MARSH USA INC.

# CERTIFICATE OF INSURANCE

CERTIFICATE NUMBER
CHI-000176214-07

PRODUCER

Marsh USA Inc
600 Renaissance Center
Suite 2100
Detroit, MI 48243

05017 --DIG-

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER OTHER THAN THOSE PROVIDED IN THE POLICY. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES DESCRIBED HEREIN.

**COMPANIES AFFORDING COVERAGE**

COMPANY A: FEDERAL INSURANCE COMPANY

COMPANY B:

COMPANY C:

COMPANY D:

INSURED

DEARBORN INDUSTRIAL GENERATION, LLC
212 W. MICHIGAN AVENUE
JACKSON, MI 49201

**COVERAGES** This certificate supersedes and replaces any previously issued certificate for the policy period noted below.

THIS IS TO CERTIFY THAT POLICIES OF INSURANCE DESCRIBED HEREIN HAVE BEEN ISSUED TO THE INSURED NAMED HEREIN FOR THE POLICY PERIOD INDICATED NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THE CERTIFICATE MAY BE ISSUED OR MAY PERTAIN. THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, CONDITIONS AND EXCLUSIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

| CO LTR | TYPE OF INSURANCE | POLICY NUMBER | POLICY EFFECTIVE DATE (MM/DD/YY) | POLICY EXPIRATION DATE (MM/DD/YY) | LIMITS | |
|---|---|---|---|---|---|---|
| A | GENERAL LIABILITY<br>COMMERCIAL GENERAL LIABILITY<br>CLAIMS MADE [X] OCCUR<br>OWNER'S & CONTRACTOR'S PROT | 3710-1894 | 11/13/98 | 07/01/01 | GENERAL AGGREGATE | $ 2,000,000 |
| | | | | | PRODUCTS - COMP/OP AGG | $ 1,000,000 |
| | | | | | PERSONAL & ADV INJURY | $ 1,000,000 |
| | | | | | EACH OCCURRENCE | $ 1,000,000 |
| | | | | | FIRE DAMAGE (Any one fire) | $ 500,000 |
| | | | | | MED EXP (Any one person) | $ 10,000 |
| | AUTOMOBILE LIABILITY<br>ANY AUTO<br>ALL OWNED AUTOS<br>SCHEDULED AUTOS<br>HIRED AUTOS<br>NON-OWNED AUTOS | | | | COMBINED SINGLE LIMIT | $ |
| | | | | | BODILY INJURY (Per person) | $ |
| | | | | | BODILY INJURY (Per accident) | $ |
| | | | | | PROPERTY DAMAGE | $ |
| | GARAGE LIABILITY<br>ANY AUTO | | | | AUTO ONLY - EA ACCIDENT | $ |
| | | | | | OTHER THAN AUTO ONLY: EACH ACCIDENT | $ |
| | | | | | OTHER THAN AUTO ONLY: AGGREGATE | $ |
| A | EXCESS LIABILITY<br>[X] UMBRELLA FORM<br>OTHER THAN UMBRELLA FORM | 7978-1078 | 11/13/98 | 07/01/01 | EACH OCCURRENCE | $ 1,000,000 |
| | | | | | AGGREGATE | $ 1,000,000 |
| | | | | | | $ |
| | WORKERS COMPENSATION AND EMPLOYERS' LIABILITY<br>THE PROPRIETOR/ PARTNERS/EXECUTIVE OFFICERS ARE [ ] INCL [ ] EXCL | | | | WC STATUTORY LIMITS / OTHER | |
| | | | | | EL EACH ACCIDENT | $ |
| | | | | | EL DISEASE-POLICY LIMIT | $ |
| | | | | | EL DISEASE-EACH EMPLOYEE | $ |
| | OTHER | | | | | |

DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/SPECIAL ITEMS (LIMITS MAY BE SUBJECT TO DEDUCTIBLES OR RETENTIONS)

CERTIFICATE HOLDER IS AN ADDITIONAL INSURED WITH RESPECT TO A TEMPORARY INTERCONNECT AGREEMENT FOR STEAM TURBINE GENERATOR TESTING THROUGH DEARBORN INDUSTRIAL GENERATION.

**CERTIFICATE HOLDER**

DETROIT EDISON
ATTN. DIRECTOR - AUTO AND BASIC INDUSTRY
2000 SECOND AVENUE
DETROIT, MI 48226-1279

**CANCELLATION**

SHOULD ANY OF THE POLICIES DESCRIBED HEREIN BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE INSURER AFFORDING COVERAGE WILL ENDEAVOR TO MAIL 10 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED HEREIN BUT FAILURE TO MAIL SUCH NOTICE SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER AFFORDING COVERAGE, ITS AGENTS OR REPRESENTATIVES.

