

SCHEDULE 1

Scheduling, System Control and Dispatch Service

I. GENERAL

Scheduling, System Control and Dispatch Service associated with the Transmission Provider is to be provided directly by the Transmission Provider except in the case of ITC Service, Scheduling System Control and Redispatch Service may, at the election of the ITC, be provided by the ITC in accordance with the ITC Control Area Service and Operations Tariff. This service is required to schedule the movement of power through, out of, within or into a Control Area and is provided by the operators of the Control Area(s) of the Transmission Provider. To the extent the Control Area Operators perform this service to the Transmission Provider, the charges collected under this Schedule shall represent a pass-through of the costs incurred by the Control Area Operators. The Transmission Customer must purchase this service from the Transmission Provider, or, as applicable the ITC.

II. RATES

Except as provided for Michigan Electric Transmission Company, LLC, Zone 11, service under this Schedule shall be at a single, system-wide rate. The annual rate for this service will be calculated as follows:

(1-2) divided by 3

Where:

- 1 = The sum of all costs booked to FERC Account No. 561 for the Transmission Owners and ITCs, and the equivalent account for Coordinating Owners in the prior calendar or fiscal year.
- 2 = The sum of all charges under this Schedule assessed to firm transactions of less than one year, all non-firm transactions, and any other transactions whose loads are not included in the Divisor on Page 1 of Attachment O for Drive-Out and Drive-Through Transmission Service.
- 3 = The Divisor on Page 1 of Attachment O for Drive-Out and Drive-Through Transmission Service.

Such rate shall be calculated and put into effect on June 1 of each year, based on data for the prior calendar year.

On-Peak:

Annual Rate/MW	Annual Rate
Monthly Rate/MW	Annual Rate divided by 12
Weekly Rate/MW	Annual Rate divided by 52
Daily Rate/MW	Annual Rate divided by 260
Hourly Rate/MW	Annual Rate divided by 4160

Off Peak:

Daily Rate/MW	Annual Rate divided by 365
Hourly Rate/MW	Annual Rate divided by 8760

A. Schedule 1 - Michigan Electric Transmission Company LLC

For transactions where, the Point of Receipt or the Transmission Customer's load is physically located in the Michigan Electric Transmission Company LLC zone, the Transmission Customer shall pay the following rates for Scheduling, System Control and Dispatch Service:

Yearly Charge per MW	\$ 672.00
Monthly Charge per MW	\$ 56.00
Weekly Charge per MW	\$ 12.92
On-Peak Daily Charge per MW	\$ 2.58
Off-Peak Daily Charge per MW	\$ 1.84
On-Peak Hourly Charge per MW	\$.16
Off-Peak Hourly Charge per MW	\$.08

For transactions where, the Point of Receipt or the Transmission Customer's load is physically located in the Michigan Electric Transmission Company LLC zone, the rates stated above will remain in effect for the duration of the rate moratorium authorized by the Commission in Docket No. ER02-320, and will thereafter reflect the deferral mechanisms authorized by the Commission in that docket.

III. CHARGES

The charges for Transmission Customers taking Point-To-Point Transmission Service under Module B of the Tariff shall be calculated by multiplying the appropriate rate calculated above by each megawatt of Reserved Capacity.

The charges for Transmission Customers taking Network Integration Transmission Service under Module B of the Tariff shall be calculated by multiplying the Monthly Rate calculated above by each megawatt of Network Load determined in accordance with Section 34.2 of the Tariff.

Notwithstanding the foregoing, charges for ITC Service shall be governed by the applicable ITC Control Area Service and Operations Tariff.

IV. ALLOCATION OF SCHEDULE 1 REVENUES

Except in the case of ITC Service, which shall be governed by the ITC Control Area Services and Operations Tariff, revenues shall be distributed pursuant to the revenue distribution provisions in Appendix C, Section III of the ISO Agreement, except that the amounts assessed for transactions where the point of delivery or the Transmission Customer's load is physically located in the Michigan Electric Transmission Company LLC zone will be distributed directly to Michigan Electric Transmission Company LLC. Michigan Electric Transmission Company LLC will also receive an allocation of Schedule 1 revenues under Schedules 7 and 8 for transactions to load physically located outside the Transmission Provider Region pursuant to Appendix C, Section III of the ISO Agreement. These Schedule 1 revenues shall be considered the same as base transmission charge revenues (*i.e.*, Schedules 7, 8 and 9 revenues) for revenue distribution purposes, except revenue distribution to an ITC shall be limited to the portion of revenues associated with transactions under this Tariff that do not take place under the applicable ITC's Rate Schedule.

