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

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

* * * * *

In the matter of the application of **PRESQUE ISLE ELECTRIC & GAS CO-OP** for authority to implement revised, increased, and restructured rates for the sale of electricity and to reimplement times interest earned rates ratemaking on a prospective basis.	)))))))	Case No. U-14637

At the June 15, 2006 meeting of the Michigan Public Service Commission in Lansing, Michigan.

PRESENT: Hon. J. Peter Lark, Chairman
Hon. Laura Chappelle, Commissioner
Hon. Monica Martinez, Commissioner

ORDER APPROVING SETTLEMENT AGREEMENT

On November 17, 2005, Presque Isle Electric & Gas Co-Op (Presque Isle) filed an application requesting authority to implement revised, increased, and restructured rates and to reimplement the times interest earned ratio (TIER) ratemaking mechanism on a prospective basis. The application proposed a revenue increase of $1,726,182, or approximately 7.81%, based on an adjusted 2004 calendar year test period.

Pursuant to due notice, a prehearing conference was held on February 2, 2006 before Administrative Law Judge Mark E. Cummins (ALJ). Presque Isle and the Commission Staff participated in the proceedings.

Subsequently, the parties submitted a settlement agreement to the ALJ, which is attached as Exhibit A. In the settlement agreement, the parties agree to rates and tariffs designed to result in a

revenue increase of $1,021,926. In addition, the settlement agreement provides for reimplementation of the TIER ratemaking mechanism on a carefully structured basis.

The Commission FINDS that:

a. Jurisdiction is pursuant to 1909 PA 106, as amended, MCL 460.551 *et seq.*; 1909 PA 300, as amended, MCL 462.2 *et seq.*; 1919 PA 419, as amended, MCL 460.51 *et seq.*; 1939 PA 3, as amended, MCL 460.1 *et seq.*; 1969 PA 306, as amended, MCL 24.201 *et seq.*; and the Commission's Rules of Practice and Procedure, as amended, 1999 AC, R 460.17101 *et seq.*

b. The settlement agreement is reasonable and in the public interest, and should be approved.

c. The rate and other tariff revisions provided in the settlement agreement are just and reasonable.

THEREFORE, IT IS ORDERED that:

A. The settlement agreement, attached as Exhibit A, is approved.

B. Presque Isle Electric & Gas Co-Op is authorized to revise its retail rates, charges, and other tariffs in accordance with the settlement agreement so as to increase its annual revenues for the sale of electricity by $1,021,926 effective for the next full billing month after the date of this order.

C. Within 30 days, Presque Isle Electric & Gas Co-Op shall file with the Commission tariff sheets essentially the same as those in Attachment A of the settlement agreement.

D. Presque Isle Electric & Gas Co-op is authorized to reinstitute its times interest earned ratio ratemaking mechanism.

The Commission reserves jurisdiction and may issue further orders as necessary.

Any party desiring to appeal this order must do so in the appropriate court within 30 days after issuance and notice of this order, pursuant to MCL 462.26.

MICHIGAN PUBLIC SERVICE COMMISSION

/s/ J. Peter Lark
Chairman

(S E A L)

/s/ Laura Chappelle
Commissioner

/s/ Monica Martinez
Commissioner

By its action of June 15, 2006.

/s/ Mary Jo Kunkle
Its Executive Secretary

Any party desiring to appeal this order must do so in the appropriate court within 30 days after issuance and notice of this order, pursuant to MCL 462.26.

MICHIGAN PUBLIC SERVICE COMMISSION

Chairman

Commissioner

Commissioner

By its action of June 15, 2006.

Its Executive Secretary

Exhibit A

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

*** * * * ***

In the matter of the application of	**)**	
PRESQUE ISLE ELECTRIC & GAS CO-OP	**)**	**Case No. U-14637**
for authority (i) to implement revised, increased	**)**	
and restructured rates for the sale of electricity	**)**	
and (ii) to reimplement TIER Ratemaking	**)**	
on a prospective basis.	**)**	
	)	

DYKEMA GOSSETT·A PROFESSIONAL LIMITED LIABILITY COMPANY·124 W. ALLEGAN STREET, SUITE 800·LANSING, MICHIGAN 48933

SETTLEMENT AGREEMENT

On November 17, 2005, Presque Isle Electric & Gas Co-Op *("Presque Isle")* filed an application requesting authority (i) to implement revised, increased and restructured rates and (ii) to reimplement Times Interest Earned Ratio *("TIER")* Ratemaking on a prospective basis. The application proposed a rate increase of $1,726,182, or approximately 7.81% based on an adjusted 2004 calendar year test period. On December 15, 2005, the Michigan Public Service Commission *("Commission")* issued its Notice of Hearing scheduling a prehearing conference for February 2, 2006. In accordance with the Commission's Notice of Hearing, Presque Isle provided notice of this proceeding throughout its service area.

At the prehearing conference on February 2, 2006, Presque Isle presented proof of service of the Notice of Hearing on all cities, incorporated villages, townships and counties in its service area, and also presented an affidavit evidencing the requisite publication of the notice.

The Commission Staff *("Staff")* and Presque Isle participated in these proceedings. No other parties attempted to intervene or otherwise participate. This proceeding was conducted as a contested case matter pursuant to Chapter 4 of the Administrative Procedures Act of 1969, 1969 PA 306.

Following the filing of Presque Isle's application, the Staff reviewed, audited and analyzed Presque Isle's submission. In addition, the parties engaged in extensive discussion and exchange of information and ideas. On March 16, 2006 and subsequent thereto, the parties entered into extensive settlement discussions, the results of which are set forth in this settlement agreement.

It is the opinion of the signatories hereto that this settlement agreement will aid the conclusion of this case and minimize expenses which would otherwise have to be devoted to this matter by the Commission and the parties. This settlement agreement is for the purpose of final resolution of this case and all provisions of same are dependent upon all other provisions contained herein.

This settlement agreement is submitted pursuant to Section 78 of the Administrative Procedures Act of 1969, as amended (1969 PA 306, §78; MCLA 24.278; MSA 3.560 (178)). By this Settlement Agreement, Presque Isle and Staff hereby agree and stipulate as follows:

A. Presque Isle's rates should be adjusted to provide a revenue increase of $1,021,926, or 4.6%, based on 2004 calendar year revenues.

B. Presque Isle should be authorized to revise its tariffs to reflect the settlement revenue increase in accordance with the attached tariff sheets. It is understood that the attached tariff sheets do not adopt Presque Isle's proposed three step phase-in of revised rates. To the extent that Presque Isle still desires to pursue the second and third step of its proposed phase in, it may request

DYKEMA GOSSETT·A PROFESSIONAL LIMITED LIABILITY COMPANY·124 W. ALLEGAN STREET, SUITE 800·LANSING, MICHIGAN 48933

same in a future TIER Ratemaking or other filing – based on the cost of service study provided in this docket.

C. On a class-by-class basis, using 2004 test year billing determinants, the tariff sheets attached hereto result in the following impacts:

Class-By-Class % Increase/(Decrease)

Rate Class	% Increase
Residential Service (A)	4.8%
Seasonal Residential Service (S)	13.8%
General Service (GS)	0.0%
Large General Service (LG)	(0.3)%
Optional Large Power TOD (LPTOD)	0.0%
Outdoor Lighting Service (OD)	4.5%
Primary Service (PSDS)	0.1%
Total – All Classes	4.6%

Currently, Seasonal Residential Service (Rate S) member consumers have their meters read annually. Such meter readings occur in either May, June or July ('the annual meter read"). At that point, Presque Isle and the member consumer can determine the quantity of kWh purchased over the prior 12 month period. If any such member consumer's consumption exceeded 7,200 kWh over said 12 month period, that member consumer may transition from the Seasonal Residential Service Rate

DYKEMA GOSSETT·A PROFESSIONAL LIMITED LIABILITY COMPANY·124 W. ALLEGAN STREET, SUITE 800·LANSING, MICHIGAN 48933

(Rate S) to the Residential Service Rate (Rate A) upon written request to Presque Isle. Upon receipt of such request, Presque Isle will prospectively apply the Residential Service Rate (Rate A). Presque Isle will notify its member consumers in the *Country Lines'* following the Commission's order adopting this settlement agreement of the final rate settlement and the Residential Service (Rate A) availability to any Seasonal Residential Service (Rate S) member-consumers who uses greater than 7,200 kWh. It is understood that availability for Seasonal Residential Service (Rate S) to transition to Residential Service (Rate A) is prospective in nature, *i.e.,* there will not be billing adjustments for the lower Residential Service (Rate A) until the formal change is requested by the member consumer and processed by Presque Isle. In addition, the disclosure in *Country Lines* will include notification that failure to maintain the 7,200 kWh threshold in any such 12 month period (*i.e.,* covering the annual meter read) will result in return of the member consumer to the Seasonal Residential Service (Rate S). Within 30 days of the issuance of the Commission's order adopting this settlement agreement, Presque Isle will send a letter to each of its potentially eligible (6,000 kWh and above) seasonal member consumers at their billing addresses advising of the option and steps necessary to transition from the Seasonal Residential Service (Rate S) to the Residential Service (Rate A). In addition, on a prospective basis, Presque Isle will advise new seasonal member consumers who make application to Presque Isle for electric service of the availability of the Residential Service (Rate A) upon reaching the 7,200 kWh threshold – and a comparison of the Seasonal Residential Service (Rate S) and the Residential Service (Rate A) will be provided to each such new member consumer.