MARSH USA INC.
BY John C Hurley

AUTHORIZED REPRESENTATIVE

DATE: 03/16/01

MEW

Schedule Designation D6

# Primary Supply Agreement

**Detroit Edison**
A DTE Energy Company

DE 963-1816 9-00

THIS AGREEMENT, dated March 15 20 01

by and between Dearborn Industrial Generation, L.L.C. (Corporate Name) of Michigan (State of Incorporation)

herein called the "Customer", and THE DETROIT EDISON COMPANY, a Michigan corporation, of 2000 2nd Avenue, Detroit, Michigan 48226 hereinafter called the "Company", is for a supply of electric energy to be delivered by the Company to the Customer's premises located at

2400 Miller Road
(Street Address)

Dearborn
(City, Village, Township)

The supply shall be delivered by the Company and received and paid for by the Customer under the following terms and conditions:

1. For new primary installations over 1,000 kW, this Agreement shall be for a period [redacted] beginning *SEE TERM on the 9th day of February, 20 01, or whenever service is made available after that date. [redacted]

For new primary installations of 1000 kW or less and for new Customers at existing installations, the term is for one (1) year beginning on the _____ day of _____, 20_____, extending thereafter from month to month until terminated by mutual consent or on one month written notice by either party. The one year term, under special circumstances, may be increased or reduced at the discretion of the Company. Where special services are required, the term will be as specified in the applicable contract rider.

2. The Company shall furnish the Customer service twenty four hours a day subject, however, to interruption by agreement or upon advance notice or by accident or other causes not under the reasonable control of the Company. Service is also subject to interruption by implementation of the Emergency Electrical Procedures as delineated in Rule B-3.7.

3. The Customer shall pay for the supply of electric energy delivered by the Company at the rate shown on the final page, being the current rate as approved by the Michigan Public Service Commission.

4. With respect to the monthly billing rate, the following definitions apply:

a. **Monthly On-Peak Billing Demand**: The monthly on-peak billing demand shall be the single highest 30-minute integrated readings of the demand meter during the on-peak hours of the billing period. In no event will the monthly on-peak billing demand be less than 65% of the highest monthly on-peak billing demand during the billing months of June, July, August, September, and October of the preceding eleven billing months, nor less than 50 kilowatts.

b. **Schedule of On-Peak Hours**: Periods of light load on the Company's power plants are known as off-peak hours. To encourage the use of power at these times the Company offers to its qualified customers a lessened energy charge.

On-peak hours are those between 1100 hours and 1900 hours in each day, Monday through Friday, legal holidays excluded.

The following will be considered legal holidays for the purpose of applying this schedule: New Year's Day, Good Friday, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and Christmas Day. "Monday" holidays, where legally recognized, will be recognized in place of the "traditional" holidays.

The schedule of on-peak hours also applies to on peak and off peak kWh charges.

c. **Power Supply Cost Recovery Clause**:

1. This Power Supply Cost Recovery Clause permits the monthly adjustment of rates for power supply to allow recovery of the booked costs of fuel and purchased and net interchange power transactions incurred under reasonable and prudent policies and practices in accordance with 1982 PA 304. All rates for electric service, unless otherwise provided in the applicable rate schedule, shall include a Power Supply Cost Recovery factor.

2. The Power Supply Cost Recovery factor is that element of the rates to be charged for electric service to reflect power supply costs incurred by the Company and made pursuant to the Power Supply Cost Recovery Clause.

3. Effective January 22, 1994, the Power Supply Cost Recovery Factor shall consist of an increase or decrease of .01078 mills per kWh for each full .01 mill increase or decrease in the projected average booked cost of fuel burned for electric generation and purchases and net interchange power incurred above or below a base of 15.49 mills per kWh. Average booked Cost of fuel burned and purchased and net interchange power shall be equal to the booked costs in that period divided by that period's net system kWh requirements. Net system kWh requirements shall be the sum of the net kWh generation and net kWh purchased and interchange power.

**d. Power Factor Clause:** The rates and charges under this tariff are based on the Customer maintaining a power factor of not less than 85% lagging. Power factor determinations are as follows. For the determination of power factor, the Company will install a lagging reactive component meter in addition to the kilowatthour meter used for the measurement of energy. From the readings of these two meters the power factor for the regular billing period will be determined according to the following table:

| Ratio of Registration of Reactive Component Meter to Registration of Kilowatthour Meter | Power Factor |
|---|---|
| 1.021 and higher | .699 and lower |
| 1.020 to .883 | .700 to .749 |
| .882 to .752 | .750 to .799 |
| .751 to .622 | .800 to .849 |
| .621 to .000 | .850 to 1.000 |

Power Factor: A Penalty will be applied to the total amount of the monthly billing in accordance with the following table:

| Power Factor | Penalty |
|---|---|
| .850 and higher | None |
| .800 to .849 | 1% |
| .750 to .799 | 2% |
| .700 to .749 | 3% |

Power Factors less than .700 are not permitted and necessary corrective equipment must be installed by the Customer. A 25% penalty will be applied to any billing after two consecutive months below .700 power factor and will continue as long as the power factor remains below .700. The first two consecutive months below .700 the penalty will be 3%. Once the Customer's power factor exceeds .700, it is necessary to go through two consecutive months below .700 again before the 25% penalty applies.

