
Electric Member Choice

Appendix D – Transmission Services

Electric Member Choice

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Electric Member Choice

Resource List

Alternative Electric Supplier Account Management

Wolverine Power Supply Cooperative, Inc.
Alternative Electric Supplier Account Manager
P.O. Box 229
10125 W. Watergate Road
Cadillac, MI 49601

Telephone: 231-775-5700, extension 540
Fax: 231-775-2077

E-mail: AESacctmgr@wpsci.com

Transmission Reservation and Energy Scheduling

Wolverine Power Supply Cooperative, Inc.
Energy Control Center
PO Box 229
10125 W. Watergate Road
Cadillac, MI 49601

Telephone: 231-775-7022
Fax: 231-775-1977

E-mail: energycontrol@wpsci.com

Alternative Electric Supplier Billing and Settlement

Wolverine Power Supply Cooperative, Inc.
Alternative Electric Supplier Billing and Settlement
PO Box 229
10125 W. Watergate Road
Cadillac, MI 49601

Telephone: 231-775-5700, extension 525
Fax: 231-775-2077

E-mail: AESbilling@wpsci.com

Electric Member Choice

Alternative Electric Supplier Account Management

Overview

The account manager assigned by Wolverine to work with the AES will coordinate the negotiation of the transmission contracts, will provide general assistance throughout the process and will administer Wolverine's Open Access Transmission Tariff (OATT).

As the AES direct contact throughout *Electric Member Choice*, the account manager will also:

- Provide an AES ID number.
- Provide secured access to Wolverine's Web site.

All *Electric Member Choice* program AES participants must complete the following applicable contract documents, which can be found in the attachments to Wolverine's OATT and are available at <http://www.wpsci.com/>.

Document 1: Electric Member Choice Transmission Service Enabling Agreement

This document is used for pre-qualifying the transmission customer, obtaining transmission customer contact information and discussing ancillary services, customer eligibility, reciprocity requirements and establishing credit worthiness.

Exhibit 1 is a copy of this contract.

Document 2: Electric Member Choice Transmission Service Agreement

This document:

- Provides for selection of point-to-point transmission service and/or network integration transmission service.
- Provides specifications for the transmission service type selected in the above referenced service agreements. Transmission service and ancillary services pricing is detailed in Exhibits 5 through 7 in the AES Billing and Settlement section.

Copies of these documents are included as **Exhibit 2**.

Document 3: Electric Member Choice Transmission Operating Agreement

This document:

- Defines the responsibilities of the transmission provider and the transmission customer.
- Discusses transmission level issues, which are under the jurisdiction of the Federal Energy Regulatory Commission (FERC).

A copy of this document is included as **Exhibit 3**.

Alternative Electric Supplier Account Management Contact Information

Name: Alternative Electric Supplier Account Manager
Telephone: 231-775-5700, extension 540
Fax: 231-775-2077
Address: Wolverine Power Supply Cooperative, Inc.
P.O. Box 229
10125 W. Watergate Road
Cadillac, MI 49601
E-mail: AESacctmgr@wpsci.com

Service Agreement For Firm Point-To-Point Transmission Service

1.0 This Service Agreement, dated as of _____, is entered into, by and between _____ (the Transmission Provider), and _____ ("Transmission Customer").

2.0 The Transmission Customer has been determined by the Transmission Provider to have a Completed Application for Firm Point-To-Point Transmission Service under the Tariff.

3.0 The Transmission Customer has provided to the Transmission Provider an Application deposit in accordance with the provisions of Section 17.3 of the Tariff.

4.0 Service under this agreement shall commence on the later of (1) the requested service commencement date, or (2) the date on which construction of any Direct Assignment Facilities and/or Network Upgrades are completed, or (3) such other date as it is permitted to become effective by the Commission. Service under this agreement shall terminate on such date as mutually agreed upon by the parties.

5.0 The Transmission Provider agrees to provide and the Transmission Customer agrees to take and pay for Firm Point-To-Point Transmission Service in accordance with the provisions of Part II of the Tariff and this Service Agreement.

6.0 Any notice or request made to or by either Party regarding this Service Agreement shall be made to the representative of the other Party as indicated below.

Transmission Provider:

Transmission Customer:

7.0 The Tariff is incorporated herein and made a part hereof.

IN WITNESS WHEREOF, the Parties have caused this Service Agreement to be executed by their respective authorized officials.

Transmission Provider:

By: _____
Name Title Date

Transmission Customer:

By: _____
Name Title Date

Specifications For Long-Term Firm Point-To-Point Transmission Service

1.0 Term of Transaction: _____

Start Date: _____

Termination Date: _____

2.0 Description of capacity and energy to be transmitted by
Transmission Provider including the electric Control Area in
which the transaction originates.

3.0 Point(s) of Receipt:_____

Delivering Party:_____

4.0 Point(s) of Delivery:_____

Receiving Party:_____

5.0 Maximum amount of capacity and energy to be transmitted
(Reserved Capacity):_____

6.0 Designation of party(ies) subject to reciprocal service
obligation:_____

7.0 Name(s) of any Intervening Systems providing transmission

service:_____

8.0 Service under this Agreement may be subject to some combination of the charges detailed below. (The appropriate charges for individual transactions will be determined in accordance with the terms and conditions of the Tariff.)

8.1 Transmission Charge:_____

8.2 System Impact and/or Facilities Study Charge(s):

8.3 Direct Assignment Facilities Charge:_____

8.4 Ancillary Services Charges: _____

Service Agreement For Non-Firm Point-To-Point Transmission Service

1.0 This Service Agreement, dated as of _____, is entered into, by and between _____ (the Transmission Provider), and _____ (Transmission Customer).

2.0 The Transmission Customer has been determined by the Transmission Provider to be a Transmission Customer under Part II of the Tariff and has filed a Completed Application for Non-Firm Point-To-Point Transmission Service in accordance with Section 18.2 of the Tariff.

3.0 Service under this Agreement shall be provided by the Transmission Provider upon request by an authorized representative of the Transmission Customer.

4.0 The Transmission Customer agrees to supply information the Transmission Provider deems reasonably necessary in accordance with Good Utility Practice in order for it to provide the requested service.