D. With respect to Presque Isle's Power Supply Cost Recovery *("PSCR")*, the attached revised tariff sheets, as set forth in Attachment A, reflect a revised PSCR basing point of 58.34 mills

DYKEMA GOSSETT·A PROFESSIONAL LIMITED LIABILITY COMPANY·124 W. ALLEGAN STREET, SUITE 800·LANSING, MICHIGAN 48933

per kWh ($0.05834 per kWh) for all of Presque Isle's member-consumers whose rates are subject to the PSCR process. In addition, on a going forward basis, PSCR costs shall no longer include Controlled Water Heater Service (Schedule CWH) credits that Presque Isle pays its members per Third Revised Sheet No. 22.01. In addition, all full service sales are subject to the PSCR clause.

E. The tariff sheets set forth in Attachment A do not adopt all of Presque Isle's proposed revised Special Charges as currently reflected on Second Revised Sheet No. 6.08.

The Settlement Agreement adopts the following changes to Special Charges:

Description	Current Charge	New Charge
Meter Reading	$10.00	$20.00
Meter Test	$20.00	$55.00
Reconnect During Regular Working Hours	$15.00	$30.00
Reconnect Outside Regular Working Hours	$55.00	$70.00
Collection When Nonpayment Disconnect - Order has been written	$15.00	$20.00
Bad Check Handling	$15.00	$25.00
Energy Audit	N/A	$15.00
Bois Blanc Service Call	N/A	$53.00

F. Presque Isle and Staff agree to implement Retail Access Service for all commercial and industrial member-customers that currently have a demand meter installed and that have a peak load of 50 kilowatts and above in accordance with the requirements in the Commission's Order in Case No. U-13698 dated September 11, 2003.

G. With respect to the Commission's Code of Conduct, as adopted in the Commission's Order in Case No. U-12134, Presque Isle will file a revised compliance plan within 60 days following the Commission's order approving this settlement agreement. Presque Isle's

DYKEMA GOSSETT·A PROFESSIONAL LIMITED LIABILITY COMPANY·124 W. ALLEGAN STREET, SUITE 800·LANSING, MICHIGAN 48933

compliance filing will be accompanied by a request for all necessary waivers. . Presque Isle agrees that it must comply with the Commission's Code of Conduct and the Commission Order dated October 3, 2002 in Case No. U-12134. By this settlement agreement, Presque Isle is not asserting that the Code of Conduct exempts Presque Isle from having to file a request for all necessary waivers.

H. By this settlement agreement, Staff and Presque Isle agree that interest on long term debt shall be allocated between Commission jurisdictional electric operations and Presque Isle's natural gas operations according to the methodology set forth in Attachment B, and described as follows:

1. *With respect to interest allocation*, Presque Isle will monthly allocate actual long term debt interest expense (operating statement line 15) to its electric and natural gas operations using the ratio of electric and natural gas net utility plant (lines 5a and 5b) as represented on its balance sheet for the year most recently ended. At the end of the current operating year and each year thereafter, Presque Isle will restate its actual long term debt interest expense allocation to electric and natural gas operations based on the ratio of electric and natural gas net utility plant balances (lines 5a and 5b) as of December 31. This is the "core" portion of the allocation of electric interest on long term debt. See Attachment B, page 2, lines 1 through 11.

2. *With respect to the equity normalization adjustment*, Presque Isle will calculate annually an "equity normalization adjustment" based on its year end audited financial statements. This adjustment will be used to offset the amount of "core" long term debt interest allocated to its electric operations. The adjustment will be calculated for the entire year and then divided by 12 to arrive at a monthly adjustment to apply to the financial statements of both the electric and natural gas

DYKEMA GOSSETT·A PROFESSIONAL LIMITED LIABILITY COMPANY·124 W. ALLEGAN STREET, SUITE 800·LANSING, MICHIGAN 48933

operations. The annual calculation of the equity normalization adjustment will be static for any given operating year. The adjustment will be calculated as per Attachment B, page 2, lines 13 through 40. This adjustment will only be used to reduce the "core" electric interest allocation.

I. Presque Isle agrees to modify its Allocation Manual to incorporate Staff's allocation recommendations and will provide a copy of the revised manual for Staff review with its next TIER filing, covering the 12 months ending December 31, 2006.

J. By this settlement agreement, Presque Isle and Staff agree to re-implementation of TIER Ratemaking for Presque Isle, as follows:

i. Within 120 days of the end of each calendar year, *i.e.*, by April 30, Presque Isle shall submit a calculation of its *Adjusted TIER* for the calendar year just ended. Thus, Presque Isle's first TIER Ratemaking filing, covering the 2006 calendar year, shall be submitted by April 30, 2007.[1] Presque Isle will combine its PSCR reconciliation filing with its TIER filing on April 30, 2007, and combine its PSCR reconciliation and TIER filings in subsequent years.

[1] Michigan's rural electric cooperatives have been working with the Commission Staff to simplify annual filings on a generic basis. To date, that simplification has evolved into combining the annual TIER Ratemaking filings with the annual PSCR reconciliation filings. Per MCL 460.6j(12), the PSCR reconciliation filing is due "not later than 3 months after the end of the 12-month period covered by [Presque Isle's] power supply cost recovery plan", *i.e.*, by March 31. However, from a logistical perspective, it is sometimes difficult for rural electric cooperatives to have their *post-audit* RUS Form 7s completed by March 31 – and those Form 7s are necessary to complete the TIER Ratemaking filing. Thus, it would be administratively easier, for both the rural electric cooperatives and the Staff, to have both the PSCR reconciliations and the TIER filings due April 30 instead of March 31. Such a transition is specifically provided for in 1982 PA 304, *i.e.*, MCL 460.6j(17)(b) provides as follows:

> (17) To avoid undue hardship or unduly burdensome or excessive cost, the commission may:
>
> (b) Exempt an energy utility organized as a cooperative corporation

DYKEMA GOSSETT·A PROFESSIONAL LIMITED LIABILITY COMPANY·124 W. ALLEGAN STREET, SUITE 800·LANSING, MICHIGAN 48933

ii. For purposes of each TIER Ratemaking filing, Presque Isle's *Adjusted TIER* shall be based on its Statement of Operations, as set forth on its *National Rural Utilities Cooperative Finance Corporation December Financial and Statistical Report ("Form 7")*, Part A, calculated as follows:

a. Step One – Identify the applicable calendar year's *Patronage Capital or Margins* as set forth on the Form 7 Part A, column (b), line 28.[2] This number is referred to as *Total Margins*.

b. Step Two –Subtract from *Total Margins* (Step One) Gains (Losses) on Disposition of Utility Plant and Capital Assets and any Income(Loss) from Equity Investments (both embedded in line 23),[3] *Generation and Transmission Capital Credits* allocated (*i.e*., declared *but not paid*) to Presque Isle in the calendar year under consideration (included in the amount on line

---

> pursuant to sections 98 to 109 of Act No. 327 of the Public Acts of 1931, being sections 450.98 to 450.109 of the Michigan Compiled Laws, from 1 or more of the provisions of this section.

By this settlement agreement, Presque Isle and the Staff recommend that the Commission apply the above quoted MCL 460.6j(17)(b) to allow Presque Isle to file its PSCR reconciliation filings "not later than 4 months after the end of the 12-month period covered by [Presque Isle's] power supply cost recovery plan", *i.e.*, by April 30. More specifically, if the Commission issues its order approving this settlement agreement, Presque Isle and the Staff understand that future PSCR reconciliation filings will be due "not later than 4 months after the end of the 12-month period covered by [Presque Isle's] power supply cost recovery plan", *i.e.*, by April 30.

[2] References to line numbers in this portion of the settlement agreement are to Presque Isle's *electric operations* Form 7, Part, A, column (b).

[3] Income From Equity Investments would be a deduct from Total Margins; and Loss From Equity Investments would be an add-on to Total Margins--so that non-regulated activities do not affect the TIER Ratemaking calculation. Presque Isle runs two ledger accounts that should be excluded from any TIER calculation: (i) Account 421.10 (gain/(loss) on disposition of utility plant and (ii) Account 421.20 (gain/(loss) on disposition of capital assets).

DYKEMA GOSSETT·A PROFESSIONAL LIMITED LIABILITY COMPANY·124 W. ALLEGAN STREET, SUITE 800·LANSING, MICHIGAN 48933

25), and *Other Capital Credits and Patronage Dividends* allocated (*i.e*., declared *but not paid*) to Presque Isle in the calendar year under consideration (included in the amount on line 26). Thus, capital credits and patronage dividends that have been both declared and paid to Presque Isle in the calendar year under consideration shall not be subtracted from *Total Margins*. The remainder, after subtracting the items specified above from *Total Margins*, is referred to as *Total Margins less Capital Credits Allocations*.

c. Step Three – Increase *Total Margins less Capital Credits Allocations* by capital credits/patronage dividends that had been allocated to Presque Isle in prior years, but not issued (*i.e.*, paid) to Presque Isle until the calendar year under consideration. These payments to Presque Isle may be offset by capital credit refunds made by Presque Isle to its members in the current year in the form of general capital credit retirements. Any capital credit refunds made by Presque Isle that are used in this offset may not also be used in any other adjustments to *Total Margins* or TIER. Furthermore, the remainder of these payments to Presque Isle, after the offset, cannot be less than zero. This remainder is then added to *Total Margins less Capital Credits Allocations*. The resulting total is referred to as *Preliminary Adjusted Total Margins*.

d. Step Four – Presque Isle may reduce *Preliminary Adjusted Total Margins* by the dollar amount of capital credit/patronage dividends refunds/retirements made to its general membership in the calendar year under consideration. The resulting number is referred to as *Adjusted Total Margins*. Such reduction may be used to result in an *Adjusted TIER* within the *TIER quiet zone* (addressed in ¶J.iii. below) but may not be used to result in an *Adjusted TIER* below the *TIER floor* (addressed in ¶J.iii. below).