5 The contract capacity however established shall not be decreased during the term of the contract and subsequent renewal period as long as service is required unless there is a specific reduction in connected load. Any single reading of the demand meter in any month that exceeds the contract capacity then in effect shall become the new contract.

6 Applications for electric service which require construction of a line extension or other facilities will be subject to the provisions of Rule B-3.3.

7 Customer-Owned equipment must be operated so that voltage fluctuations on the primary distribution system of the Company shall not exceed permissible limits.

8 The Customer may be permitted to transfer from this rate to a secondary-commercial rate, provided they can meet the availability requirements, if the load characteristic changes sufficiently so that the Customer would benefit by the change for the foreseeable future even though metering was continued at primary voltage. Frequent changes, however, from one rate to another for a period less than one full year will not be permitted in accordance with Rule B-2.4 — Choice of Rates.

For example, during the period that a building is under construction, primary service may be supplied and metered at primary voltage and billed on a secondary rate while the building is under the jurisdiction of the contractor.

At the option of the Company, service may be supplied at the primary voltage and metered at a secondary voltage when the Customer transfers from a secondary rate. For loads metered at a secondary voltage (less than 600V), all measured kWhs shall be increased by 2

9. In some cases the Customer is eligible to take service under any one of two or more rates. If requested, the Company will advise the Customer in the selection of the rate which will give him the lowest cost of service, based on the information at hand, but the responsibility for the selection of the rate lies with the Customer.

a. After the Customer has selected the rate under which he elects to take service, he is not permitted to change from that rate to another until twelve months have elapsed. Neither will a Customer be permitted to evade this rule by the device of temporarily terminating his service.

b. However, the Company may, at its option, waive this rule where it appears that an earlier change is requested for permanent rather than for temporary or seasonal advantage. The intent of this rule is to prohibit frequent shifts from rate to rate. As used in this rule, the word "rate" shall include applicable riders.

10. The Primary Supply Rate and the Rules and Regulations applicable thereto as set forth in the Company's Rate Schedule are on file with and have been approved by the Michigan Public Service Commission. The Rate Schedule is subject to change from time to time by order issued by the Michigan Public Service Commission.

a. The supply is also governed by the Rules of Electrical Service established by the Michigan Public Service Commission (Case No. U-6400), and by the Rules of the Company on file with the Commission which do not form a part of the Rate Schedule. All Rules are subject to change from time to time.

11. The Customer Has ~~Not~~ Has No another source of power, and desires an initial contract capacity of 5,000 kilowatts, at a nominal voltage of 230,000 volts.

*TERM

This agreement shall terminate 46 days after synchronization of the 250 MW Steam Turbine Generator to the company System, but in no event later than May 15, 2001.

Accepted
THE DETROIT EDISON COMPANY

By _____
Authorized Signature

Name William Subotich, Jr.

Title Director - Auto & Basic Industry
Assigned Customer Services

Company Dearborn Industrial Generation, L.L.C.

Signature _____

Name THOMAS W ELWARD

Title VICE PRESIDENT

# Primary Supply Rate

**Availability of Service**: Available to customers desiring service at primary, sub-transmission, or transmission voltage who contract for a specified capacity of not less than 50 kilowatts at a single location.

**Hours of Service**: 24 hours, subject to interruption by agreement or by advance notice.

**Current, Phase and Voltage**: Alternating current, three phase, nominally at 4,800, 13,200, 24,000, 41,570 or 120,000 volts at the option of the Company.

**Contract Capacity**: Customers shall contract for a specified capacity in kilowatts sufficient to meet normal maximum requirements but not less than 50 kilowatts. The Company undertakes to provide the necessary facilities for a supply of electric power from its primary distribution system at the contract capacity. Any single reading of the demand meter in any month that exceeds the contract capacity then in effect shall become the new contract capacity. The contract capacity for customers served at more than one voltage level shall be the sum of the contract capacities established for each voltage level.

**Rate Per Month**:

Service Charge:

$275.00 per customer per month

Demand Charges:

$14.25 per kW for on-peak billing demand, plus

For primary service (less than 24 kV) $3.75 per kW of maximum demand.

For service at subtransmission voltage level (24 to 41.6 kV) $2.65 per kW of maximum demand.

For service at transmission voltage level (120 kV and above) $1.80 per kW of maximum demand.

The maximum demand shall be the highest 30 minute demand created during the previous 12 billing months, including the current month but not less than 50% of contract capacity. This clause is applicable to each voltage level served.