5.0 The Transmission Provider agrees to provide and the Transmission Customer agrees to take and pay for Non-Firm Point-To-Point Transmission Service in accordance with the provisions of Part II of the Tariff and this Service Agreement.

6.0 Any notice or request made to or by either Party regarding this Service Agreement shall be made to the representative of the other Party as indicated below.

Transmission Provider:

Transmission Customer:

7.0 The Tariff is incorporated herein and made a part hereof.

IN WITNESS WHEREOF, the Parties have caused this Service Agreement to be executed by their respective authorized officials.

Transmission Provider:

By: _____
Name Title Date

Transmission Customer:

By: _____
Name Title Date

Service Agreement For Network Integration Transmission Service

1.0 This Service Agreement, dated as of _____, is entered into, by and between WOLVERINE POWER SUPPLY COOPERATIVE, INC. ("Transmission Provider") and _____ ("Transmission Customer") a corporation organized and existing under the laws of the State of _____.

2.0 The Transmission Customer has been determined by the Transmission Provider to have a Completed Application for Network Integration Transmission Service under the Tariff.

3.0 The Transmission Customer has provided to the Transmission Provider an Application deposit in the amount of \$_____, in accordance with the provisions of Section 29.2 of the Tariff.

4.0 Service under this agreement shall commence on the later of (1) _____, or (2) the date on which construction of any Direct Assignment Facilities and/or Network Upgrades are completed, or (3) such other date as it is permitted to become effective by the Commission. Service under this agreement shall terminate on _____.

5.0 The Transmission Provider agrees to provide and the Transmission Customer agrees to take and pay for Network Integration Transmission Service in accordance with the provisions of Part III of the Tariff and this Service Agreement.

6.0 Any notice or request made to or by either Party regarding this Service Agreement shall be made to the representative of the other Party as indicated below.

Transmission Provider:

Energy Control Center
Wolverine Power Supply Cooperative, Inc
P.O. Box 229
10125 W. Watergate Road
Cadillac, MI 49601

Transmission Customer:

7.0The Tariff is incorporated herein and made a part hereof.

IN WITNESS WHEREOF, the Parties have caused this Service Agreement to be executed by their respective authorized officials.

Transmission Provider:

By:_____

Name	Title	Date
------	-------	------

Transmission Customer:

By:_____

Name	Title	Date
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Specifications For Network Integration Transmission Service

1.0 Term of Transaction: _____

Start Date: _____

Termination Date: _____

2.0 Description of Network Resources and Network Loads for Network Integration Transmission Service including the electric Control Area in which the Network Resources and Network Loads are located.

3.0 Designation of Party(ies) subject to reciprocal service obligation:

4.0 Name(s) of Intervening Systems providing transmission service:

5.0 Service under this Agreement may be subject to some combination of the charges detailed below. (The appropriate charges for individual transactions will be determined in accordance with the terms and conditions of the Tariff).

5.1 Transmission Charge: _____

5.2 System Impact and/or Facilities Study Charge(s): _____

5.3 Direct Assignment Facilities Charge: _____

5.4 Ancillary Services Charges: _____

Network Operating Agreement

Wolverine Power Supply Cooperative, Inc. ("Transmission Provider") and _____ ("Transmission Customer") agree that the provisions of this Network Operating Agreement ("NOA") and the Service Agreement govern the Transmission Service to the Transmission Customer in accordance with the Open Access Transmission Tariff ("Tariff"), as it may be amended from time to time. Unless specified herein, capitalized terms shall refer to the terms defined in the Tariff.

1.0 Character of Service

Power and energy delivered under the Service Agreement and this NOA shall be delivered as three-phase alternating current at a frequency of approximately sixty (60) Hertz, and at the nominal voltages at the delivery and receipt points.

2.0 Control Area Requirements

The Transmission Customer shall: (i) operate as a Control Area under applicable guidelines of the North American Electric Reliability Council ("NERC") and the East Central Area Reliability Council ("ECAR"); or (ii) satisfy its Control Area requirements, including Ancillary Services, by contracting with another entity which can satisfy those requirements in a manner that is consistent with Good Utility Practice and satisfies NERC and the ECAR standards. The Transmission Customer shall plan, construct, generate and maintain its facilities and system in accordance with Good Utility Practice, which shall include, but not be limited to, all applicable guidelines of NERC and ECAR, as they may be modified from time to time, and any generally accepted practices in the region that are consistently adhered to by the Transmission Provider. As of the date of this NOA, the Transmission Provider does not operate as a Control Area. The Transmission Provider's transmission facilities are operated as part of the Municipal/Cooperative Coordinated Pool ("MCCP") Control Area. Unless and until the Transmission Provider operates as a Control Area, the term "Control Area," as used herein, shall refer to the Control Area of MCCP.

3.0 Operating Requirements

- (a) The Transmission Customer shall operate its generating resources in a manner consistent with that of the Transmission Provider, including following voltage schedules, free governor response, meeting power factor requirements at the point of interconnection with the Transmission System, and other such criteria required by NERC and ECAR and/or consistently adhered to by the Transmission Provider.

- (b) Insofar as practicable, the Transmission Provider and the Transmission Customer shall protect, operate, and maintain their respective systems so as to avoid or minimize the likelihood of disturbances which might cause impairment of service on the other's system.

4.0 Redispatch, Load Shedding, and Curtailment

If the Transmission Provider determines that redispatching resources or curtailing resources to relieve an existing or potential transmission system constraint is the most effective way to ensure the reliable operation of the Transmission System, the resources of the Transmission Provider and the Transmission Customer will be redispatched or curtailed without regard to the ownership of such resources. The parties shall implement load shedding programs to maintain the reliability and integrity of the Transmission System, as provided in Section 33.6 of the Tariff. The Transmission Provider will apprise the Transmission Customer of its redispatch, load shedding, and curtailment practices and procedures, as they may be modified from time to time.