DYKEMA GOSSETT·A PROFESSIONAL LIMITED LIABILITY COMPANY·124 W. ALLEGAN STREET, SUITE 800·LANSING, MICHIGAN 48933

e. Step Five – Apply the *Adjusted Total Margins* to the TIER formula to determine the *Adjusted TIER*, *i.e.*, the *Adjusted TIER* equals the result of the following:

$$\frac{\textit{Total Margins} + \text{Interest on Long Term Debt}}{\text{Interest on Long Term Debt}}$$

iii. If the *Adjusted TIER* is between 1.6 *("TIER Floor")* and 2.2 *("TIER Ceiling")*, *i.e.*, within the *TIER Quiet Zone*, there need be no adjustment in rates.

iv. If the *Adjusted TIER* is greater than the 2.2 *TIER Ceiling*, a calculation of necessary revenue reductions or capital credit refunds necessary to bring TIER back to a 1.8 Target TIER would be provided.

v. If the adjusted TIER is below the 1.6 *TIER Floor*, then a hearing is required to determine what revenue increase is necessary to return to the 1.8 Target TIER.

vi. A TIER Ratemaking increase shall not exceed 10%. In the event a greater increase is requested, a standard rate case filing should be required and a class cost of service study shall be submitted which includes all Presque Isle customers, both tariffed and non-tariffed (*e.g.*, special contract customers).

vii. The Notice of Hearing shall be expanded so that parties are not limited to a mathematical calculation of the revenue revision necessary to return TIER to the TIER Target, but may address "the total cost of service and all other lawful elements properly to be considered in determining just and reasonable rates."

DYKEMA GOSSETT·A PROFESSIONAL LIMITED LIABILITY COMPANY·124 W. ALLEGAN STREET, SUITE 800·LANSING, MICHIGAN 48933

viii. If Presque Isle's calculations indicate that no revenue revisions are required, and such determination is not in dispute, the parties agree that no hearing needs to be conducted or Commission order issued.

K. In addition to the requirement in ¶J.vi. above that a class cost of service study be submitted in instances in which greater than a 10% increase is requested, a comparable cost of service study must be provided at least once every seven years unless requested earlier by Staff or unless waived by the Commission. Thus, at a minimum, a comparable cost of service study must be submitted by 2013.

L. Presque Isle will no longer be required to comply with Paragraph E. of the March 25, 1997 settlement agreement in Case No. U-11167, adopted by the Commission in its March 28, 1997 order in that docket. Said provision required the filing of quarterly financial statements for gas and electric operations utilizing certain allocation methodologies.

M. Section 81 of the Administrative Procedures Act of 1969 is waived.

N. If the Commission does not accept this settlement agreement without modification, this settlement agreement shall be withdrawn and shall not constitute any part of the record in the proceeding or be used for any purpose whatsoever.

O. This Settlement Agreement is intended for final disposition of the issues in this proceeding and the parties hereto join in respectfully requesting the Commission to grant prompt approval of same.

DYKEMA GOSSETT·A PROFESSIONAL LIMITED LIABILITY COMPANY·124 W. ALLEGAN STREET, SUITE 800·LANSING, MICHIGAN 48933

P. Each signatory hereto agrees not to appeal, challenge or contest the rates approved by the Commission in this case if they are the result of a Commission order accepting and approving this Settlement Agreement without modification.

Q. Staff agree that approval of this settlement agreement by the Commission would be reasonable and in the public interest.

WHEREFORE, the parties respectfully request that the Commission approve this settlement agreement and enter its final order adopting its terms.

PRESQUE ISLE ELECTRIC & GAS CO-OP

By: _____ Dated: May 24, 2006

Albert Ernst (P24059)
Stewart A. Binke (P47149)
Christine Mason-Soneral (P58820)
Dykema Gossett PLLC
800 Michigan National Tower
Lansing, MI 48933

Michigan Public Service Commission Staff

By: _____ Dated: May 24, 2006

Kristin M. Smith (46323)
Assistant Attorney General
Public Service Division
6545 Mercantile Way, Suite 15
Lansing, MI 48911

DYKEMA GOSSETT·A PROFESSIONAL LIMITED LIABILITY COMPANY·124 W. ALLEGAN STREET, SUITE 800·LANSING, MICHIGAN 48933

(Continued from Sheet No. 3.02)

TABLE OF CONTENTS CHECK LIST

Sheet No.	Sheet Effective Date
Original Sheet No. 6.68	March 17, 2000
Original Sheet No. 6.69	March 17, 2000
Original Sheet No. 6.70	March 17, 2000
Original Sheet No. 6.71	March 17, 2000
Original Sheet No. 6.72	March 17, 2000
Original Sheet No. 6.73	March 17, 2000
Original Sheet No. 6.74	March 17, 2000
Original Sheet No. 6.75	March 17, 2000
Original Sheet No. 6.76	March 17, 2000
Original Sheet No. 6.77	March 17, 2000
Original Sheet No. 6.78	March 17, 2000
Original Sheet No. 6.79	March 17, 2000
Original Sheet No. 6.80	March 17, 2000
Original Sheet No. 6.81	March 17, 2000
Original Sheet No. 6.82	March 17, 2000
Original Sheet No. 6.83	March 17, 2000
Original Sheet No. 6.84	March 17, 2000
Original Sheet No. 6.85	March 17, 2000
Original Sheet No. 6.86	March 17, 2000
First Revised Sheet No. 7.00	August 28, 1982
First Revised Sheet No. 7.01	August 28, 1982
First Revised Sheet No. 7.02	August 28, 1982
First Revised Sheet No. 8.00	September 27, 1984
First Revised Sheet No. 9.00	September 18, 1987
Seventh Revised Sheet No. 10.00	September 23, 1998
First Revised Sheet No. 10.01	September 23, 1998

TERRITORY SERVED

This Schedule of Rates applies to the City of Onaway, the Villages of Posen, Hawks, Millersburg, Tower, Atlanta and Lewiston, and to the Townships of Alcona, Caledonia and Mitchell in Alcona County; the Townships of Alpena, Green, Long Rapids, Maple Ridge, Ossineke, Wellington, and Wilson in Alpena County; the Townships of Aloha, Beaugrand, Benton, Burt, Ellis, Forest, Grant, Hebron, Inverness, Koehler, Mackinaw, Mentor, Mullet, Munro, Nunda, Tuscarora, Walker, and Waverly in Cheboygan County; the Township of Carp Lake in Emmet County; the Township of Bois Blanc in Mackinac County; the Townships of Albert, Avery, Briley, Hillman, Loud, Montmorency, Rust and Vienna in Montmorency County; the Townships of Clinton, Comins, Elmer and Greenwood in Oscoda County; the Township**s** of Charlton **and Corwith** in Otsego County; the Townships of Allis, North Allis, Bearinger, Belknap, Bismarck, Case, Krakow, Metz, Moltke, Ocqueoc, Posen, Presque Isle, Pulawski and Rogers in Presque Isle County.

DEFINITIONS, TECHNICAL TERMS AND ABBREVIATIONS

Year	-	Unless preceded by the word "calendar", the term "year" shall refer to a "billing year".
Billing Year	-	The period between two successive, scheduled meter readings, when a member is billed under the provisions of an annual rate schedule.
Permanent Residence	-	A member-**consumer**'s primary place of residence as evidenced by **homestead exemption**.
Seasonal Residence	-	A member's secondary residence, not meeting the definition above of a "permanent residence", which the member-**consumer** uses on a part-time, irregular or seasonal basis for such purposes as vacation, recreation, retreat, etc.
Member-Consumer Read System	-	**Because of the physical size and low member-consumer density, PIE&G requires that member-consumers on monthly billed rates read their meter on a monthly basis and provide that reading to PIE&G on or before the due date.**

location readily accessible to the tenants and the Company.

An authorized representative of the Company will determine the acceptability of the meter location in all cases.

Fee Applicable to the Transfer of Accounts

In those instances where the Cooperative is required to transfer a customer's account to another customer, the Cooperative will require that a $10.00 transfer fee be paid by the customer who will be receiving the account.

F. Special Charges

The Company will make such charges for reasonable special services as necessary to discourage abuse, and to minimize subsidy of such services by other members. The following schedule shall apply where applicable:

Charge for any Special Services at Customers Request –

During Regular Working Hours	**$25**
Outside Regular Working Hours	**$55**
Meter Reading Charge	**$20**
Meter Test Charge	**$55**
Reconnect Charge –During Regular Working Hours	**$30**
Reconnect Charge--Outside Regular Working Hours	**$70**
Collection Charge when Nonpayment Disconnect Order is written	**$20**
Bad Check Handling Charge	**$25**
Energy Audit	**$15**
Account Transfer	**$10**
Bois Blanc Service Call	**$53**
Automatic Meter Reading (AMR) Charge (monthly)	**$ 5**

REQUIREMENTS FOR POLE ATTACHMENTS

The Cooperative may permit a cable television company or other attaching party (as defined in paragraph 1(a) of 1980 PA 470; MCLA 460.6g) to make attachments to its poles, ducts or conduits pursuant to contract between the Cooperative and the attaching party. Upon execution, copies of such contracts shall be filed with the Michigan Public Service Commission. Effective April 1, 1997, the annual pole attachment rate shall be $3.74 per pole per year.

Attaching parties must obtain any necessary authorizations to occupy public or private rights-of-ways prior to execution of a contract with the Cooperative.

This sheet shall not apply to attachments made or proposed to be made by utilities (as defined in paragraph 1(d) of 1980 PA 470) to the facilities of the Cooperative.

Power Supply Cost Recovery Clause

This clause permits the monthly adjustment of rates for power supply to allow recovery of the booked costs of purchased power incurred under reasonable and prudent policies and practices.

For purposes of this clause, the following definitions apply:

"Power supply cost recovery factor" means that element of the rates to be charged for electric service to reflect power supply costs incurred and made pursuant to a power supply cost recovery clause incorporated in the rates or rate schedule.

