.

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

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

"Full Requirements Service" means the provision of retail Regulated Electric Service including generation, transmission, distribution, and ancillary services all provided by the Cooperative.

"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.

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

"Maximum Demand" (also known as "Peak Demand") means the highest 15-minute integrated demand created during the current and previous 11 billing months at each voltage level, whether the Member-Consumer received service under this tariff or another Cooperative retail tariff. For Member-Consumers that do not have an Interval Demand Meter installed, the Cooperative will determine the Maximum Demand utilizing the average load factor of the rate class of the Member-Consumer.

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

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

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

"Power" means a combination of the electric Demand and Energy requirements of the Member-Consumer.

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

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

"Relevant Market" means either the Upper Peninsula or the Lower Peninsula of this state.

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

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

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

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

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

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

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

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

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

2.0 MEMBER-CONSUMER SECTION

2.1 Availability

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

2.2 Eligibility

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

2.2.2 Any Member-Consumer with a Maximum Demand of 1 megawatt or greater at a single Distribution Point of Delivery is eligible to take service under this tariff.

2.3 Member-Consumer Information

Member-Consumers will be provided their own usage and billing information including interval demand data upon request. No fee shall be charged for the first request per calendar year related to a specific Member-Consumer account. An AES must obtain written authorization from the Member-Consumer before the Cooperative will provide an AES with a Member-Consumer's currently available usage and billing information. Subsequent requests by the Member-Consumer or the AES will require a fee of $15.00 per account that will be billed to the Member-Consumer.

2.4 Member-Consumer Enrollment and Switching

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

2.4.2 A Member-Consumer shall be permitted to change AESs. Assuming all other requirements are met, the changes will become effective at the completion of their normal billing cycle. Member-Consumers will be assessed a fee of $15.00 per Member-Consumer account for each change beyond one (1) within a calendar year. The change will be submitted to the Cooperative by the Member-Consumer's newly chosen AES as a Switch Request.

2.4.3 The AES shall submit to the Cooperative a Switch Request via a Uniform Data Transaction after a required ten (10) day Consumer rescission period.

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

The Cooperative will normally validate a Switch Request within three (3) business days of the receipt of the Switch Request and will transmit a Switch Response to the AES. As part of the validation process, the Cooperative shall notify the Member-Consumer in writing that a Switch Request has been received and is being processed.

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

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

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

2.4.6 The Cooperative shall process Drop Requests submitted by AESs in the same manner as it processes Switch Requests, including Member-Consumer notification. AESs shall be subject to the same timing, validation and Uniform Data Transaction requirements for Drop Requests as for Switch Requests. An AES shall inform the Member-Consumer in writing of the submission of a Drop Request.

2.5 Metering

2.5.1 Metering equipment for Member-Consumers taking Retail Access Service shall be furnished, installed, read, maintained, and owned by the Cooperative.

2.5.2 Member-Consumers shall be required to have an Interval Demand Meter.

2.5.3 If a new Interval Demand Meter is required, time and material costs to install it will be assessed to the Member-Consumer.

2.5.4 The Cooperative may require that the meter be read via telephone. In such cases, Member-Consumers will be required to provide a telephone connection for purposes of meter interrogation by the Cooperative. If a Member-Consumer is not able to allow sharing of a telephone connection, the Member-Consumer may be required to obtain a separate telephone connection for such purposes. The Member-Consumer is responsible for assuring the performance of the telephone connection. The Member-Consumer shall be responsible for all costs of the required telephone connection.

2.5.5 In cases where a telephone connection used by the Cooperative for meter interrogation is out of service, the Cooperative may retrieve the data manually for a nominal monthly fee of $15.00 payable by the Member-Consumer. In the event that the telephone connection is out for three consecutive billing months, the Member-Consumer's Retail Access Service may be terminated and the Member-Consumer will be returned to service under the Cooperative's Full Requirements Service tariffs subject to the provisions of Section 2.6, unless said outage is due to non-performance by the telecommunications service provider.

2.5.6 Energy consumption and Demand for settlement purposes shall be based on the data from the Interval Demand Meters.

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

2.6 Return to Full Requirements Service

2.6.1 A Member-Consumer can return to Full Requirements Service by providing the Cooperative written notice of their intent to do so. The Cooperative will return the Member-Consumer to Full Requirements Service following a 60-day notice period. Said notice period commences with the beginning of the Member-Consumer's billing cycle following receipt of the Member-Consumer's written notice of intent to return to Full Requirements Service.

2.6.2 A Member-Consumer, having given notice of its intent to return to Full Requirements Service under Section 2.6.1, may choose Cooperative Default Service during the maximum 60-day notice period.

2.6.3 A Member-Consumer taking Default Service under the provisions of Section 2.6.2 may switch to another AES as provided in Section 2.4 at any point during the period that they are on Default Service.

2.6.4 The AES shall transmit a Member-Consumer Drop Request to the Cooperative via a Uniform Data Transaction when the Member-Consumer requests return to Full Requirements Service or when AES service is not being continued for any reason. The AES shall inform the Member-Consumer of the Drop Request in writing.