5.0 Metering

- (a) The Transmission Provider will be responsible for the purchase, installation, operation, maintenance, repair, replacement and testing of all metering equipment and associated communication equipment necessary to provide Network Integration Transmission Service. The Transmission Customer shall reimburse the Transmission Provider for all costs associated with such purchase, installation, operation, maintenance, repair, replacement and testing of metering and associated communication equipment. All metering equipment shall conform to Good Utility Practice and the standards and practices of the Transmission Provider's Control Area.
- (b) Electric capacity and energy received by the Transmission Provider for the Transmission Customer will be measured by meters installed at the Transmission Customer's Network Resources. When measurement is made at any location other than a point of receipt, suitable adjustment for losses between the point of measurement and the point of receipt will be agreed upon in writing between the parties hereto and will be applied to all measurements so made. Metered receipts used in billing and accounting hereunder will in all cases include adjustment for such losses.
- (c) Electric capacity and energy delivered to the Transmission Customer's Network Load by the Transmission Provider will be measured by meters installed at the delivery point to such Network Load. When measurement is made at any location other than a point of delivery, suitable adjustment for losses between the point of measurement and point of delivery will be applied to all measurements so made. Metered receipts used in billing and

accounting hereunder will in all cases include adjustments for such losses, as well as for Transmission System losses.

- (d) Meters at the Transmission Customer's Network Resources and Network Load will be tested at least biennially. Representatives of the Transmission Customer will be afforded an opportunity to witness such tests.
- (e) The Transmission Provider will, upon request of the Transmission Customer, test any meter at its Network Resources or Network Load used for determining the receipt or delivery of capacity and energy by the Transmission Provider. In the event the test shows the meter to be inaccurate, the Transmission Provider will make any necessary adjustments, repairs or replacements thereon.
- (f) In the event any meter used to measure capacity and energy fails to register or is found to be inaccurate, appropriate billing adjustments will be made based on the best information available. Any meter tested and found to be not more than one (1) percent above or below normal will be considered to be correct and accurate insofar as correction of billing is concerned. If, as a result of any test, a meter is found to register in excess of one (1) percent either above or below normal, then the readings of such meter previously taken will be corrected according to the percentage of inaccuracy so found, but no correction will extend beyond ninety (90) days previous to the day on which the inaccuracy is discovered by such test.
- (g) The Transmission Customer will have the right to install suitable metering equipment at any point(s) of receipt or delivery, as herein provided for the purpose of checking the meters installed by the Transmission Provider.
- (h) The Transmission Provider will read the meters owned by it. Such information will remain available to the Transmission Customer for three (3) years.

6.0 Control Area and Data Equipment

- (a) The Transmission Customer will be responsible for the purchase, installation, operation, maintenance, repair, replacement and testing of all data acquisition equipment (other than equipment required for meter reading), protection equipment, load-shedding relays and any other associated equipment and software, which may be required by either party for the Transmission Provider to operate as a Control Area. Such equipment shall conform to Good Utility Practice and the standards and practices of the Transmission Provider.

- (b) The selection of real-time telemetry and data to be received by the Transmission Provider and the Transmission Customer shall be at the reasonable discretion of the Transmission Provider, as deemed necessary for reliability, security, economics, and/or monitoring of Control Area operations. This telemetry includes, but is not limited to, loads, line flows, voltages, reactive power, generator output, and breaker status at any of the Transmission Customer's transmission facilities. To the extent telemetry is required that is not available, the Transmission Customer shall install any data acquisition equipment, or other equipment and software necessary for the telemetry to be received by the Transmission Provider.
- (c) Each party shall be responsible for its cost of making any computer modifications or changes required to its own computer system(s) as necessary to implement this Section.

7.0 Operational Information

The Transmission Customer shall provide data needed for the safe and reliable operation of the Transmission Customer's and the Transmission Provider's Control Areas and to implement the provisions of the Tariff. The Transmission Provider will treat this information as confidential.

- (a) By September 1st of each year, the Transmission Customer shall provide its Network Resource availability forecast (e.g., all planned resource outages, including off-line and on-line dates) for the following year. Such forecast shall be made in accordance with Good Utility Practice. The Transmission Customer shall inform the Transmission Provider, in a timely manner, of any changes to the Transmission Customer's Network Resource availability forecast. In the event that the Transmission Provider determines that such forecast cannot be accommodated due to a transmission constraint on the Transmission System, or that such forecast may jeopardize the security of the Transmission Customer, the provisions of Section 33 of the Tariff will be implemented.
- (b) At least 36 hours in advance of every calendar day, the Transmission Customer shall provide its best forecast of any planned transmission or Network Resource outage(s) and other operating information that would assist the Transmission Provider in the reliable operation of the Control Area. In the event that such planned outages cannot be accommodated due to a transmission constraint on the Transmission Provider's Transmission System, the provisions of Section 33 of the Tariff will be implemented.
- (c) The Transmission Provider and the Transmission Customer shall notify and coordinate with the other party prior to the commencement of any work by either party (or contractors or agents performing on their behalf), which work may directly or indirectly have an adverse effect on the Control Area of the other party.

8.0 Network Planning

In order for the Transmission Provider to plan, on an ongoing basis, to meet the Transmission Customer's requirements for Network Integration Transmission Service, the Transmission Customer shall provide, by September 1st of each year, updated information (current year and 10-year projection) for Network Load and Network Resources, as well as any other information reasonably necessary to plan for Network Load and Network Resources, and the provision of Network Integration Transmission Service. This type of information is consistent with the Transmission Provider's information requirements for planning to serve Native Load Customers. The data will be provided in a format consistent with that used by the Transmission Provider.

9.0 Transfer of Power and Energy Through Other Systems

Since the Transmission System is, and will be, directly or indirectly connected with other electric systems, it is recognized that, because of the physical and electrical characteristics of the facilities involved, power delivered under the Service Agreement and this NOA may flow through such other systems. The parties agree to advise other electric systems as deemed appropriate of scheduled transfers and to maintain good relationships with affected third parties.

10.0 Notice

Any notice or request made to or by either party regarding this NOA shall be made to the representative of the other party as indicated in the Service Agreement.

11.0 Incorporation

The Tariff and the Service Agreement are incorporated herein and made a part hereof.

12.0 Term

The term of this NOA shall be concurrent with the term of the Service Agreement between the parties.

IN WITNESS WHEREOF, the parties have caused this NOA to be executed by their respective authorized officials.

Wolverine Power Supply Cooperative, Inc:

By: _____
Name Title Date

Transmission Customer:

By: _____
Name Title Date

Electric Member Choice

Transmission Reservation and Energy Scheduling

Overview

The local Cooperative's *Electric Member Choice* program will, to the extent possible, use Wolverine's existing wholesale transmission processes. The Federal Energy Regulatory Commission (FERC) requires the execution of a transmission service agreement. *Electric Member Choice* supports a load following type of energy scheduling.