"Power supply cost recovery plan" means a filing made annually describing the expected sources of electric power supply and changes over a future 12-month period specified by the Commission and requesting for each of those 12 months a specified power supply cost recovery factor.

"Power supply costs" means those elements of the costs of purchased power as determined by the Commission to be included in the calculation of the power supply cost recovery factor.

The Power Supply Cost Recovery factor shall, in accordance with the hearing procedures adopted by the Michigan Public Service Commission, consist of 0.01088 mills per kilowatthour for each full .0l mills per kWh, of power supply costs, less the allowance for cost of power supply included in base rates, rounded to the nearest .O1 mills per kilowatthour. The power supply cost recovery factor to be applied to Presque Isle Electric Cooperative, Inc.'s ("Cooperative") retail customers' monthly kilowatthour usage represents the power supply costs as established by Commission Order pursuant to a power supply and cost review hearing conducted by the Commission. The power supply and cost review will be conducted not less than once a year for the purpose of evaluating the power supply cost recovery plan filed by Cooperative and to authorize appropriate power supply cost recovery factors.

Not more than 45 days following the last day of each billing month in which a power supply recovery factor has been applied to customers' bills, Cooperative shall file with the Commission a detailed statement for that month of the revenues recorded pursuant to the power supply cost recovery factor and the allowance for cost of power included in the base rates established in the latest Commission order for Cooperative and the cost of power supply.

Power Supply Cost Recovery Factor

Not less than once a year and not later than 3 months after the end of the 12-month period covered by Cooperative's most recently authorized power supply cost recovery plan, a power supply cost reconciliation proceeding will be conducted to reconcile the revenues recorded pursuant to the power supply cost recovery factor and the allowance for cost of power included in the base rates as established by the Commission under Cooperative's most recent power supply cost recovery plan, among other things. Cooperative shall be required to refund to customers, or to credit to customers' bills any net amount determined to have been recovered which is in excess of the amounts actually expensed by Cooperative for power supply. Cooperative shall recover from customers any net amount by which the amount determined to have been recovered over the period covered was less than the amount determined to have been actually expensed by Cooperative for power supply.

For the four (4) months ending April 2006, the Power Supply Cost Recovery Factor is $0.01306 per kWh. The allowance for cost of power supply included in base rates is $0.05921 per kWh.

For the **two (2)** months ending **June** 2006, the Power Supply Cost Recovery Factor is $0.01708 per kWh. The allowance for cost of power supply included in base rates is $0.05921 per kWh.

For the six (6) months ending December 2006, the Power Supply Cost Recovery Factor is $0.01661 per kWh. The allowance for cost of power supply included in base rates is $0.05834 per kWh.

Should the Cooperative apply lesser factors than those above, or if the factors are later revised pursuant to Commission Order or 1982 PA 304, the Cooperative will notify the Commission and file a revision of the above factor.

The following factors are applied pursuant to 1982 PA 304 in the 12 billing months ending December 2006:

Year	Month	2006 Plan Year (per kWh)	*Prior Years Over/Under Recovery (per kWh)	Maximum Authorized 2006 PSCR Factor (per kWh)	Actual Factor Billed (per kWh)
2006	January	$0.00812	$0.00494	$0.01306	$0.01306
2006	February	$0.00812	$0.00494	$0.01306	$0.01306
2006	March	$0.00812	$0.00494	$0.01306	$0.01306
2006	April	$0.00812	$0.00494	$0.01306	$0.01306
2006	May	$0.01006	$0.00702	$0.01708	**$0.01306**
2006	June	$0.01006	$0.00702	$0.01708	**$0.01708**
2006	July	**$0.00959**	$0.00702	**$0.01661**	**$0.01661**
2006	August	**$0.00959**	$0.00702	**$0.01661**	**$0.01661**
2006	September	**$0.00959**	$0.00702	**$0.01661**	**$0.01661**
2006	October	**$0.00959**	$0.00702	**$0.01661**	**$0.01661**
2006	November	**$0.00959**	$0.00702	**$0.01661**	**$0.01661**
2006	December	**$0.00959**	$0.00702	**$0.01661**	**$0.01661**

*Includes prior year PSCR reconciliations for 2003 in Case No. U-13562, 2004 in Case No. U-13913, and 2005 projected underrecovery.

Issued: Effective for bills rendered during the 2006 Plan Year
By**: Brian Burns**
President and CEO Issued under the authority of the M.P.S.C. dated
Onaway, Michigan In Case No. **U-14637**

Residential Service - Schedule A

Availability

Available to any member-consumer desiring service for domestic and farm uses, which includes only those purposes which are usual in **an** individual **permanent residence**, or separately metered apartments, and in the usual other buildings normally served through the residential meter.

This rate is also available to any member-consumer of the Cooperative for residential service to dwellings that are occupied seasonally, where consumption for the prior billing year exceeded 7,200 kWh.

Nature of the Service

Single-phase, 60 cycles, at available secondary voltages.

Billing Rate

Distribution Service:

Monthly Availability Charge:	**$12.00**	**per member per month, plus**
Or Annual Availability Charge:	**$144.00**	
Distribution Variable Charge:	**$0.02175**	**per kWh for all kWh, plus**

Power Supply Service

Energy Charge:	**$0.05650**	**per kWh for all kWh**

Tax Adjustments

A. Bills shall be increased within the limits of political subdivisions which levy special taxes, license fees or rentals against the Cooperative's property, or its operations, or the production and/or sale of electric energy, to offset such special charges and thereby prevent other **member-**customers from being compelled to share such local increases.

B. Bills shall be increased to offset any new or increased specific tax or excise imposed by any governmental authority which increases the Cooperative's cost of providing electric service.

Power Supply Cost Recovery Clause and Factor

This rate schedule is subject to the Cooperative's Power Supply Cost Recovery Clause as set forth on Sheet No. **10.01**.

Issued: Effective for bills rendered during the 2006 Plan Year
By**: Brian Burns**
President and CEO Issued under the authority of the M.P.S.C. dated
Onaway, Michigan In Case No. **U-14637**

Residential Service - Schedule A

Bills Rendered Annually

Upon written agreement of the Cooperative and seasonal member-consumers that qualify for and elect to receive service under this rate schedule, bills for service provided hereunder may be rendered annually. Annual bills will be calculated using the Schedule A rate applied to the member-consumer's annual energy consumption along with the Annual Availability Charge, which shall be prepaid.

Meter Reading

Meter readings are to be supplied by the member-consumers on a once per month basis. If the member-consumer fails to provide a reading for three consecutive months, PIE&G will obtain a reading and bill each metered account the Meter reading charge as shown on Sheet No. 8.00.

Terms of Payment

This rate schedule is subject to the Cooperative's Allowable Charges as set forth on Sheet No. 6.41.

Rules and Regulations

Service is governed by the Cooperative's Standard Rules and Regulations.

Seasonal Residential Service – Schedule S

Availability

Available to any member-consumer who desires service for domestic use on premises that serve as a secondary dwelling for those services that are usual in a dwelling of this nature.

The rate is not available for resale purposes, or for any non-residential use. Any member-consumer who receives service under this rate, consuming more than 7,200 kWh during the prior billing year may choose to take service under the Cooperative's Residential Service, Schedule A.

Nature of the Service

Single-phase, 60 cycles, at available secondary voltages.

Billing Rate

Distribution Service:

Annual Availability Charge:	**$144.00**	**plus,**
Distribution Variable Charge:	**$0.04107**	**per kWh for all kWh, plus**

Power Supply Service

Energy Charge:	**$0.05650**	**per kWh for all kWh**

Tax Adjustments

A. Bills shall be increased within the limits of political subdivisions which levy special taxes, license fees or rentals against the Cooperative's property, or its operations, or the production and/or sale of electric energy, to offset such special charges and thereby prevent other customers from being compelled to share such local increases.

B. Bills shall be increased to offset any new or increased specific tax or excise imposed by any governmental authority which increases the Cooperative's cost of providing electric service.

Seasonal Residential Service – Schedule S

Power Supply Cost Recovery Clause and Factor

This rate schedule is subject to the Cooperative's Power Supply Cost Recovery Clause as set forth on Sheet No. **10.01**.

Minimum Charge

For seasonal customers billed annually, the annual minimum charge shall be **the annual availability charge** payable in advance.

Terms of Payment

This rate schedule is subject to the Cooperative's Allowable Charges as set forth on Sheet No. 6.41.

Rules and Regulations

Service is governed by the Cooperative's Standard Rules and Regulations.

Controlled Water Heating Service – Schedule CWH

Availability:

Available to members of the Cooperative already taking monthly service concurrently under Rate Schedules A or GS, who desire controlled water heating service. Energy will be metered through the regular service meter. The member-consumer may choose from the three service options as described below. To qualify for this rate, the sole source of water heating must be electricity. The minimum period of service is for one year and requires a signed agreement with the Cooperative. Service is subject to the Cooperative's rules and regulations. This service option is not available to member-consumers using time clocks, remote control or other devices intended to prevent the load from adding to system peak demand.

Type of Service:

Alternating current, 60 hertz, at approximately 240 volts, single phase, three-wire service will controlled by Cooperative's Load Management System.

Hours of Service:

Option No. 1: For member-consumers choosing Option No. 1, control of service shall not exceed 3 hours per day. The control hours will be established from time to time by the Cooperative but shall be predominantly

between the hours of 5 to 9 p.m. Member-consumers choosing this option must have water heaters with a tank capacity of 30 gallons or more.

Option No. 2: For member-consumers choosing Option No. 2, control of service shall not exceed 4 hours per day. The Control hours will be established from time to time by the Cooperative but shall be predominantly between the hours of 5 to 9 p.m. Member-consumers choosing this option must have water heaters with a tank capacity of 50 gallons or more.