**Energy Charge**:

2.96¢ per kWh for all on-peak kWh

2.66¢ per kWh for all off-peak kWh

**Voltage Level Discount**:

.15¢ per kWh at transmission level

.10¢ per kWh at subtransmission level

**Substation Credit**: Available to customers where service at sub transmission voltage level (24 to 41.6 kV) or higher is required, who provide the on-site substation including all necessary transforming, controlling and protective equipment. A credit of $.30 per kW of maximum demand shall be applied to the maximum demand charge. A credit of .040¢ per kWh shall be applied to the energy charge where the service is metered on the primary side of the transformer.

**Base Rate Reduction**: A credit of 3.227% applied to the base bill.

**Power Supply Cost Recovery Factor**: The Energy Charge in the above rate is subject to the provision of Schedule Designation B-4.6.

**Surcharges and Credits**: As approved by the Commission. See Schedule Designation B-4.9.

**Late Payment Charge**: See schedule Designation B.2.10.

**Definition of Customer Voltage Level**: See Schedule Designation B.4.7.

**MONTHLY ON-PEAK BILLING DEMAND**: The monthly on-peak billing demand shall be the single highest 30-minute integrated reading of the demand meter during the on-peak hours of the billing period. The monthly on-peak billing demand will not be less than 65% of the highest monthly on-peak metered billing demand during the billing months of June, July, August, September, and October of the preceding eleven billing months, nor less than 50 kilowatts.

**Minimum Charge**: All demand charges, plus the service charge.

**Schedule of Non-Peak Hours**: See Schedule Designation B.4.4.

**Power Factor Clause**: The rates and charges under this tariff are based on the customer maintaining a power factor of not less than 85% lagging. Power factor less than 70% will not be permitted and the customer will be required to install at his own expense such corrective equipment as may be necessary to improve power factor. A penalty will be applied to the total amount of the monthly billing for electric energy for power factor below 85% lagging in accordance with the table in Power Factor Determination, Schedule Designation B-4.5. The Power Factor Clause shall not be applied to the on-peak billing demand ratchet nor the minimum contract demand, but will be applied to metered quantities.

**Special Terms and Conditions**: The contract capacity however established shall not be decreased during the term of the contract and subsequent renewal periods as long as service is required unless there is a specific reduction in connected load.

Customer-owned equipment must be operated so that voltage fluctuations on the primary distribution system of the Company shall not exceed permissible limits.

Customers will be permitted to transfer from this rate to a secondary commercial rate, provided they can meet the availability requirements, if the load characteristic changes sufficiently so that the customer would benefit by the change for the foreseeable future even thought metering was continued at primary voltage. Frequent changes, however, from on rate to another for a period less than one full year will not be permitted in accordance with Rule B-2.4 - Choice of Rates.

For example, during the period that a building is under construction, primary service may be supplied and metered at primary voltage and billed on a secondary rate while the building is under the jurisdiction of the contractor.

Also, for the convenience of the utility, service to a large school complex or a high rise building where, as a matter of design, primary voltage is furnished with Company owned transformers at remote locations fed by customer owned primary cables, the account can be billed on a secondary rate though metered at one central primary voltage location at or near the termination of the utility-owned cables.

At the option of the Company, service may be supplied at the primary voltage and metered at a secondary voltage when the customer transfers from a secondary rate. For loads metered at a secondary voltage (less than 600V), all measured quantities shall be increased by 2%.

**Contract Term**: For new primary installations over 1000 kW the term is for not less than five years, extending thereafter from month to month until terminated by mutual consent or on twelve months' written notice by either party, which may be given at any time after the end of the fourth year. For new primary installations of 1000 kW or less and for new customers at existing installations, the term is for one year which under special circumstances may be increased or reduced at the discretion of the Company, extending thereafter from month-to-month until terminated by mutual consent or on one month written notice by either party. Where special services are required, the term will be as specified in the applicable contract rider.

Detroit Edison

Parallel Operation and Standby Service
Schedule Designation R3

# Standard Contract Rider No. 3

DE 963-1826 1-94

THIS RIDER, dated March 15 2001,

is attached to and becomes a part of an electric service agreement dated March 15 2001,

between Dearborn Industrial Generation, L.L.C., herein called the "Customer", and The Detroit Edison Company, herein called the "Company", for a supply of electric energy to the Customer's premises located at 2400 Miller Road

Dearborn

The Customer desires to run electrical generating equipment in parallel with the Company's system or the Customer desires the Company to serve load that is normally served by the Customer's generator or prime mover and having written permission by the Company for parallel operation and agrees to take standby service under the provisions of the rider and also agrees to take supplemental service on one of the applicable filed rates listed on Standard Contract Rider No. 3.