Here's How It Works

LOAD FOLLOWING

Load following is similar to the more traditional form of energy scheduling. Customers with electric demand of 1,000 kW or greater will be responsible for determining their own energy requirements. Load following differs from normal interconnection scheduling in that Wolverine does not monitor actual electric use in real time for individual customers. Customers may elect to monitor real-time electric use, but are not required to share this information with Wolverine. We will use scheduled energy flows instead of actual readings for our operational reporting.

Note: The distribution cooperative may provide hourly load data to the AES for all departing customers to the extent it exists.

GETTING READY

FERC has approved the North American Electric Reliability Council (NERC) industry processes that support the reservation and use of the transmission services that it regulates. A series of registrations are required prior to participating in the transmission market. These requirements change fairly frequently at the national level. Currently, all Alternative Electric Suppliers providing electricity in Wolverine's Transmission Service Area are required to have:

- A unique, nine-digit number issued by Dun and Bradstreet. An existing number may be used, or a new number for reserving transmission service is available at no charge. For details, access <http://www.tsin.com/duns.html>.

- A unique, four-character customer code plus one or more two-character scheduling desk identifiers registered with NERC at www.tsin.com. For details, access <http://www3.nerc.com/oasis/>. There is a \$100 registration fee.
- An Internet-based E-mail account.

THE RULES

Rights to make transmission reservations are based upon the various transmission service agreements signed as described in the Alternative Electric Supplier Account Management section of this guidebook. The rules governing transmission reservations are contained in the Wolverine Power Supply Cooperative, Inc. Open Access Transmission Tariff, which is available at <http://www.wpsci.com/>.

THE REFEREE

All requests for the reservation and use of transmission service after the initial contract is signed must be directed to the Energy Control Center (ECC) in Cadillac, Michigan. The ECC will provide or will make arrangements on behalf of the AES for services related to the transmission provider.

TRANSMISSION PROVIDER

The ECC represents Wolverine as transmission provider, and is the first point of contact for the reservation of transmission service. Wolverine has an open access transmission tariff (OATT) on file at FERC as noted above.

Wolverine's wholesale customers being served in Consumers Energy's Transmission Service Area, specifically, customers being served from the Milton, Plains Road or Resort substations, will have as their Point of Receipt (POR) MECS and will be required to make payment as specified in **Exhibit 7**. This point of receipt will be established in the transmission service agreement attached as Exhibit 2 in the AES Account Management section.

Here's What Alternative Electric Suppliers Need To Do

Schedules for firm point-to-point transmission service must be submitted to the ECC by no later than 9:30 a.m. of the day prior to commencement of service. Schedules submitted after 9:30 a.m. will be accommodated, if practicable. NERC tags and schedules for the next day and next hour must be submitted directly to the ECC.

All point-to-point and network integration transmission service requests must be submitted directly to the ECC. Alternative Electric Suppliers must use the unique codes assigned to them and their customer groups in order to assure correct processing of all requests.

Schedule energy using the specified resources after reservation requests are accepted.

If problems develop that are related to an approved transmission reservation or energy schedule, such as transmission loading relief, the AES is responsible for implementing alternative plans. Wolverine will provide best efforts to notify the AES of known transmission or energy curtailments potentially affecting their customers.

Direct any requests to schedule energy imbalance payback services to the ECC. Approval is subject to transmission system availability and merchant concurrence.

Standby energy service is provided on a best efforts basis and the ECC will advise the AES if service is available when contacted for standby service. To prevent and/or minimize unauthorized use charges, the ECC must be contacted immediately upon failure of the AES to deliver scheduled energy.

Any customer who returns to service without providing the required nine-month's notice receives service based upon Wolverine's best efforts to provide market based energy and capacity for the nine month period.

NOTIFICATION

AES scheduling changes will be permitted up to thirty minutes before the start of the next clock hour provided that the AES and Wolverine both agree to the schedule modifications.

Transmission Reservation and Energy Scheduling Contact Information

Program-related questions should be directed to the AES account manager. Alternative Electric Suppliers should contact the ECC for operations-related business. Periodic workshops may be offered by Wolverine to review the forms used for reservations and scheduling with the Alternative Electric Suppliers. These workshops will be announced by E-mail, Web site or fax.

ECC Contact Information:

Telephone: 231-775-7022
Fax: 231-775-1977
E-mail: energycontrol@wpsci.com
Address: Wolverine Power Supply Cooperative, Inc.
Energy Control Center
PO Box 229
10125 W. Watergate Road
Cadillac, MI 49601

Electric Member Choice

Alternative Electric Supplier Billing and Settlement

Overview

Customers who participate in their local Cooperative's *Electric Member Choice* program will be billed by their AES using rates and rules set forth in the Wolverine Power Supply Cooperative, Inc. Open Access Transmission Tariff (OATT) as well as the local Cooperative's Open Access Implementation Plan pending at the Michigan Public Service Commission. The Cooperative is currently awaiting approval from the MPSC on their Open Access Implementation Plan filing. The rates and calculations in this section are subject to change.

GENERAL PROCESS

Billing information is collected by calendar month for each customer. The following billing data may be used for each transmission service type:

- Hourly interval consumption data (energy flow data from meters)
- Monthly consumption data
- Transmission losses
- Distribution losses
- Energy schedules:
 - Regular scheduled energy
 - Energy imbalance payback
- Transmission reservations
- Transmission curtailment information
- Wolverine's Top Incremental Costs (TIC) for hourly, average monthly on-peak, average monthly off-peak and average monthly for all hours
- Wolverine's network peak load and corresponding day/hour
- Customer information

Billing detail is processed hourly by transmission service type and is used to prepare and send a monthly, summarized bill to the AES. This information is presented by transmission service type for transmission service, energy imbalance, other ancillary services, negotiated services and transition charges.