Option No. 3: For member-consumers choosing Option No. 3, control of service shall not exceed 6 hours per day. The control hours will be established from time to time by the Cooperative but shall be predominantly between the hours of 4 to 10 p.m. Member-consumers choosing this option must have water heaters with a tank capacity of 80 gallons or more.

Controlled Water Heating Service – Schedule CWH

Monthly Rate:

For member-consumers choosing Option No. 1, a credit of $4.50 per month will be applied to the bills of member-consumers who permit the Cooperative to install a remote control device on the **member-**consumer's water heater. No such credit will be allowed until such time as it has been certified to the Commission that the required load management equipment is operational. The member-consumer must use a minimum of 350 kWh per month per water heater before a water heater credit will be given.

For member-consumers choosing Option No. 2, a credit of $6.00 per month will be applied to the bills of member-consumers who permit the Cooperative to install a remote control device on the member-**consumer**'s water heater. The member-consumer must use a minimum of 350 kWh per month per water heater before a water heater credit will be given.

For member-consumers choosing Option No. 3, a credit of $7.50 per month will be applied to the bills of member-consumers who permit the Cooperative to install a remote control device on the member-**consumer**'s water heater. The member-consumer must use a minimum of 350 kWh per month per water heater before a water heater credit will be given.

Energy will be charged the appropriate rate per kWh as specified on Sheet No. **11.00** in conjunction with Schedule A or Sheet No. **16.00** in conjunction with Schedule GS, including applicable Power Supply Cost Recovery adjustments and taxes. The applicable credit is available on a per meter basis such that only one credit per meter will be allowed regardless of the number of water heaters registering on a single meter.

Controlled Heating Service – Schedule CH

Availability:

Available to member-consumers of the Cooperative already taking monthly service concurrently under Rate Schedules A or GS. This rate is for controlled service to space heating loads, storage domestic water heating loads and associated air conditioning loads which are controlled by the Cooperative. Service is subject to the established rules and regulations of the Cooperative. A Member-Consumer Service Agreement is required for service under this schedule. The Cooperative may charge the member-consumer an amount not to exceed the actual cost of the equipment necessary to provide the service.

Type of Service:

Alternating current, 60 hertz, at approximately 120/240 volts, single phase, three-wire, separately metered subject to service availability as follows:

Option No. 1 - Storage Heating

This option is available for electric space heating loads with sufficient heat storage capacity to withstand extended daily control of the electric supply. This option is also available to domestic storage water heaters. Domestic storage water heaters must have a minimum storage capacity of 100 gallons and a minimum heating capacity of 4,500 watts. Service under this option is available only between the hours of 10:00 PM to 7:00 AM.

Option No. 2 - Dual Fuel Heating

This option is available for electric space heating loads when used in conjunction with an alternate fuel heating system. The alternate fuel heating system must be capable of supplying the heating requirements of the member when the electrical supply is controlled. Service under this option is available for all hours except when controlled by the Cooperative. The number of hours when service is controlled shall not exceed 400 hours per heating season or 8 hours per 24 hour period.

Controlled Heating Service – Schedule CH

Option No. 3 - Air Conditioning

This option is available for air conditioning loads when used in conjunction with one of the two options of controlled space heating load listed above. Service under this option is available for all hours except when controlled by the Cooperative. The number of hours when service is controlled shall not exceed 200 hours per cooling season.

Monthly Rate

Energy Charge**:** **$0.0475** **per kWh**

Terms of Payment

This rate schedule is subject to the terms of payment as set forth on the concurrent rate schedule that qualifies the member for service.

Michigan State Sales Tax

Michigan State Sales Tax shall be added on all bills, including minimums, where applicable.

Tax Adjustments

A. Bills shall be increased within the limits of political subdivisions which levy special taxes, license fees or rentals against the Cooperative's property, or its operations, or the production and/or sale of electric energy, to offset such special charges and thereby prevent other customers from being compelled to share such local taxes.

B. Bills shall be increased to offset any new or increased specific tax or excise imposed by any governmental authority which increases the Cooperative's cost of providing electric energy.

Power Supply Cost Recovery

This rate schedule is subject to the Cooperative's Power Supply Cost Recovery Clause as set forth on Sheet No. 10.01.

THESE SHEETS HAVE BEEN CANCELLED AND ARE RESERVED FOR FUTURE USE

Partial Controlled Heating Services – Schedule PCH

Availability

Available to member-**consumers** taking monthly service concurrently under Rate Schedules A or GS. This rate is for controlled service to electric space heating loads which are controlled by the Cooperative where the amount of control exercised by the Cooperative is limited as described below:

Type of Service

Single-phase, or three phase, 60 hertz, at available secondary voltage. Service under this schedule will be available at all times except when controlled by the Cooperative during times of peak system demand or system emergencies. The total number of hours that this load will be controlled shall be limited to a maximum of 400 hours per heating system. Air conditioning, which is used in conjunction with controlled space heating, is eligible for service under this rate subject to interruption up to 200 hours per cooling season. In instances where the entire electric heating load is under the control of the Cooperative, the control period is limited to a maximum of 40 minutes out of each hour for a maximum of 6 hours per day. Where 50 percent or more of the entire heating load is under the control of the Cooperative, the control may be exercised for up to six hours per day. To qualify for service under this rate, the portion of the customer's load subject to control must be either separately metered or sub-metered off the master meter.

Monthly Rate

Energy Charge for Controlled Load

As set forth in Schedule A or GS, whichever is applicable, including the power supply cost recovery provision, discounted @ 1.5¢ per kWh

Tax Adjustments

A. Bills shall be increased within the limits of political subdivisions which levy special taxes, license fees or rentals against the Cooperative's property, or its operations, or the production and/or sale of electric energy, to offset such special charges and thereby prevent other customers from being compelled to share such local increases.

B. Bills shall be increased to offset any new or increased specific tax or excise imposed by any governmental authority which increases the Company's cost of providing electric service.

Partial Controlled Heating Services – Schedule PCH

Terms of Payment

This rate schedule is subject to the terms of payment as set forth on the concurrent rate schedule that qualifies the member for this service.

Rules and Regulations

Service is governed by the Company's Standard Rules and Regulations.

THESE SHEETS HAVE BEEN CANCELLED AND ARE RESERVED FOR FUTURE USE

General Service – Schedule GS

Availability

Available to any member-consumer **when maximum demand is less than 50 kW. The maximum demand shall be based on the member-consumer's average kW load during the 15 minute period of maximum use during the billing month.** This rate shall be applicable for no less than twelve (12) consecutive months.

Nature of Service

Single-phase or three-phase, 60 hertz, alternating current, at available secondary voltages. The nature and level of the voltage shall be determined in each case by Presque Isle Electric & Gas Co-op.

Billing Rate

Distribution Service:

Service Charge:

Single Phase:	**$16.00**	**Or**
Three Phase:	**$35.00**	**Per member per month, plus**
Distribution Variable Charge:	**$0.02535**	**per kWh for all kWh, plus**
Power Supply Service		
Energy Charge:	**$0.05370**	**per kWh for all kWh**
Energy Charge Credits:	**($0.00300)**	**per kWh for all kWh**

Credit For Controlled Oil-Related Loads:

An Energy Charge Credit of 0.30¢/kWh shall be applied with respect to qualifying oil-related accounts. This credit shall be applied during any month in which the member-consumer's oil-related usage exceeds 500 kWh.

Tax Adjustments

A. Bills shall be increased within the limits of political subdivisions which levy special taxes, license fees or rentals against the Cooperative's property, or its operations, or the production and/or sale of electric energy, to offset such special charges and thereby prevent other customers from being compelled to share such local increases.

B. Bills shall be increased to offset any new or increased specific tax or excise imposed by any governmental authority which increases the Cooperative's cost of providing electric service.

General Service – Schedule GS

CONDITIONS FOR SERVICE FROM THIS SCHEDULE RELATING TO CONTROLLED OIL-RELATED LOADS:

This service schedule shall be available for service to controlled oil-related loads that meet the following criteria:

1. The oil-related load covered under this tariff shall be controlled off by Wolverine Power Supply Cooperative, Inc., Presque Isle's power supplier, through its load management system. When the control period is over, Wolverine shall restore power to the oil pumping load; however, the member-consumer shall provide for the restart of the load, automatically or otherwise.

2. Along with the beam pump, all other large auxiliary loads (e.g., casing compressors, etc.) for each account shall be controlled. The member-consumer must notify Presque Isle within 30 days after permanent installation of a casing compressor. The member-consumer shall also notify Presque Isle within 30 days if a casing compressor is removed or a well site is abandoned.

3. The member-consumer must agree to remain on Presque Isle's rate for a period of at least 24 months. The member-consumer may request that an account be removed from the rate before completing the minimum two years but must refund all billing credits received for that account. After 24 months, the member-consumer may terminate the control agreement with 30 days written notice to Presque Isle.

4. If during the first 24 months under this tariff, an oil well no longer qualifies for a credit (i.e., casing compressor is removed and the well will no longer use 500 kWh per month) the member-consumer shall notify Presque Isle. Under such condition, the member-consumer need not refund billing credits received for that account. The member-consumer shall provide for the removal of the switch and coupling capacitor and return them to Presque Isle.

5. The member-consumer may request notification via fax or phone prior to likely control periods.

General Service – Schedule GS

6. The member-consumer may request a control override for oil wells undergoing maintenance or other well work (e.g., hot oil treatments, etc.). If control is overridden on the day of electric system peak, then the member-consumer shall waive all credits for that account for that month.

7. The member-consumer shall allow routine inspection and testing of control equipment by Presque Isle and Wolverine. Inspection dates and times will be coordinated with the member-consumer.