2.6.5 The Cooperative will normally validate a Drop Request within three (3) business days of the receipt of the Drop Request and will transmit a Drop Response to the AES. As part of the validation process, the Cooperative will notify the Member-Consumer in writing that a Drop Request has been received and is being processed.

2.6.6 The Switch from AES to Full Requirements Service will be processed on the next meter read date after the AES submits the necessary Drop Request to the Cooperative, provided that the requirements of section 2.6.1 are met. If the requirements of section 2.6.1 are not met, then the Member-Consumer will be switched to Cooperative Default Service until said requirements are met. The Switch shall occur at midnight (00:00) local time at the beginning of the effective date.

2.6.7 A Member-Consumer returning to Full Requirements Service must remain on such service for the minimum term stated in the applicable Full Requirements Service tariff, but not less than twelve (12) months.

2.6.8 In the event of Slamming from Full Requirements Service, a Member-Consumer who desires to return to Full Requirements Service may do so. The Cooperative will waive the 60-day notice and twelve (12) month minimum term requirements. The Cooperative's Default Service does not apply to such Member-Consumers.

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

2.7 Billing and Payment

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

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

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

2.8 Disconnection of Service

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

3.0 ALTERNATIVE ELECTRIC SUPPLIER SECTION

3.1 Availability

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

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

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

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

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

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

3.2 Switch and Drop Requests

3.2.1 Switch Requests and Drop Requests will be handled in accordance with Section 2.4 of this tariff and will be accepted for processing by the Cooperative on or after January 1, 2002.

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

3.3 Billing

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

3.3.2 The Cooperative may elect to offer a service where it bills the Member-Consumer for services that the Cooperative provides as well as services provided by the AES. If the Cooperative bills for AES charges, the following conditions will apply:

A) The Cooperative and the AES must have entered into a billing agreement that specifies the terms and conditions 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 Member-Consumer shall be applied in the following order:

1. To the Member-Consumer's past due balance owed the Cooperative,
2. To current balances due the Cooperative,
3. To current balances due the Cooperative for other charges such as facilities or loan agreements, and
4. To the AES for all balances due for services provided.

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

E) Amounts owed to the Cooperative by an AES may be deducted from the AES's Member-Consumer payments received by the Cooperative prior to remittance to the AES.

F) The Cooperative will not pursue collections action for any AES.

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

3.4 Terms and Conditions of Service

3.4.1 The AES is responsible for providing Power to be transmitted by the appropriate Transmission Service Provider(s) to the Cooperative's Distribution Point of Receipt. The AES shall meet all obligations necessary to schedule Power to match the Member-Consumer's Load, subject to energy imbalance charges and penalties in accordance with the terms of the OATT of the Transmission Service Provider(s).

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

3.4.3 The AES will provide to the Cooperative or the Cooperative's designated recipient daily energy schedules for all services including losses associated with use of the Distribution System. The AES will provide verification that it has arranged for and scheduled transmission service to deliver Energy, the energy schedule has been approved by the Transmission Service Provider(s), and the AES has covered losses on the Transmission System(s).

3.4.4 The AES will pay the Cooperative under applicable tariffs for all applicable ancillary services, emergency energy services, standby and backup services provided by the Cooperative to the AES for the AES's Member-Consumer(s) from the service commencement date to the service termination date.

3.4.5 The Cooperative shall bill the AES for all associated switching fees incurred as a result of Slamming by the AES plus the actual administrative cost incurred for switching a slammed Member-Consumer from one rate service to another.

3.4.6 An AES shall not resell Member-Consumer account information or transfer it to other parties for any other purpose. The Cooperative will only release Member-Consumer data to the Member-Consumer or its authorized representative, which may be the AES.

3.5 Real Power Losses

The Alternative Electric Supplier is responsible for replacing losses associated with the delivery of Power to the Member-Consumer's meter. The amount that the AES shall cause to be delivered to the Cooperative's Distribution System will be the amount of Power delivered at the Member-Consumer meter plus an amount to reflect loss factors as set forth below.

Primary Voltages	103.9%

4.0 DISPUTE RESOLUTION

4.1 The Cooperative shall have no duty or obligation to resolve any complaints or disputes between AESs and Member-Consumers.

4.2 The Cooperative shall have no duty or obligation to resolve any complaints or disputes between AESs or Member-Consumers and their Transmission Service Provider(s). Disputes involving a Transmission Service Provider's OATT shall be resolved using the dispute resolution procedures as described in the OATT.

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

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

4.3.2 If the dispute is not resolved in five (5) business days, the parties shall attempt to resolve the dispute by promptly appointing a senior representative of each party to attempt to mutually agree upon a resolution. The two senior representatives shall meet within ten (10) business days. If the two senior representatives cannot reach a resolution within a 30-day period, the dispute may, on demand of either party, be submitted to arbitration as provided in this section.

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

4.3.4 The arbitrator may be determined by AAA.

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

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

5.0 LIABILITY AND EXCLUSIONS

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

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

5.3 In no event will Cooperative be liable to an AES or Member-Consumer for loss of revenue or other losses due to meter or calculation errors or malfunctions. The Cooperative's sole obligation and the AES's or Member-Consumer's sole remedy will be for the Cooperative to repair or replace the meter and prepare revised bills as described in Section 2.7.3.

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