SCHEDULE 2

Reactive Supply and Voltage Control from Generation Sources Service

I. GENERAL

In order to maintain transmission voltages on the Transmission Provider's and ITC's transmission facilities within acceptable limits, Generation Resource under the control of the Control Area Operator are operated to produce (or absorb) reactive power. Thus, Reactive Supply and Voltage Control from Generation Sources Service must be provided for each transaction on the Transmission System. The amount of Reactive Supply and Voltage Control from Generation Sources Service that must be supplied with respect to the Transmission Customer's transaction will be determined based on the reactive power support necessary to maintain transmission voltages within limits that are generally accepted in the region and consistently adhered to by the Transmission Provider.

Reactive Supply and Voltage Control from Generation Sources Service is to be provided by the Transmission Provider by making arrangements with the Control Area Operator(s) that perform(s) this service for the Transmission Provider's Transmission System except that in the case of ITC Service, Reactive Supply and Voltage Control from Generation Sources Service may, at the election of the ITC, be provided by the ITC in accordance with the ITC Control Area Services and Operations Tariff. The Transmission Customer must purchase this service from the Transmission Provider or, as applicable, the ITC. Charges for such service provided by an ITC will be in accordance with the applicable ITC Control Area Services and Operations Tariff. The charges for such service by the Transmission Provider will be based on the rates set forth below.

II. RATES

For the purposes of determining the charge applicable to transactions under this transmission tariff where the load is located within the Transmission Provider Region, the service under this Schedule 2 will be provided by the Control Area Operator within the Transmission Provider Region where the load is located. Intra-control Area transactions will only be charged the Schedule 2 rate of that Control Area or the pricing zone where the Point of Delivery is located. The charge collected through this schedule shall represent a pass-through of the costs charged by that Control Area Operator. The Transmission Provider shall pass through the revenues it receives for the service to the Control Area Operator or other suppliers providing the service. Each Transmission Owner, ITC Participant, or User owning generation that can provide the service under this Schedule 2 shall offer the service and maintain publicly available information posted on the Transmission Provider's OASIS showing its cost of providing such service.

In instances where the load is located outside the Transmission Provider Region, the charge for service under this Schedule 2 shall be an average of the Transmission Provider rate. The average rate charged each month shall be calculated based on the weighted average of the Transmission Provider's Transmission Owners', ITCs', and Coordinating Owners' Reactive Supply and Voltage Control from generator source rates on file with the Commission. The weighting will be based on the Transmission Owners', ITC Participant, and Coordinating Owners' peak loads. For those instances where the load is located outside the Transmission Provider Region, the Transmission Provider shall distribute revenues to Transmission Owners and the ITC Participant based on their peak loads. The weighted average Schedule 2 rate applicable to service of loads located outside the Transmission Provider Region shall be recalculated once each year, on June 1, based on the previous year's peak load data and the Transmission Owners' and ITC Participant Schedule 2 rates on file with the Commission and any Coordinating Owners' Schedule 2 rates.

SCHEDULE 3

Regulation and Frequency Response Service

I. GENERAL

Regulation and Frequency Response Service is necessary to provide for the continuous balancing of resources (generation and interchange) with load and for maintaining scheduled Interconnection frequency at sixty cycles per second (60 Hz). Regulation and Frequency Response Service is accomplished by committing on-line generation whose output is raised or lowered (predominantly through the use of automatic generating control equipment) as necessary to follow the moment-by-moment changes in load. The obligation to maintain this balance between resources and load lies with the Control Area Operator that performs this function for the Transmission Provider or ITC. The Transmission Customer must either purchase this service from the Transmission Provider or ITC, as applicable, or make alternative comparable arrangements to satisfy its Regulation and Frequency Response Service Purchase Obligation, as defined below. The Transmission Provider or ITC, as applicable, shall determine whether alternative arrangements proposed by the Transmission Customer (for example, self-supply or dynamic scheduling) are comparable to the provision of this service by the Control Area Operator.