Overview of Bill Format

Each AES receives a monthly bill. Payments are due 20 days following the bill date. The first page of the bill summarizes all charges to the AES as follows:

- **Previous Balance:** The amount due to Wolverine as of the prior billing month statement.
- **Payments Received:** All payments from AES received between the dates of the prior billing month statement and the current billing month statement.
- **Past Due Balance:** Any difference between the amount due and the amount paid is considered past due and, therefore, is an outstanding balance.
- **Late Payment Charges:** Calculated from the outstanding balance remaining in the Alternative Electric Supplier's account. Interest on any unpaid amounts (including amounts placed in escrow) shall be calculated in accordance with the methodology specified for interest on refunds in the Michigan Public Service Commission's regulations at 18 C.F.R. 35.19a(a)(2)(iii). Interest on delinquent amounts shall be calculated from the due date of the bill to the date of payment. When payments are made by mail, bills shall be considered as having been paid on the date of receipt by Wolverine.
- **Current Month Charges:** All charges and adjustments reflected in current billing month.
- **Amount Due:** Past due balance, plus late payment charges, plus current month charges.

The following pages of the bill will be sectioned as follows:

- **Section 1:** -Network Time-of-Use Transmission Service Charges
-Point-to-Point Transmission Service Charges
- **Section 2:** Schedule 1 - Scheduling, System Control and Dispatch Service
- **Section 3:** Bill Adjustments
- **Section 4:** Sales Tax

Network Time-of Use Transmission Service

Many calculations are performed at an hourly and monthly level to process the AES bill including real power losses, load ratio share, energy imbalances and delivery scheduling and balancing.

REAL POWER LOSSES

The hourly interval consumption data includes the applicable distribution losses (1.02% through August 2000). Transmission losses will also be calculated using the real power loss factors stated in Wolverine's OATT. The following is the calculation used to determine transmission losses:

- **Hourly transmission losses =**
(hourly interval consumption + distribution losses) x real power loss factor

LOAD RATIO SHARE

- **Network time-of-use customer load =**
hourly interval consumption (includes distribution losses) + transmission losses + self-generation
- **Network time-of-use customer coincident peak load =**
network time-of-use customer load at the time of Wolverine's network peak load.

When calculating the load ratio share for use in 2001 for billing Alternative Electric Suppliers in *Electric Member Choice*, the 12-month average network time-of-use customer coincident peak load for the previous year (2000) will not be available. Therefore, we will calculate the customer's annual load ratio share monthly using estimated current-year data.

A true-up calculation will occur in early 2002. The dollars affected by the true-up load ratio share calculation will be reflected in the February 2002 AES bill.

During 2002 and beyond, the annual load ratio share will be calculated on a monthly basis using actual customer data from the previous year.

A true-up calculation will occur after 12 months of current year actual customer data have been accrued. The dollars affected by the true-up load ratio share calculation will be reflected in the following February AES bill.

See **Exhibit 1** (this is a .pdf file, for which you will need Acrobat Reader) for load ratio share calculation examples.

IMPORTANT NOTE: The AES must supply Wolverine's Energy Control Center (ECC) (via electronic mail) their customers' hourly self-generation for the billing month. This is due by the third workday of the following month in the required format determined by Wolverine. If customers did not self-generate during that billing month, the data provided must reflect that fact with zeros. Maximum generating capacity output will be assumed for all hours within that billing month if the information is not provided.

ENERGY IMBALANCE PROCESS — HOURLY

The energy imbalance process uses many data fields each hour for billing. The following calculation is used to determine the hourly on- and off-peak energy imbalance:

- **Hourly energy imbalance =**
hourly interval consumption (includes distribution losses) + transmission losses + energy imbalance payback to Wolverine - energy imbalance payback from Wolverine - energy schedules

There are two subsets of energy imbalances - those that fall within the deviation band (termed energy imbalance within the deviation band) and those that fall outside of the deviation band (termed unauthorized use, if positive). To make this determination, the energy imbalance deviation band must be calculated.

Energy Imbalance Deviation Band

Following is the calculation to determine the hourly deviation band (with a minimum of +/- 2,000 kW):

- **Network transmission service deviation band (+ and -) =**
the greater of: the network time-of-use customer coincident (Wolverine) peak load x 1.5% **OR** 2,000 kW

See **Exhibit 2** (this is a .pdf file, for which you will need Acrobat Reader) for energy imbalance deviation band examples. Network transmission service energy imbalance deviation band examples are located in the top half of the exhibit.

After the energy imbalance deviation band is set, a calculation is performed to determine the hourly amount of energy imbalance within the deviation band and unauthorized use. The hourly energy imbalances are grouped by on- and off-peak and are maintained separately.

- **Energy imbalance within the deviation band =**
all energy imbalance within deviation band
- **Unauthorized use =**
energy imbalance greater than (+) deviation band

See **Exhibit 3** (this is a .pdf file, for which you will need Acrobat Reader) for energy imbalance within the deviation band and unauthorized use examples.

ENERGY IMBALANCE PROCESS — MONTHLY

The hourly energy imbalances within the deviation band are separated by on- and off-peak, as defined by NERC, and are accrued for the each calendar month separately. If energy imbalance payback occurs during the month, the accrued on- and off-peak payback schedules are subtracted from the energy imbalances within the deviation band. The net on- and off-peak totals of this calculation are used to determine the monthly energy imbalance amount. All imbalances must be paid back during the month.

Example:

	On-peak	Off-peak
Within deviation band	5,000 kWh	2,000 kWh
Less payback	3,000 kWh	1,500 kWh
Net within deviation band	2,000 kWh	500 kWh

DELIVERY SCHEDULING AND BALANCING SERVICE

The AES may be subject to this service when scheduling deliveries of electricity from generators located within Wolverine's Transmission Service Area. All deliveries from the generator to the AES will be measured at the point of receipt specified in the energy schedule.

NOTE: This service will not apply to Wolverine's wholesale customers being served in Consumer Energy's Transmission Service Area, specifically, customers being served from the Milton, Plains Road or Resort substations.

The following calculation is used to determine the hourly delivery scheduling and balancing (DS&B) service:

- **Delivery scheduling and balancing service =**
interval data from generator - energy schedule

NOTE: Delivery scheduling and balancing service will not apply when Wolverine has an agreement with the generator to purchase excess energy above schedules.

See **Exhibit 4** (this is a .pdf file, for which you will need Acrobat Reader) for delivery scheduling and balancing service examples.