The Company will set the standby contract capacity and will charge for standby service under the terms and conditions of Standard Contract Rider No. 3 - Parallel Operation and Standby Service. The terms and conditions and charges of this Rider as of this date as filed with and approved by the Michigan Public Service Commission are attached as Exhibit A. The terms and conditions and charges are subject to change from time to time by Order issued by the Michigan Public Service Commission.

Beginning on the effective date of this contract, the standby contract capacity will be set at the following.....

* SEE PAGE 7 of 7, and thereafter will be subject to revision pursuant to the terms and conditions in Standard Contract Rider No. 3.

**Effective Date:** [illegible] SEE TERM.

**Contract Terms:** [illegible] SEE TERM

**Approval for Parallel Operation:** As the Primary Service representative for The Detroit Edison Company, I hereby certify that I have inspected the facility and approve this Customer for parallel operation.

By: Randall Huber Date: 3-15-01 Title: SR. STAFF ENGINEER
Authorized Signature

Name: RANDALL HUBER

Accepted
THE DETROIT EDISON COMPANY

By: William Subotich
Authorized Signature

Name: William Subotich, Jr.

Title: Director - Auto & Basic Industry Assigned Customer Services

Company: Dearborn Industrial Generation, L.L.C.

Signature: T. W. Elward

Name: THOMAS W. ELWARD

Title: VICE PRESIDENT

**Exhibit "A"**

Standard Contract Rider No. 3

Parallel Operation and Standby Service

| | | |
|---|---|---|
| **Applicable To:** | General Service Rate | Schedule Designation D3 |
| | Interruptible General Service Rate | Schedule Designation D3.3 |
| | Large General Service Rate | Schedule Designation D4 |
| | Primary Supply Rate | Schedule Designation D6 |
| | Alternate Primary Supply Rate | Schedule Designation D6.1 |
| | Interruptible Supply Rate | Schedule Designation D8 |
| | Primary Pumping | Schedule Designation E4 |
| | Secondary Pumping | Schedule Designation E5 |

**Standby Service:** Customers who desire to run electrical generating equipment in parallel with the Company's system or Customers who desire the Company to serve load that is normally served by the Customer's generator or prime mover must take standby service under the provisions of this rider and must take supplemental service on one of the applicable filed rates listed above. Customers who desire to run electrical generating equipment in parallel with the Company's system must have written permission by the Company for parallel operation.

Any Customer operating in parallel with the Company's system under written permission by the Company but not taking service under Rider No. 3 as of January 1, 1989, will not be required to take service under Rider No. 3 as long as there is no change in the Customer's generating facilities or other source of energy.

Customers purchasing their entire energy requirements from the Company with generators or prime movers installed for use only in emergency will not be considered as taking standby service.

The effective date for service under this rider will be first full billing cycle for each Customer which begins on or after July 1, 1989. All Customers operating in parallel with the Company's system must install the necessary equipment to permit metering by July 1, 1989. The Company will supply the metering equipment. Parallel operation without metering will not be permitted after July 1, 1989, except by written permission of the Company.

**Parallel Operation:** The Customer must meet the interconnection requirements of Detroit Edison specified in "Protective Relaying Operating and Telemetering Guidelines for Independently-Owned Generation", published by the Company, as approved by the Michigan Public Service Commission, before parallel operation will be permitted. The Company must approve in writing any subsequent changes in the interconnection configuration before such changes are allowed. Operating in parallel with the Company's system without written approval by the Company of the interconnection and any subsequent changes to the interconnection will make the Customer subject to disconnection.

Except for the acts or omissions of the Company's employees or agents which occur on the Customer's side of the point of interconnection the Customer shall indemnify, defend and hold the Company and its officers, agents and employees harmless from any liabilities, claims, losses, demands, costs, damages or damage which (i) occur on the Customer's side of the point of interconnection resulting from the installation, maintenance, possession or operation of the Facility, or (ii) occur on the Company's side of the point of interconnection up to the first point of the Company's General Facility Protection if at the time of the injury or damage, the Company is not providing electric energy to the Customer and the injury or damage was caused by the Customer's intentional defeat of the protective relays.

Standard Contract Rider No. 3

Parallel Operation and Standby Service

The Company shall indemnify, defend and hold the Customer and its officers, agents and employees harmless from any liabilities, claims, losses, demands, costs, damages, or judgments, including reasonable attorneys' fees, arising out of all personal injuries or property damages which occur on the Company's side of the point of interconnection resulting from the installation, maintenance, possession or operation of the Company's General Facilities; (i) except for the acts or omissions of the Customer's employees or agents which occur on the Company's side of the point of interconnection; and (ii) except for those injuries or damages for which the Customer is to indemnify the Company pursuant to the preceding paragraph.