Unless the Transmission Customer makes alternative comparable arrangements, and except as provided below for ITC Service, the Transmission Provider will obtain this service from the Control Area Operator for the pricing zone where the load is located, and the Transmission Customer shall pay the Transmission Provider for this service when the Transmission Provider provides the services to the Transmission Customer, at a charge equal to the filed rate for the pricing zone where the Point of Delivery is located for such service times the Regulation and Frequency Response Service Purchase Obligation defined below or at such lesser charge imposed by the pricing zone, except in the case of ITC Service, Regulation and Frequency Response Service may, at the election of the ITC, be provided by the ITC in accordance with the ITC Control Area Services and Operations Tariff. Except for ITC Service, which shall be governed by the ITC Control Area Services and Operations Tariff, charges to the Transmission Customer are to reflect only a pass-through of the costs charged to the Transmission Provider by that Control Area Operator for the pricing zone or other suppliers. The Transmission Provider shall pass through the revenues it receives for this service to the Control Area Operator or other suppliers providing this service. Each Transmission Owner, ITC Participant, or User owning generation that can provide the service under this Schedule shall offer this service and maintain publicly available information posted on the Transmission Provider's OASIS showing the charges for such service.

II. PURCHASE OBLIGATION FOR LOADS WITHIN ECAR

The Regulation and Frequency Response Service Purchase Obligation for load located in the East Central Area Reliability Council ("ECAR") shall be an amount equal to one percent times the Transmission Customer's Reserved Capacity for Point-To-Point Transmission Service or the Transmission Customer's Network Load determined in accordance with Section 34.2 of this Tariff for Network Integration Transmission Service; provided however, that each Control Area Operator or pricing zone in ECAR reserves the right to seek Commission approval through a new filing under Section 205 of the Federal Power Act to establish a greater purchase obligation than one percent and such higher purchase obligation, upon the effective date of such new filing, shall be applicable to loads within such Control Area or pricing zone. The calculated Purchase Obligation shall be rounded to the nearest kW. To the extent ECAR revises its minimum Regulation and Frequency Response Obligations, the Transmission Owners which are Control Area Operators shall revise their respective tariffs or rate schedules for their pricing zone, and this Tariff, to reflect such revised minimum obligation.

III. PURCHASE OBLIGATION FOR LOADS WITHIN MAIN

The Regulation and Frequency Response Service Purchase Obligation for load located in the Mid-America Interconnected Network, Inc. (“MAIN”) shall be an amount equal to the Transmission Customer’s allocated share, as defined below, of the “Adequate Regulating Margin” stated in the most recent Appendix A to MAIN Guide 5A for the operator of the Control Area in which the load is located; provided however, that each Control Area Operator in MAIN reserves the right to seek Commission approval through a new filing under Federal Power Act § 205 to establish a greater purchase obligation than such MAIN requirement, and such higher purchase obligation, upon the effective date of such new filing, shall be applicable to loads within such Control Area. The calculated Purchase Obligation shall be rounded to the nearest kW. To the extent MAIN revises its method of determining the minimum Regulation and Frequency Response Obligation, the Transmission Owners which are Control Area Operators shall revise their respective tariffs or rate schedules, and this Tariff, to reflect such revised methodology.

The allocation factors to determine the Transmission Customer's share of the Control Area Operator's "Adequate Regulating Margin," as stated in Appendix A to MAIN Guide 5A, shall be the Load Ratio Share for a Network Transmission Customer's Load determined in accordance with Section 34.2 of this Tariff in such rate zone/Control Area, and the ratio of Reserved Capacity to the average of the 12 monthly coincident peaks for system load in such rate zone/Control Area (as determined pursuant to Attachment O to this Tariff) for a Point-To-Point Transmission Customer.