See **Exhibit 5** (this is a .pdf file, for which you will need Acrobat Reader) for the Network Time-of-Use Transmission Service bill format and associated charges or **Exhibit 7** for the Network Time-of-Use Transmission Service bill format and associated charges for Milton, Plains Road or Resort customers.

Point-to Point Transmission Service

Many calculations are performed at an hourly and monthly level to process the AES bill including, real power losses, energy imbalances, delivery scheduling and balancing and excess point-to-point.

REAL POWER LOSSES

The hourly interval consumption includes the applicable distribution losses 1.02% through August 2000). Transmission losses will be calculated using the real power loss factors stated in Wolverine's OATT. The following is the calculation used to determine transmission losses:

- **Hourly transmission losses =**
(hourly interval consumption + distribution losses) x real power loss factor

ENERGY IMBALANCE PROCESS — HOURLY

The energy imbalance process uses many billing fields each hour. The following calculation determines the hourly on- and off-peak energy imbalance:

- **Hourly energy imbalance =**
hourly interval consumption (includes distribution losses) + transmission losses + energy imbalance payback to Wolverine - energy imbalance payback from Wolverine - energy schedules

There are two subsets of energy imbalances - those that fall within the deviation band (termed energy imbalance within the deviation band) and those that fall outside the deviation band (termed unauthorized use, if positive). To make this determination, the energy imbalance deviation band must be calculated.

Energy Imbalance Deviation Band

Following is the calculation to determine the hourly deviation band (with a minimum of +/- 2,000 kW):

- **Point-to-point transmission service deviation band (+ and -) =**
the greater of: all point-to-point reservations (at the hourly level) x 1.5% **OR** 2,000 kW

See **Exhibit 2** (this is a .pdf file, for which you will need Acrobat Reader) for energy imbalance deviation band examples. Point-to-point transmission service

energy imbalance deviation band examples are located in the bottom half of the exhibit.

After the energy imbalance deviation band is set, a calculation is performed to determine the hourly amount of energy imbalance within the deviation band and unauthorized use. The hourly energy imbalances are grouped by on- and off-peak and are maintained separately.

- **Energy imbalance deviation band =**
all energy imbalance within deviation band
- **Unauthorized use =**
energy imbalance greater than (+) deviation band

See **Exhibit 3** (this is a .pdf file, for which you will need Acrobat Reader) for energy imbalance within the deviation band and unauthorized use examples.

ENERGY IMBALANCE PROCESS — MONTHLY

The hourly energy imbalances within the deviation band are separated by on- and off-peak, as defined by NERC, and are accrued for each calendar month separately. If energy imbalance payback occurs during the month, the accrued on- and off-peak payback schedules are subtracted from the energy imbalances within the deviation band. The net on- and off-peak totals of this calculation are used to determine the monthly energy imbalance amount. All imbalances must be paid back during the month.

Example:

	On-peak	Off-peak
Within deviation band	5,000 kWh	2,000 kWh
Less payback	3,000 kWh	1,500 kWh
Net within deviation band	2,000 kWh	500 kWh

DELIVERY SCHEDULING AND BALANCING SERVICE

The AES may be subject to this service when scheduling deliveries of electricity from generators located within Wolverine's Transmission Service Area. All deliveries from the generator to the AES will be measured at the point of receipt specified in the energy schedule.

The following calculation is used to determine the hourly delivery scheduling and balancing (DS&B) service:

- **Delivery scheduling and balancing service =**
interval data from generator - energy schedule

NOTE: Delivery scheduling and balancing service will not apply when Wolverine has an agreement with the generator to purchase excess energy above schedules.

See **Exhibit 4** (this is a .pdf file, for which you will need Acrobat Reader) for delivery scheduling and balancing service examples.

EXCESS POINT-TO-POINT

If a point-to-point transmission customer assigned to an AES takes transmission service in excess of its reserved capacity, the AES will be charged for excess use at a rate of three times the demand charge stated in **Schedules 7 and 8** for the applicable period of service reserved. The calculation to determine excess point-to-point is as follows:

- **Excess point-to-point =**
hourly interval consumption (includes distribution losses) + transmission losses + energy imbalance payback to Wolverine – energy imbalance payback from Wolverine – reserved transmission

Example:

Hourly interval consumption (including distribution losses) = 7,254 kWh

Transmission losses (3.64%) = 264 kWh

Energy imbalance payback to Wolverine = 0 kWh

Energy imbalance payback from Wolverine = 0 kWh

Monthly point-to-point transmission reservation = 7,000 kW

Using the excess point-to-point calculation:

$$518 \text{ kWh} = 7,254 + 264 + 0 - 0 - 7,000$$

If other hours within the month fall into excess point-to-point, the additional transmission charge for monthly point-to-point is based on the largest excess kW for the month. Therefore, the charge for this example is: \$2,362.08 = 518 kW x (\$1.52 x 3).

See **Exhibit 6** (this is a .pdf file, for which you will need Acrobat Reader) for the Point-to-Point Transmission Service bill format and additional charges.

Additional Monthly Charges to Alternative Electric Supplier

SCHEDULE 1 - SECTION 2

The rates and rules in this section are according to Wolverine's OATT as filed October 30, 1997 which are subject to change.

- **Scheduling, system control and dispatch service =**
\$64/1,000 kW

NOTE: The first month that a customer begins service in *Electric Member Choice, Schedule 1* will be prorated based on days of service.

BILL ADJUSTMENTS - SECTION 3

Any adjustments concerning the AES bill will be presented in this section.

SALES TAX - SECTION 4

All charges associated with energy sales will be subject to Michigan sales tax charges unless legally entitled to exemption. An Exemption Certificate-Michigan Sales Tax (Form 710) must be completed and on file with the local Cooperative to qualify for an exemption.