The Customer shall maintain and furnish current evidence of comprehensive general liability insurance in the amount of $2,000,000 per occurrence. This insurance can be a combination of primary and excess insurance. The Company shall be named as an additional insured under the Customer's policy. The Customer need not provide insurance if it can demonstrate that its current assets exceed current liabilities by $7,500,000 or more. If the Customer fails to provide insurance or does not meet the requirements of the preceding sentence for waiver of insurance, then the Company will purchase insurance in the amount of $2,000,000 to protect the Company (but not the Customer). The cost of such insurance will be paid by the Customer. The Customer's insurance, its waiver , or insurance purchased by the Company shall not limit the Customer's indemnity obligations. Parallel operation will not be permitted (or will be terminated) If the Customer fails to provide insurance, meet the waiver requirements or pay the cost of insurance obtained by the Company.

**Standby Contract Capacity:** Standby contract capacity in kW will be established for electric capacity sufficient to meet the Customer's standby load according to the following method.

(a) If the Customer's generating unit has at least 5000 hours of metered operation with output greater than zero kW over the latest 12-month period, then the standby contract capacity for the next 12 months will be set at the 1001st highest hourly kW output.

At the Customer's option, the standby contract capacity for June through October will be set at the 501st highest hourly kW output during the months of June through October and the standby contract capacity for November through May will be set at the 501st hourly kW output during the months of November through May. A Customer may not later choose the 1001-hour determination above, unless with the Company's permission for permanent changes in the Customer's facilities.

For multiple generating units, "output" means the simultaneous output of all units.

(b) If the Customer's generating unit does not have at least 5000 hours of metered operation with output greater than zero kW over the latest 12-month period, then the standby contract capacity will be set at the generator's nameplate rating for one year, after which time paragraph (a) above will apply if the generator's output has been greater than zero for at least 5000 hours. If not, then the standby contract capacity will continue at nameplate rating for the next 12-month period. Where multiple nameplate ratings are specified, the rating at 60 degrees Fahrenheit will be used.

(c) For Customers demonstrating unusual operating conditions, including but not limited to generation greater than the Customer's own load, standby contract capacity may be set by mutual agreement of the Company and the Customer.

(d) For generators which do not operate during the months of November through May, standby contract capacity will be set at zero for November through May and will be set at the nameplate rating for June through October.

(e) The standby contract capacity shall not be decreased over the life of the contract, except by mutual agreement of the Company and the Customer for permanent changes in a Customer's facilities and except as provided for in paragraph (f) below. Such a reduction in standby contract capacity will not be allowed more than once per year.

(f) The standby contract capacity will be adjusted on an annual basis according to paragraphs (a) and (b) above.

Standard Contract Rider No. 3

Parallel Operation and Standby Service

(g) For Customers with multiple generating units which do not have 5000 hours of metered operation with simultaneous output greater than zero over the latest 12-month period, the standby contract capacity may be set by mutual agreement of the Company and the Customer for one year.

(h) For the first time only that a Customer takes service under this rider, if the Customer has not previously operated in paralled with the Company's system and if the Customer's generating unit does not have at least 5000 hours of metered operation with output greater than zero over the latest 12-month period, then the standby contract capacity will be set at zero kW for 30 days, after which paragraph (b) above will apply.

**Supplemental Power:** Supplemental power is electric energy and capacity provided by Detroit Edison to serve the Customer's total internal load which is in addition to that portion of the Customer's total internal load equal to the standby contract capacity. For each point of service, total internal load equals the output of the Customer's generation plus the power supplied by the Company. Supplemental demand equals total internal load less standby contract capacity, but not less than zero. Supplemental power will be billed under the applicable rate schedule for supplemental service ("supplemental rate schedule").

**Metering Requirements:** The output of Customer generation or, if appropriate, the load served by another source of power of the Customer's prime mover will be metered by Detroit Edison. For Customers served on supplemental rate schedules D3, D3.3, D4, and E5, the entire load served by the Company will be metered with demand-recording equipment.

**Rates:**

(1) Service Charge:

$210.00 per Customer per month for Customers served at primary voltages and above.
$ 70.00 per Customer per month for Customers served at secondary voltages.

(2) Monthly Generation Reservation Fee:
$ 0.86 times the standby contract capacity in kW, per month.

(3) Non-Generation Charge:

Monthly non-generation fixed charges per kW of standby contact capacity will be as follows. For standby contract capacity set according to paragraph (d) of the "Standby Contract Capacity" section above, the charge for all months will be based on the standby contract capacity specified for June through October.

(a) $1.51 per kW at transmission voltage
(b) $2.36 per kW at subtransmission voltage
(c) $3.25 per kW at primary voltage
(d) $3.80 per kW at secondary voltage

(4) Demand Charge:

(a) A daily on-peak demand charge for back-up or maintenance demand will be charged based on the determination of supplemental and back-up or maintenance power coincident with the daily highest 30-minute integrated reading during on-peak hours of the demand meter which measures the total load served by Detroit Edison.