8. With respect to control duration, the following conditions are applicable to this rate:

   A. Control is limited to a maximum of 400 hours per year
   B. Control is limited to a maximum of 6 hours per day

9. With respect to casing compressors, the following conditions are applicable to this rate:

   A. Casing compressors shall be cycled in winter such that for each 90 minutes of continuous control, the compressor will be restored for 30 continuous minutes.
   B. Control in summer may occur for up to 6 continuous hours.

10. For purposes of ¶9 above, the winter season shall be defined as all months between and inclusive of November and April of the following year. The summer season shall be defined as all months between and inclusive of May and October of the same year.

11. For purposes of this rate, oil-related loads include oil and gas production facilities.

Power Supply Cost Recovery Clause and Factor

This rate schedule is subject to the Cooperative's Power Supply Cost Recovery Clause as set forth on Sheet No. **10.01**.

General Service – Schedule GS

Minimum Charge

For customers receiving three-phase service, the annual minimum charge shall be equal to $300 plus $12/KVA of required transformer capacity in excess of 30 KVA. For customers receiving single-phase service with 30 KVA or more of transformer capacity, the annual minimum charge shall be equal to $300 plus $12/KVA of required transformer capacity in excess of 30 KVA. If the member's past year's bills total less than the minimum, the difference will be billed to the member in January, with proration of the minimum for new members.

Terms of Payment

A one-time late payment charge of 5% of the unpaid balance, excluding sales tax, will be assessed on any bill not paid by the due date.

Rules and Regulations

Service is governed by the Cooperative's Standard Rules and Regulations.

Large General Service – Schedule LG

Availability

Available to any member-consumer requiring multi-phase service with a minimum demand of 25 kW. This rate shall be applicable for no less than 12 consecutive months.

Subject to the Cooperative's Retail Access Service Tariff, this schedule is available to Member-Consumers for delivery of power from the Point of Distribution Receipt to the Point of Distribution Delivery subject to the following conditions

1. **The Member-Consumer must have a Maximum Demand of at least 50 kW. Individual Member-Consumers receiving demand metered service at multiple metering points who are eligible to be taking service under the Cooperative's Schedule LGS and Schedule PSDS may achieve the 50 kW Maximum Demand threshold by aggregating or summing the Maximum Demands for each metering point occurring during a single month. The applicable rate schedule will apply to all aggregated metering points on an individual account basis.**

2. **The Member-Consumer must enter a Retail Access Service Agreement with the Cooperative.**

3. **The transmission of power to the Distribution Point of Receipt and all related costs shall be the responsibility of the Member-Consumer and/or Alternative Electric Supplier (AES).**

4. **The Member-Consumer must agree to purchase any default energy delivered pursuant to Schedule RASS-Retail Access Standby Service in addition to the service specified herein.**

Nature of Service

Three-phase, 60 hertz, alternating current at available secondary voltages. The nature and level of the service voltage shall be determined in each case by Presque Isle Electric Cooperative (Presque Isle).

Large General Service – Schedule LG

Billing Rate

Distribution Service:

Service Charge:	**$50.00**	**per member per month, plus**
Distribution Demand Charge:	**$1.98**	**per kW for all kW, plus**
Distribution Variable Charge:	**$0.0147**	**per kWh for all kWh, plus**
PSDF Charge :	**$0.005390**	**per KWh for all kWh**

Power Supply Service (not applicable to Retail Access Service)

Demand Charge:	$7.02	**per kW for all kW, plus**
Energy Charge:	**$0.02991**	**per kWh for all kWh**

For qualifying controlled oil-related large power loads, a billing demand credit shall be calculated according to the following formula:

Presque Isle Demand Charge X MC Monthly Load Factor = BD Credit

Where MC = Member-Consumer
BD = Billing Demand

For the above formula, the monthly load factor shall be equal to that month's energy (in kWh) divided by the product of that month's demand (in kW) multiplied by 730 (hours per month) for the oil-related load.

The above referenced billing demand credit shall be applied only during months in which the oil-related load is interrupted by Wolverine's load management system.

Large General Service – Schedule LG

CONDITIONS FOR SERVICE FROM THIS SCHEDULE RELATIVE TO CONTROLLED OIL-RELATED LOADS:

This service schedule shall be available for service to controlled oil-related loads that meet the following criteria:

1. The oil-related load covered under this tariff shall be controlled off by Wolverine Power Supply Cooperative, Inc., Presque Isle's power supplier, through its load management system. When the control period is over, Wolverine shall restore power to the oil pumping load; however, the member-consumer shall provide for the restart of the load, automatically or otherwise.

2. Along with the beam pump, all other large auxiliary loads (e.g., casing compressors, etc.) for each account shall be controlled. The member-consumer must notify Presque Isle within 30 days after permanent installation of a casing compressor. The member-consumer shall also notify Presque Isle within 30 days if a casing compressor is removed or a well site is abandoned.

3. The member-consumer must agree to remain on Presque Isle's rate for a period of at least 24 months. The member-consumer may request that an account be removed from the rate before completing the minimum two years but must refund all billing credits received for that account. After 24 months, the member-consumer may terminate the control agreement with 30 days written notice to Presque Isle.

4. If during the first 24 months under this tariff, an oil well no longer qualifies for a credit (i.e., casing compressor is removed and the well will no longer use 500 kWh per month) the member-consumer shall notify Presque Isle. Under such condition, the member-consumer need not refund billing credits received for that account. The member-consumer shall provide for the removal of the switch and coupling capacitor and return them to Presque Isle.

5. The member-consumer may request notification via fax or phone prior to likely control periods.

6. The member-consumer may request a control override for oil wells undergoing maintenance or other well work (e.g., hot oil treatments, etc.). If control is overridden on the day of electric system peak, then the member-consumer shall waive all credits for that account for that month.

Large General Service – Schedule LG

7. The member-consumer shall allow routine inspection and testing of control equipment by Presque Isle and Wolverine. Inspection dates and times will be coordinated with the member-consumer.

8. With respect to control duration, the following conditions are applicable to this rate:

   A. Control is limited to a maximum of 400 hours per year
   B. Control is limited to a maximum of 6 hours per day

9. With respect to casing compressors, the following conditions are applicable to this rate:

   A. Casing compressors shall be cycled in winter such that for each 90 minutes of continuous control, the compressor will be restored for 30 continuous minutes.
   B. Control in summer may occur for up to 6 continuous hours.

10. For purposes of ¶9 above, the winter season shall be defined as all months between and inclusive of November and April of the following year. The summer season shall be defined as all months between and inclusive of May and October of the same year.

11. For purposes of this rate, oil-related loads include oil and gas production facilities.

Tax Adjustments

A. Bills shall be increased within the limits of political subdivisions which levy special taxes, license fees or rentals against the Cooperative's property, or its operations, or in the production and/or sale of electric energy, to offset such special charges and thereby prevent other customers from being compelled to share such local increases.

B. Bills shall be increased to offset any new or increased specific tax or excise imposed by any governmental authority which increases the Cooperative's cost of providing electric service.

Power Supply Cost Recovery Clause and Factor

This rate schedule is subject to the Cooperative's Power supply Cost Recovery Clause as set forth on Sheet No. **10.01, except for retail access customers**.

Billing Demand

The billing demand shall be the average kilowatt (KW) load during the 15-minute period of maximum use during the billing month, but not less than 25KW.

(Continued on Sheet No. 13.04)

Large General Service – Schedule LG

The Cooperative reserves the right to make special determination of the billing demand and/or minimum charge should equipment which creates high demand of momentary duration be included in the customer's installation.

Adjustment for Power Factor

When the power factor during the period of maximum use in a billing month is less than 90% lagging, the Cooperative reserves the right to increase the demand charge for such billing month in the ratio that 90% bears to such power factor. The Cooperative may, at its option, determine the power factor by test or by permanently installed measuring equipment.

Terms of Payment

A one-time late payment charge of 5% of the unpaid balance, excluding sales tax, will be assessed on any bill not paid by the due date.

Contracts

A contract shall be required for each customer with 1,000 KW demand or more. The Cooperative reserves the right to require service contracts covering terms and nature of service in cases where special services are required, or where investment by the Cooperative is in excess of that provided for without contribution toward construction by the customer in the Cooperative's Standard Rules and Regulations.

Primary Service and Metering

Meters will be read for monthly billing purposes by the Cooperative. A discount of $0.20 per kVa of contract capacity will be applied to the bill when service is taken by the consumer at the available primary voltage. If the primary metering is used, an additional discount of 2.0% shall be applied to the bill. The 2.0% discount shall be applied after the $0.20/kVa discount.

Rules and Regulations

Service is governed by the Cooperative's Standard Rules and Regulations.

Optional Large Power Time of Day Service – Schedule LPTOD

Availability

This rate is available to all members for all uses at secondary voltage, when billing demand is 50 kW or more, subject to the rules and regulations of the Cooperative. The member must contract to receive service under the rate for a minimum of twelve months.

Nature of Service

Alternating current, 60 hertz, three phase at available secondary voltages. The nature and level of the service voltage shall be determined in each case by the Cooperative.

Billing Rate

Availability Charge:	**$60.00**	**per member per month, plus**
Peak Period Demand Charge:	**$6.00**	**per kW, plus**
Maximum Demand Charge:	**$6.55**	**per kW, plus**
Energy Charge:	**$0.0400**	**per kWh for all kWh**

Power Supply Cost Recovery

The rate schedule is subject to the Cooperative's Power Supply Cost Recovery Clause as set forth on Sheet No. **10.01**.

Tax Adjustments

A. Bills shall be increased within the limits of political subdivisions which levy special taxes, license fees or rentals against the Cooperative's property, or its operations, or the production and/or sale of electric energy, to offset such special charges and thereby prevent other customers from being compelled to share such local taxes.

B. Bills shall be increased to offset any new or increased specific tax or excise imposed by any governmental authority which increases the Cooperative's cost of providing electric energy.