Alternative Electric Supplier Billing and Settlement Contact Information

Name:	Energy Control Center
Telephone:	231-775-5700, extension 571
Fax:	231-775-1977
E-mail:	AESbilling@wpsci.com
Address:	Wolverine Power Supply Cooperative, Inc. PO Box 229 10125 W. Watergate Road Cadillac, MI 49601

Exhibit 1

Load Ratio Calculation Examples

Load Ratio Share (for 2001) =	Estimated Network Customer Coincident Peak Load-to-Date/number of months into 2000 Wolverine 12-Month Average Network Peak Load for 1999
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Load Ratio Share (2001 true-up) =	12-Month Rolling Average Network Customer Coincident Peak Load for 2000 Wolverine 12-Month Average Network Peak Load for 2000
--	--

Load Ratio Share (2002 & beyond) =	12-Month Rolling Average Network Coincident Peak Load for previous calendar year Wolverine 12-Month Average Network Peak Load for previous calendar year
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Load Ratio Share (2002 & beyond true up) =	12-Month Rolling Average Network Customer Coincident Peak Load for past 12 months Wolverine 12-Month Average Network Peak Load for past 12 months
---	--

Exhibit 2

Network Transmission Service Energy Imbalance Deviation Band Examples

Example 1

Network customer coincident peak load = 5,000 kW

$5,000 \times 1.5\% \text{ kW} = 75 \text{ kW}$

Deviation band = +/- 2,000 kWh

Example 2

Network customer coincident peak load = 180,000 kW

$180,000 \times 1.5\% = 2,700 \text{ kW}$

Deviation band = +/- 2,700 kWh

Point-to-Point Transmission Service Energy Imbalance Deviation Band Examples

Example 1

For October, the point-to-point (PTP) customer reserved the following:

Monthly PTP reservation = 18,000 kW

Calculation for hourly deviation band: $18,000 \times 1.5\% = 270 \text{ kWh}$

Deviation band = +/- 2,000 kWh

Example 2

For November, the point-to-point (PTP) customer reserved the following:

Monthly PTP reservation = 175,000 kW

Calculation for hourly deviation band: $175,000 \times 1.5\% = 2,625 \text{ kWh}$

Deviation band = +/- 2,625 kWh

Exhibit 3

Energy Imbalance within the Deviation Band and Unauthorized Use Examples

	Hourly Energy Imbalance (kWh)	Energy Imbalance Deviation Band (kWh)	Energy Imbalance within Deviation Band (kWh)	Unauthorized Use (kWh)
If energy imbalance is within the deviation band:				
Energy imbalance within the deviation band = energy imbalance	1,500	2,000	1,500	0
If energy imbalance is outside the deviation band and less than zero:				
Energy imbalance within the deviation band = deviation band	(2,500)	2,000	(2,000)	0
If energy imbalance is outside the deviation and greater than zero:				
Energy imbalance within the deviation band = deviation band	2,500	2,000	2,000	500
Unauthorized use = hourly energy imbalance - deviation band				

Exhibit 4

Delivery Scheduling and Balancing Service Examples

Interval Data at Generator kWh	-	Energy Schedule kWh	=	DS&B* Service kWh
6,232		5,000		1,232
4,333		5,000		(667)

* Delivery Scheduling and Balancing Service will not apply when Wolverine has an agreement with the generator to purchase excess energy above schedules.

Exhibit 5

Network Time-of-Use Transmission Service Bill Format

Unless otherwise noted, all rates and rules in this exhibit are according to Wolverine's OATT filed as of October 30, 1997 which is subject to change.

Network Monthly Demand Charge

Load ratio share x (\$6,089,867/12) per month

Ancillary Service Charges

- Schedule 1: Scheduling system control and dispatch service =**
Load ratio share x (\$257,359/12) per month **(Wolverine)**
Load ratio share x (\$3,035/2) per month **(CECO pass through)**
- Schedule 2: Reactive supply and voltage control from generation sources service = (CECO pass through)**
Load ratio share x (\$14,789,000/12) per month
- Schedule 3: Regulation and frequency responsive service = (MPPA)**
At or below \$.17/kW per month
- Schedule 4: Energy imbalance service =**
If the monthly imbalance on- and/or off-peak within the deviation band is a positive number, AES owes Wolverine for providing energy imbalance service. No credits will be given to the AES if these values are negative.

Energy Charges

On- and off-peak within deviation band =

Monthly on-peak energy imbalance x the greater of: (one-month average on-peak top incremental cost + \$0.01/kW) **OR** \$0.10/kW

For all hours when the energy imbalance is greater than the deviation band, the said energy is termed "unauthorized use". An unauthorized use demand charge is applied to the highest hourly, unauthorized use kW assessed within the billing month. These charges are assessed by transmission type. The energy and demand charge calculations are as follows:

Energy Charges

Unauthorized use =

Hourly unauthorized use kWh x the greater of: \$0.01/kWh **OR** hourly top incremental cost + \$0.01/kWh

Demand Charges

Unauthorized use =

Wolverine out-of-pocket cost, including all billed demand charges from CECO

Schedule 4A: Delivery scheduling and balancing service =

If the hourly generator delivery is less than the energy schedule (DS&B is less than zero), the AES will be charged the following:

DS&B (shortfall) kWh x 110% of hourly top incremental cost

If the hourly generator delivery is greater than the energy schedule (DS&B is greater than zero), a credit will be applied to the AES as follows:

DS&B (overage) kWh x 90% of hourly top incremental cost

Note: Delivery scheduling and balancing service will not apply when Wolverine has an agreement with the generator to purchase excess energy above schedules.

Schedule 5: Operating reserve - spinning reserve service = (MPPA)

At or below \$.17/kW per month

Schedule 6: Operating reserve - supplemental reserve service = (Wolverine)

At or below \$.25/W per month

Standby Service Charges

Standby Energy Charges =

Hourly standby schedule x top incremental cost + \$.01/kWh

Note: The first month that a customer begins service in *Electric Member Choice*, the network monthly demand charge along with charges for Schedules 2, 3, 5 and 6 will be prorated based upon days of service in that month.

Exhibit 6

Point-to-Point Transmission Service Bill Format

(one page per point-to-point customer assigned to AES)

Transmission Service Charges

Unless otherwise noted, all rates and rules in this exhibit are according to Wolverine's OATT filed as of October 30, 1997 which is subject to change.

Schedule 7: Firm point-to-point transmission service =

Yearly = yearly reservation x \$18.21/12 months

Monthly = monthly reservation x \$1.52/kW

Weekly = weekly reservation x \$.35/kW

Daily = daily reservation x \$.05/kW

Schedule 7: Firm excess point-to-point transmission service =

Excess point-to-point kW x applicable schedule 7 reservation rate above x 3

Schedule 8: Non-firm point-to-point transmission service =

Monthly = monthly reservation x \$.76/kW

Weekly = weekly reservation x \$.175/kW

Daily = daily reservation x \$.025/kW

Hourly = hourly reservation x \$.00104/kW

Schedule 8: Non-firm excess point-to-point transmission service =

Excess point-to-point kW x applicable schedule 8 reservation rate above x 3

Note: If a firm point-to-point or non-firm point-to-point reservation falls within two months (i.e. September 28 through October 4), the AES will be invoiced for the entire reservation charge in the month the reservation began (i.e. September).