(b) The daily on-peak demand charge for back-up power is $0.90 per kW per day. Back-up demand equals standby contract capacity minus the 30-minute output of the Customer's generator, but not less than zero, and not greater than the total load served by the Company, measured during periods other than maintenance periods as defined below. If the Customer's total internal load is less than or equal to the output of the generator, then back-up demand will be zero for that day.

Standard Contract Rider No. 3

Parallel Operation and Standby Service

(c) The daily on-peak demand charge for maintenance power is $0.48 per kW per day. Maintenance demand equals standby contract capacity minus the 30-minute output of the Customer's generator, but not less than zero, and not greater than the total load served by the Company, during maintenance periods as defined below. If the Customer's total internal load is less than or equal to the output of the generator, then maintenance demand will be zero for that day.

(5) Energy Charge:

An energy charge for backup and maintenance power will be charged based on standby contract capacity less the output of the Customer's generator, but not less than zero. For Customers served on supplemental rate schedules D4, D6, D6.1, D8, and E4, the energy charge will be the D6 on-peak energy charge, $.0296 per kWh, plus appropriate credits and surcharges, including but not limited to off-peak credit, voltage level credit, and substation credit. For Customers served on supplemental rate schedules D3, D3.3, and E5, the energy charge will be the applicable energy charge plus surcharges less a credit per kWh equal to the non-generation fixed charge per kW, $3.80, divided by 500, applied to the first 500 hours use of standby contract capacity per month for back-up or maintenance power. The energy as stated herein, is also subject to the provision of schedule designation B-4.6 PSCR clause.

(6) Waivers and limits for demand /energy rates:

For Customers served on supplemental rate schedules D4, D6, D6.1, D8, and E4, the following applies.

(a) If the total of daily demand charges for the month is less than the monthly generation reservation fee, then the daily demand charges will be waived for that month.

(b) If the total of daily demand charges for the month is greater than the monthly generation reservation fee, then the generation reservation fee will be waived for that month.

(c) If the total of daily demand charges for the month is greater than the D6 on-peak billing demand charge times the standby contract capacity plus the difference between the product of the D6 maximum demand charge times the standby contract capacity and the standby non-generation fixed charges, then the Customer will pay the D6 on-peak billing demand charge times the standby contract capacity plus the above difference. For Customers on supplemental rate schedule D4, the above difference will be set to zero.

(7) Waivers and limits for energy-only rates:

For Customers served on supplemental rate schedules D3, D3.3, and E5, the following applies.

(a) If the total of daily demand charges for the month is less than the monthly generation reservation fee, then the daily demand charges will be waived for that month.

(b) If the total of daily demand charges for the month is greater than the monthly generation reservation fee, then the daily demand charges will be waived for that month provided that the supplemental rate continues as an energy-only rate. If not, then paragraphs (6) (b) and (6) (c) above will apply.

**Maintenance Periods**: A Customer may specify, subject to conditions below set by the Company, up to 20 on-peak days during a year as maintenance days. In addition, the day after Thanksgiving and on-peak days occurring during the period from December 24 through January 1 plus contiguous recognized legal holidays may be scheduled as maintenance days subject to conditions below excluding (d). A maintenance day is a calendar 24-hour day.

Conditions:

(a) The Customer must request maintenance days in writing.

(b) The Company must receive the request at least 45 days before the first requested maintenance day.

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(c) Requests will be honored according to the date received.

(d) Requests may be refused by the Company if they conflict with the Company's own schedule of maintenance and expected demands. The Company will offer alternative maintenance days.

(e) After the Company and the Customer have agreed upon maintenance days, if there is a substantial change in circumstances which make the agreed upon schedule impractical for either party, the other party upon request shall make reasonable efforts to adjust the schedule in a manner that is mutually agreeable.

**Adjustment of Prior Ratchets:** When a Customer takes standby service under Rider No. 3, the setting or the increasing or decreasing of standby contract capacity will affect the existing ratchet levels on the supplemental rate as follows:

(a) An amount in kW equal to the initial standby contract capacity (or to the increase or decrease) will be subtracted from (or subtracted from or added to) the existing ratcheted maximum demand level for Customers on supplemental rates D6, D6.1, D8, and E4.

(b) An amount in kW equal to 65% of the initial standby contract capacity (or of the increase or decrease) will be subtracted from (or subtracted from or added to) the existing ratcheted on-peak billing demand level for Customers on supplemental rates D4, D6, D6.1, and D8.

(c) An amount in kW equal to 50% of the initial standby contract capacity (or of the increase or decrease) will be subtracted from (or subtracted from or added to) the existing ratcheted on-peak billing demand for Customers on supplemental rate E4.

**Interruptible Standby Service:**

(a) Interruptible standby service is supplied in conjunction with supplemental rates D8 and D3.3, provided that the Customer qualifies for D8 or D3.3 under the provisions of the respective rates.