Optional Large Power Time of Day Service – Schedule LPTOD

Determination of Billing Demand

1. Peak Period - The Peak Period Billing Demand shall be the maximum kilowatt demand established by the consumer for any period of fifteen (15) consecutive minutes recorded during the peak period for the month for which the bill is rendered, as indicated or recorded by a demand meter. The peak period is defined on Sheet No. 9.00.

2. Maximum Demand - The Maximum Billing Demand shall be the maximum kilowatt demand established by the consumer for any period of fifteen (15) consecutive minutes during the month for which the bill is rendered, as indicated or recorded by a demand meter, but not less than 50 kW.

Terms of Service

Terms and conditions of service under this schedule shall be governed by the Cooperative's Standard Rules and Regulations which are on file with the Michigan Public Service Commission and which are incorporated herein by reference.

Adjustment for Power Factor

When the power factor during the period of maximum use in a billing month is less than 90% lagging, the Cooperative reserves the right to increase the demand charge for such billing month in the ratio that 90% bears to such power factor. The Cooperative may, at its option, determine the power factor by test or by permanently installed measuring equipment.

Terms of Payment

A one-time late payment charge of 5% of the unpaid balance, excluding sales tax, will be assessed on any bill not paid by the due date.

Optional Large Power Time of Day Service – Schedule LPTOD

Minimum Charge

The service charge and the demand charge included in the rate, except that the minimum charge may be increased as necessary, in accordance with the Cooperative's rules and regulations in those cases in which a greater than average investment is required in order to service an account under this schedule.

Contracts

A contract shall be required for each customer with 1,000 kW demand or more. The Cooperative reserves the right to require service contracts covering terms and nature of service in cases where special services are required, or where investment by the Cooperative is in excess of that provided for without contribution toward construction by the **member-consumer** in the Cooperative's Standard Rules and Regulations.

Primary Service and Metering

A discount of **$0.20** per kVA of contract capacity will be applied to the bill when service is taken by the **member-**consumer at the available primary voltage. If primary metering is used, an additional discount of 2.0% shall be applied to the bill. The 2.0% discount shall be applied after the **$0.20** per kVA discount.

Rules and Regulations

Service is governed by the Cooperative's Standard Rules and Regulations.

Primary Service – Schedule PSDS

Availability

This rate is available only to member-consumers with Firm Primary Service Loads of 500 kW or greater. This rate is subject to the availability Wolverine Power Supply Cooperatives (Wolverine) Rider C & I. The member-consumer will be required to provide for data communications to the established metering point.

Subject to the Cooperative's Retail Access Service Tariff, this schedule is available to Member-Consumers for delivery of power from the Point of Distribution Receipt to the Point of Distribution Delivery subject to the following conditions:

1. **The Member-Consumer must have a Maximum Demand of at least 500 kW. Individual Member-Consumers receiving demand metered service at multiple metering points who are eligible to be taking service under the Cooperative's Schedule LGS and Schedule PSDS may achieve the 500 kW Maximum Demand threshold by aggregating or summing the Maximum Demands for each metering point occurring during a single month. The applicable rate schedule will apply to all aggregated metering points on an individual account basis.**

2. **The Member-Consumer must enter a Retail Access Service Agreement with the Cooperative.**

3. **The transmission of power to the Distribution Point of Receipt and all related costs shall be the responsibility of the Member-Consumer and/or Alternative Electric Supplier (AES).**

4. **The Member-Consumer must agree to purchase any default energy delivered pursuant to Schedule RASS-Retail Access Standby Service in addition to the service specified herein.**

Service Options

Service may be taken 1) directly from a distribution substation, 2) from an existing three phase primary line, or 3) from a new three phase primary line. "Directly from a distribution substation" is defined as service in which the delivery point to the member-consumer is within 1,000 feet of a distribution substation. "Service from an existing three phase primary line" is defined as service in which the delivery point to the member-consumer is within 1,000 feet of an existing three phase primary line.

All rates assume service directly from a distribution substation. For member-consumers served from an existing three phase primary line, add $2.20 per kW; or for member-consumers served from a new three phase primary line, add $3.20 per kW.

Primary Service – Schedule PSDS

Billing Rate

Distribution Service:

Distribution Demand Charge:	**$3.90**	**per kW for all kW, plus**
Distribution Variable Charge:	**$0.00540**	**per kWh for all kWh, plus**
PSDF Charge :	**$0.00500**	**per KWh for all kWh**

Power Supply Service (not applicable to Retail Access Service)

Demand Charge:	**$7.16**	**per kW for all kW, plus**
Energy Charge:	**$0.02640**	**per kWh for all kWh**
Reactive Charge:	**$0.25**	**per kVAR**

Primary Service – Schedule PSDS

Billing Demand

Distribution Delivery Component

The billing demand shall be the average kilowatts (kW) load during the 15-minute period of maximum use during the billing month. Cooperative reserves the right to make special determination of the billing demand and/or minimum charge should circumstances require. The minimum monthly billing demand shall be the greater of the metered demand, the contract minimum demand, or 500 kW.

Power Supply Component – For Non-Retail Access Customers

The Monthly Power Supply Billing Demand shall be the member-consumer's demand in kilowatts (kW) supplied during the 60-minute period when Wolverine Power Supply Cooperative, Inc. experiences its monthly system coincidental peak demand.

Power Supply Cost Recovery

This rate schedule is subject to the Cooperative's Power Supply Cost Recovery Clause as set forth on Sheet No. 10.01, except for Retail Access Customers.

Tax Adjustment

A. Bills should be increased within the limits of political subdivisions which levy special taxes, license fees or rentals against the Cooperative's property, or its operations, or the production and/or sale of electric energy, to offset such special charges and thereby prevent other customers from being compelled to share such local increases.

B. Bills shall be increased to offset any new or increased specific tax or excise imposed by any governmental authority which increases the Cooperative's cost of providing electric service.

Customer Owned Backup Generation – Schedule CBG

Availability

This rate is available only to customers served under Schedules LG, LPTOD, or PSDS who own and operate the generating unit(s) having a total on site capacity of 100 kW or greater which can be called upon from time to time by Wolverine Power Supply Cooperative, Presque Isle's power supplier, to provide backup. This rate schedule is not intended for seasonal loads, nor is it intended for customers served under the interruptible PSDS Rate.

Monthly Rate

The customer shall be billed under either Schedule LG, LPTOD, or PSDS as appropriate, adjusted for the following credit:

Demand Charge Credit @ $2.50/kW

The Demand Charge Credit will be applied to the lesser of:

1. The average Monthly Billing Demand of the retail customer for the most recent December, January, and February billings. In instances where the retail customer is billed under a Large Power Time-of-Day rate, or its equivalent, the term "Billing Demand" shall refer to the Peak Period Demand.

2. The actual amount of load interrupted as determined by a test in accordance with the Conditions For Service From this Schedule, paragraph 4.

Conditions for Service From This Schedule

This service schedule shall be available for service to members of Presque Isle who own and operate generating units which can be used by Wolverine as backup and which meet the following criteria:

1. The output from the retail customer-owned generating unit(s) shall be separately metered with a recording watthour demand meter using either magnetic tape or electronic memory for recording data.

2. The total rated capacity of the retail customer-owned generating unit(s) on each site must be 100 kW or greater.

3. The retail customer-owned generating units must be capable of:

Customer Owned Backup Generation – Schedule CBG

a. Being brought on line by control or command from Wolverine's system Control Center;

b. Being brought on line in 30 minutes or less; and

c. Being run to give extended load relief over a period of at least twelve hours.

4. Wolverine may request operation of the retail customer-owned generating unit(s) served under this rate at its own discretion.

a. Wolverine may call upon the customer-owned generating units up to four times each year to test the capability and reliability of the unit(s) in order to demonstrate that the capacity will be available when called upon.

b. Request for operation of the backup generating unit(s) during emergency interruptions shall not be limited to a specific number of occurrences. Total requests for operation excluding emergency will not exceed 200 hours in a calendar year.

5. Wolverine reserves the right to remove a customer from this program if, in the Cooperative's sole judgment, Wolverine cannot rely on the customer-owned generating capacity being available when called upon.

Safety And Reliability Requirements

The customer-owned generating unit(s) shall not be operated in parallel with the Cooperative's distribution system. When the customer is called upon by Wolverine to operate the generating unit(s), the customer shall separate its load from the Cooperative's system.

Customer Owned Backup Generation – Schedule CBG

Contracts

A contract shall be required for each customer under this rate. The Cooperative reserves the right to require service contracts covering terms and nature of service in cases where special services are required, or where investment by the Cooperative is in excess of that provided for without contribution toward construction by the customer in the Cooperative's Standard Rules and Regulations.

Rules And Regulations

Service is governed by the Cooperative's Standard Rules and Regulations.

Outdoor Lighting Service – Schedule OD

Availability

Available in all territory served by the Cooperative, in accordance with Cooperative Rules and Regulations. Conversions from MV service to High Pressure Sodium (HPS) service will be at the discretion of the Cooperative.

Nature of Service

Dusk to dawn service controlled by photo-sensitive devices which provide service every night and all night.

Rates

Nominal Rating	Monthly	Annual
175 Watts MV*	$ 8.65	$103.80
400 Watts MV*	$15.50	$186.00
100 Watts HPS	$ 6.70	$ 80.40
250 Watts HPS	$10.60	$127.20

***No longer available for new installations**

Tax Adjustments

A. Bills shall be increased within the limits of political subdivisions which levy special taxes, license fees or rentals against the Cooperative's property, or its operations, or the production and/or sale of electric energy, to offset such special charges and thereby prevent other customers from being compelled to share such local increases.

B. Bills shall be increased to offset any new or increased specific tax or excise imposed by any governmental authority which increases the Cooperative's cost of providing electric service.