Ancillary Service Charges

Schedule 1: Scheduling, system control and dispatch service

\$64/1,000 kW per month (**Wolverine**)

Load ratio share x (\$3,035/2) per month (**CECO pass through**)

Schedule 2: Reactive supply and voltage control from generation sources service = (CECO pass through)

Firm point-to-point =

Load ratio share X (\$14,789,000/12) per month

Non-firm point-to-point =

Load ratio share x (\$14,789,000/12) per month

Schedule 3: Regulation and frequency response service = (MPPA)

Firm point-to-point =

At or below \$.17/kW per month

Non-firm point-to-point =

At or below \$.17/kW per month

Schedule 4:**Energy imbalance service =**

If the monthly energy imbalance on- and/or off-peak within the deviation band is a positive number, AES owes Wolverine for providing energy imbalance service. No credits will be given to the AES if these values are negative.

Energy Charges**On- and off-peak within deviation band =**

Monthly on-peak energy imbalance x the greater of: (one-month average on-peak top incremental cost + \$0.01/kW) **OR** \$0.10/kW

For all hours when the energy imbalance is greater than the deviation band, the said energy is termed "unauthorized use". An unauthorized use demand charge is applied to the highest hourly, unauthorized use kW assessed within the billing month. These charges are assessed by transmission type. The energy and demand charge calculations are as follows:

Energy Charges**Unauthorized use =**

Hourly unauthorized use kWh x the greater of: \$0.01/kWh **OR** hourly top incremental cost + \$0.01/kWh

Demand Charges**Unauthorized use =**

Wolverine out-of-pocket cost, including all billed demand charges from CECO

Schedule 4A:**Delivery scheduling and balancing service =**

If the hourly generator delivery is less than the energy schedule (DS&B is less than zero), the AES will be charged the following:

DS&B (shortfall) kWh x 110% of hourly top incremental cost

If the hourly generator delivery is greater than the energy schedule (DS&B is greater than zero), a credit will be applied to the AES as follows:

DS&B (overage) kWh x 90% of hourly top incremental cost

Note: Delivery scheduling and balancing service will not apply when Wolverine has an agreement with the generator to purchase excess energy above schedules.

Schedule 5:**Operating reserve - spinning reserve service = (MPPA)****Firm point-to-point =**

At or below \$.17/kW per month

Non-firm point-to-point =

At or below \$.17/kW per month

Schedule 6:**Operating reserve - supplemental reserve service = (Wolverine)****Firm point-to-point =**

At or below \$.25/kW per month

Non-firm point-to-point =

At or below \$.25/kW per month

Standby Service Charges**Standby Energy Charges =**

Hourly standby schedule x top incremental cost + \$.01/kWh

Exhibit 7

Network Time-of-Use Transmission Service Bill Format for Milton, Plains Road or Resort Customers

Unless otherwise noted, all rates and rules in this exhibit are according to Consumers Energy's OATT which is subject to change.

Network Monthly Demand Charge

Transmission	Load ratio share x (\$67,300,000/12) per month
Distribution	Load ratio share x (\$42,330,000/12) per month
Real Power Loss	\$7.35/Kw per month

Real Power Loss Energy Charge
\$.030669/kWh

Ancillary Service Charges

Schedule 1:	Scheduling system control and dispatch service = Load ratio share x (\$257,359/12) per month (Wolverine) Load ratio share x \$3,035 per month (CECO pass through)
Schedule 2:	Reactive supply and voltage control from generation sources service = (CECO pass through) Load ratio share x (\$14,789,000/12) per month
Schedule 3:	Regulation and frequency responsive service = (CECO pass through) Load ratio share x (\$11,913,000/12) per month
Schedule 4:	Energy imbalance service = (CECO pass through) If the monthly imbalance on- and/or off-peak within the deviation band is a positive number, AES owes Wolverine for providing energy imbalance service. No credits will be given to the AES if these values are negative.

Energy Charges

On-peak within deviation band =

Monthly on-peak energy imbalance x the greater of: (one-month average on-peak top incremental cost + \$0.01/kW) **OR** \$0.10/kW

Off-peak within deviation band =

Monthly off-peak energy imbalance x the greater of: (one-month average off-peak top incremental cost + \$0.01/kW) **OR** \$0.05/kW

For all hours when the energy imbalance is greater than the deviation band, the said energy is termed "unauthorized use". An unauthorized use demand charge is applied to the highest hourly, unauthorized use kW assessed within the billing month. These charges are assessed by transmission type. The energy and demand charge calculations are as follows:

Energy Charges

Unauthorized use =

Hourly unauthorized use kWh x the greater of: \$0.01/kWh **OR** hourly top incremental cost + \$0.01/kWh

- Schedule 4:** **Energy imbalance service = (CECO pass through)**
(continued) **Demand Charges**
 Unauthorized use =
 Wolverine out-of-pocket cost, including all billed demand charges from CECO
- Schedule 5:** **Operating reserve - spinning reserve service = (CECO pass through)**
 Load ratio share x (\$11,913,000/12) per month
- Schedule 6:** **Operating reserve - supplemental reserve service = (CECO pass through)**
 Load ratio share x (\$23,826,000/12) per month

Miscellaneous Other Charges

- Direct Assignment Facilities (DAF) Usage Fee-Capital = (CECO pass through)**
 Load ratio share x monthly fee
- DAF Usage Fee-O&M = (CECO pass through)**
 Load ratio share x monthly fee
- Miscellaneous Adjustments = (CECO pass through)**
 Load ratio share x monthly adjustment

Standby Service Charges

- Standby Energy Charges =**
 Hourly standby schedule x top incremental cost + \$.01/kWh

Note: The first month that a customer begins service in *Electric Member Choice*, the network monthly demand charge along with charges for Schedules 2, 3, 5 and 6 will be prorated based upon days of service in that month.