(b) For Customers taking service on supplemental rate D8, the daily demand charge for back-up power and maintenance power will be waived on a day that the Company requests interruption, provided that the Customer is assessed neither a non-interruption fee nor a non-interruption penalty under the terms of the D8 rates.

(c) For Customers taking service on supplemental rate D3.3, the Customer's generator, prime mover, or other source of energy must be connected only to the interruptible circuit. The energy charge for back-up power and maintanance power will be the same as the energy charge for the D3.3 rate. The daily demand charge will be waived on a day that the Company interrupts the circuit.

(d) Interruptible standby service will also be supplied in conjunction with any new interruptible supplemental rates approved by the Michigan Public Service Commission after January 1, 1989, under terms to be incorporated in this section.

**Experimental Standby Provision:**

(1) Customers taking service on rates D3, D3.3, and E5 who install generating equipment on or after January 1, 1989, or who are operating generating equipment installed prior to January 1, 1989, with the Company's written permission may take standby service under this provision subject to conditions herein.

(2) The total of standby contract capacity from all Customers permitted under this provision may not exceed 2000 kW.

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(3) Customers requesting service under this provision will be eligible to take service in the order that the Company approves their applications for interconnection. If a Customer does not begin parallel operation within 12 months of the date of initial Company approval of the interconnection, then the Customer must submit a new request for service under the provision.

(4) A Customer without generation facilities installed and operating with the Company's written permission prior to January 1, 1989, and who is being served at a supplemental rate other than D3, D3.3 and E5 may not change supplemental service to rates D3, D3.3, or E5 and take service under this provision.

(5) This provision will terminate on December 31, 1993.

(6) For Customers served under this provision:

(a) The service charge will be waived.
(b) The monthly generation reservation fee will be waived.
(c) The non-generation reservation fee will be waived.
(d) The daily demand charge will be waived.
(e) The Company will reimburse the Customer for the cost of liability insurance specified in the "Parallel Operation" section above that is in excess of the Customer's cost prior to interconnection, or the Company may waive the additional insurance requirement and accept the Customer's current level of insurance.
(f) The credit to the first 500 hours use of standby contract capacity, described in paragraph (5) of the "Rates" section above, will not apply.

**Substation Credit:** Available to Customers served at subtranmission voltage level (24 to 41.6 kW) or higher who provide the on-site substation including all necessary transforming, controlling, and protective equipment. A credit of $ .30 per kW shall be applied to the non-generation charge per kW of standby capacity.

**Late Payment Charge:** See Schedule Designation B-2.10.

**Schedule Of On-Peak Hours:** See Schedule Designation B-4.4

**Power Factor Clause:** The rates and charges under this tariff are based on the Customer maintaining a power factor of not less than 85% lagging. Customers are responsible for correcting power factors less than 70% at their own expense. The size, type, and location of any power factor correction equipment must be approved by the Company. Such approval will not be unreasonably withheld. A penalty will be applied to the total amount of the monthly billing for supplemental and standby service for power factor below 85% lagging in accordance with the table in Power Factor Determination, Schedule Designation B-4.5. The penalty will not be applied to the on-peak billing demand ratchet nor to the minimum contract demand of the supplemental rate, but will be applied to metered quantities.

**Special Terms and Conditions:** Customer-owned equipment must be operated so that voltage fluctuations on the Company's system shall not exceed permissible limits.

Upon the request of a Customer, the Company will provide monthly reports of the data from the meters measuring the load served by the Company and the output of the Customer's generators, for a charge of $10.00 per report per month. Each report contains data from one meter.

Application of Rider No. 2 for redundant service for Customers served under this rider will be the same as for Customers without generating equipment.

Service under this rider will not be affected by ownership of the generation facility provided that: (1) the generation facility is located on the Customer's site, (2) the load served by the generation facility is on the same site, and (3) the total output of the generation facility is utilized by the Customer or sold to the Company.

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SEE TERM

**Contract Term:** [illegible]

**Dispute Resolution Procedure:** Any Customer who disputes a determination or interpretation made by the Company under this rider may deliver a written notice of such dispute to the Customer's service representative at the Company. The Company will respond to the notice in writing within 20 working days.

Disputes between the Company and the Customer may be presented to the Michigan Public Service Commission for informal resolution.

Any Customer who disputes a determination made by the Company under this rider may at any time file a formal complaint with the Office of the Secretary of the Michigan Public Service Commission.

* TERM

This agreement shall be effective upon its execution and delivery by the customer and company and will terminate 46 days after synchronization of the 250 MW Steam Turbine Generator to the Company System, but in no event later than May 15, 2001.

Generation operation is subject to Temporary Parallel Operation Interconnection Agreement.

There will be no standby service required or provided.

There will be no billing on Rider 3. The only sections of this contract that apply are sections pertaining to "Parallel Operation".