Type of Service

The Cooperative will supply the energy and will own, operate and maintain the lighting fixtures. Burned out lamps must be reported by the member-consumer, and the Cooperative will undertake to replace the lamps as soon as possible during regular working hours. Broken lamps or damage to fixtures by accident or vandalism will be repaired at the member-consumer's expense. The Cooperative shall replace or repair, at its cost, streetlight equipment that is out of service.

Rules and Regulations

In case of new or added installations, requiring a substantial investment, the Cooperative may require a contract for a reasonable period of time not exceeding ten years.

Issued:
By: **Brian Burns**
President and CEO
Onaway, Michigan

Effective for service rendered on and after

Issued under the authority of the M.P.S.C. dated
In Case No. **U-14637**

Outdoor Lighting Service – Schedule OD

The Cooperative reserves the right to make special contractual arrangements as to term or duration of contract, termination charges or annual charges, or other special consideration when the member requests service, equipment or facilities not normally provided for under this rate.

Members requesting underground service facilities for security or street lights that are not to be installed on an existing pole or from an existing underground service will be charged a contribution in aid of construction based on the rules and regulations governing service laterals as set forth on Sheet No. 6.23.

Members requesting overhead service facilities for security or street lights shall be charged the cost of labor, overhead and materials for additional poles and service facilities necessary.

All accounts will be billed on a monthly basis except billings of seasonal security lights which shall coincide with the billing of the seasonal account.

Broken lamps or damage to fixtures by vandalism will be repaired or replaced at the customer's expense.

Power Supply Cost Recovery Clause and Factor

This rate schedule is subject to the Cooperative's Power Supply Cost Recovery Clause as set forth on Sheet No. **10.01**. For purposes of this adjustment, the following monthly energy usage is assumed:

	kWh
175 Watts Mercury Vapor	67
400 Watts Mercury Vapor	134
100 Watts High Pressure Sodium	36
250 Watts High Pressure Sodium	85

Terms of Payment

A one-time late payment charge of 5% of the unpaid balance, excluding sales tax, will be assessed on any bill not paid by the due date.

Revised Sheet No. 21.02
Revised Sheet No. 21.03
Revised Sheet No. 21.04
Revised Sheet No. 22.00
Revised Sheet No. 22.01
Revised Sheet No. 23.00
Revised Sheet No. 23.01
Revised Sheet No. 24.00
Revised Sheet No. 24.01
Revised Sheet No. 24.02
Revised Sheet No. 25.00
Revised Sheet No. 25.01
Revised Sheet No. 26.00
Revised Sheet No. 26.01
Revised Sheet No. 27.00
Revised Sheet No. 27.01
Revised Sheet No. 27.02
Revised Sheet No. 28.00
Revised Sheet No. 28.01
Revised Sheet No. 28.02

THESE SHEETS HAVE BEEN CANCELLED AND ARE RESERVED FOR FUTURE USE

SCHEDULE RASS

RETAIL ACCESS STANDBY SERVICE

Availability

This schedule is available on a best efforts basis only to Member-Consumers of the Cooperative receiving service under the Large General Service Rate (Schedule LG) **or Primary Service (Schedule PSDS)**. This is in addition to the Member-Consumer's applicable tariff.

Nature of Service

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

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

Charges for Service

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

The Cooperative's out-of-pocket cost shall be equal to the amount it is billed by its wholesale supplier for Standby Service delivered to the Member-Consumer.

THESE SHEETS HAVE BEEN CANCELLED AND ARE RESERVED FOR FUTURE USE

Interest Allocation & Equity Normalization Adjustment Calculation

INTEREST ALLOCATION

Presque Isle will allocate actual interest expense (operating statement line 15) to its Electric and Natural Gas Operations monthly using the ratio of Electric and Natural Gas Net Utility Plant (lines 5a and 5b) as represented on its Balance Sheet for the year most recently ended. At the end of the current operating year, Presque Isle will restate its actual interest expense allocation to Electric and Natural Gas Operations based on the ratio of Electric and Natural Gas Net Utility Plant balances (lines 5a and 5b) as of December 31. This is the "Core" portion of the allocation of Electric interest on long term debt. See lines 1 through 11 of Page 2.

EQUITY NORMALIZATION ADJUSTMENT

Presque Isle will calculate annually an "Equity Normalization Adjustment" based on its year end audited financial statements. This adjustment will be used to offset the amount of "Core" Long Term Debt interest allocated to is Electric Operations. The adjustment will be calculated for the entire year and then divided by 12 months to arrive at a monthly adjustment to apply to the financial statements of both the Electric and Natural Gas Operations. The annual calculation of the Equity Normalization Adjustment will be static for any given operating year. The adjustment will be calculated as per the attached Page 2, lines 13 through 40. This adjustment will only be used to REDUCE the Core Electric interest allocation.

LONG TERM DEBT INTEREST ALLOCATION

(a)	(b)	(c)	(d)	(e)	(g)
Line No.	**Description**	**Electric**	**Gas**	**Total**	**Source**
1	**Plant Investment**				
2	Net Plant	43,892,539	23,531,258	67,423,797	YE Balance Sheet, lines 5a and 5b
3	Net General Plant Allocation	(183,245)	183,245	-	Total dept 00 transferred to gas dept 50
4	Total Net Plant	43,709,294	23,714,503	67,423,797	L2 + L3
5					
6					
7	Percent	64.8%	35.2%	100.0%	L4 as a percent
8					
9	**"Core" Interest Allocation**				
10	Total PIEG Interest Expense on Long Term Debt			2,672,189	YE Operating Statement, Line 15
11	Core Interest Allocation	1,732,319	939,870	2,672,189	L7 * L10 Col (e)
12					
13	**Calculation of Equity Imbalance**				
14	Equity (Per Books)	31,070,329	(325,034)	30,745,295	YE Balance Sheet, lines 36a ad 36b
15	Less Other Property & Investments	13,492,900	-	13,492,900	YE Balance Sheet, line 14
16	Net Equity	17,577,429	(325,034)	17,252,395	L14 - L15
17	Equity as percent of Plant	40%	-1%	26%	L16 / L4
18					
19	Equity at system Average	11,184,330	6,068,065	17,252,395	L4 * L17, Col (e)
20	Imbalance	(6,393,099)	6,393,099		L19 - L16
21					
22	**Calculation of Equity Normalization Adjustment**				
23					
24	**Equity Imbalance From Above**	(6,393,099)			L20, Col (c)
25					
26	Total Cooperative Margins & Equities			30,745,294	YE Balance Sheet, Line 36
27	Total Cooperative Long Term Debt			48,376,767	YE Balance Sheet, Line 41
28	Total of above			79,122,061	L26 + L27
29					
30	Long Term Debt Percentage			61.14%	L27 / L28
31					
32	Equity imbalance attributable to LTD	(3,908,865)			L24 * L30 Col (e)
33					
34	2005 Long Term Debt Interest Expense			2,672,189	YE Operating Statement, Line 15
35	2005 Average Long Term Debt			46,983,009	(January 1 LTD + December 31 LTD)/2
36					
37	Composite Interest Rate			5.69%	L34 / L35
38	Annual Equity Normalization Adj.	(222,319)			L32 * L37 Col (e)
39		12			
40	Monthly Equity Normalization Adj.	(18,527)			L38 / L39
41	**Electric Interest Allocation**				
42	Core Interest	1,732,319			L11
43	Equity Normalization Adjustment	(222,319)			L38
44	**Total**	**1,509,999**			L42 + L43

P R O O F O F S E R V I C E

STATE OF MICHIGAN)

Case No. U-14637

County of Ingham)

Patricia A. Fronta being duly sworn, deposes and says that on June 15th 2006, A.D. she served a copy of the attached Commission order by first class mail, postage prepaid, or by inter-departmental mail, to the persons as shown on the attached service list.

Patricia A. Fronta

Digitally signed by Patricia A. Fronta
DN: CN = Patricia A. Fronta, C = US, O = Case Management, OU = MPSC
Date: 2006.06.16 13:33:15 -04'00'

Patricia Fronta

Subscribed and sworn to before me
this 15th day of June 2006

Sharron A. Allen

Digitally signed by Sharron A. Allen
DN: cn=Sharron A. Allen, c=US, o=MPSC, ou=Case Management, email=saallen@michigan.gov
Date: 2006.06.16 12:37:17 -04'00'

Notary Public, Ingham County, Michigan
My Commission expires August 16, 2011

SERVICE LIST
CASE NO. U-14637

- -

MR. BRIAN BURNS
PRESQUE ISLE ELECTRIC & GAS
COOPERATIVE
19831 M-68 HIGHWAY
P.O. BOX 308
ONAWAY, MI 49765

MR. ALBERT ERNST
DYKEMA GOSSETT PLLC
200 CAPITOL VIEW
201 TOWNSEND ST., STE. 900
LANSING, MI 48933

MS. KRISTIN M. SMITH
ASSISTANT ATTORNEY GENERAL
6545 PERCANTILE WAY, 2ND FLOOR
SUITE 15
LANSING, MI 48910 ID MAIL

MR. MARK E. CUMMINS
PSC - ALJ DIVISION
6545 MERCANTILE WAY, 2ND FLOOR
SUITE 14
LANSING, MI 48911 ID MAIL

SUBSCRIPTION LIST
ALL ELECTRIC ORDERS

MR. LARRY LEWIS
GENERAL SERVICES ADMINISTRATION
670 MORRISON ROAD, ROOM 209
COLUMBUS OH 43230

MR. JOHN PESTLE
VARNUM, RIDDERING, SCHMIDT & HOWLETT
BRIDGEWATER PLACE
P.O. BOX 352
GRAND RAPIDS MI 49501 0352

MR. MICHAEL BYRNE
SENATE DEMOCRATIC STAFF
ROMNEY BUILDING
LANSING MI **ID MAIL**