IV. PURCHASE OBLIGATION FOR LOADS WITHIN MAPP

The Regulation and Frequency Response Purchase Obligation for load located in the Mid-Continent Area Power Pool ("MAPP") shall be an amount equal to 0.95 percent times the Transmission Customer's Reserved Capacity for Point-To-Point Transmission Service or the Transmission Customer's Network Load determined in accordance with Section 34.2 of this Tariff for Network Integration Transmission Service; provided however, that each Control Area Operator in MAPP reserves the right to seek Commission approval through a new filing under Section 205 of the Federal Power Act to establish a greater purchase obligation than 0.95 percent and such higher purchase obligation, upon the effective date of such new filing, shall be applicable to loads within such Control Area. The billing determinants for this service shall be reduced by any portion of the 0.95 percent purchase obligation that a Transmission Customer obtains from third parties or supplies itself.

The calculated Purchase Obligation shall be rounded to the nearest kW. To the extent MAPP revises its minimum Regulation and Frequency Response Obligations, the Transmission Owners which are Control Area Operators shall revise their respective tariffs or rate schedules, and this Tariff, to reflect such revised minimum obligation.

V. REDUCTION IN PURCHASE OBLIGATION

The Transmission Customer's Purchase Obligation for this service shall be reduced by Regulation and Frequency Response Service provided by sources owned or purchased by the Transmission Customer where use of such sources for such purpose is: (1) approved by the Transmission Provider, ITC, as applicable, or Control Area Operator; (2) responsive to the control signals of the Control Area in which the load is located; and (3) consistent with the requirements of NERC, MAIN, ECAR, MAPP or any other applicable reliability region or successor organization, and Good Utility Practice.

VI. GENERATOR REGULATION SERVICE

If the Control Area Operator has a Commission-approved tariff or schedule for charges associated with regulation services provided to generators and the Transmission Service related to that generator is under the Tariff, the Transmission Provider shall collect the applicable charges. The Transmission Provider then shall pass through the revenues of the service to the Control Area Operator providing the service.

SCHEDULE 4 - Michigan

Energy Imbalance Service

Energy Imbalance Service is provided when a difference occurs between the scheduled and the actual delivery of energy to a load located within a pricing zone over a single hour. The Transmission Customer must either purchase this service from the Transmission Provider or make alternative comparable arrangements to satisfy its Energy Imbalance Service obligation. Unless the Transmission Customer makes alternative comparable arrangements to satisfy its obligations, the Transmission Provider will obtain this service from the affected Control Areas or elsewhere, where appropriate, and the Transmission Customer shall pay the Transmission Provider for this service when the Transmission Provider provides this service to the Transmission Customer. Charges to the Transmission Customer are to reflect only a pass-through of the costs charged to the Transmission Provider by the pricing zone or other suppliers. The Transmission Provider shall pass through the revenues it receives for this service to the pricing zone or other suppliers providing the service. Each Transmission Owner or User owning generation that can provide the Service under this Schedule shall offer this service and maintain publicly available and posted schedules showing the charges for such service.

When schedules used in calculating energy imbalance within the Transmission System (Michigan) cross the Michigan Electric Transmission Company/International Transmission Company border, the amount of the schedule crossing the border will be calculated down the kW level after the applicable loss methods and factors are applied.

SCHEDULE 4A - Michigan

Energy Imbalance Service

For the Michigan Electric Transmission Company LLC Transmission Service Area

Energy Imbalance Service is provided when a difference occurs between the scheduled and the actual delivery of energy to a load located within a Control Area over a single hour. The Transmission Provider must offer this service when the transmission service is used to serve load within the Michigan Electric Transmission Company LLC (“METC”) Service Area. This service is provided indirectly by the Transmission Provider making arrangements with Third Parties to perform this service for its Transmission System. The Transmission Customer under Module B of this Tariff must either purchase this service from the Transmission Provider or make alternative comparable arrangements to satisfy its Energy Imbalance Service obligation. If such alternative arrangements are made, notification of the service provider must be given to the Transmission Provider. Charges to the Transmission Customer shall reflect only a pass-through of the costs charged to the Transmission Provider by Third Parties performing this service for the Transmission Provider. This service will be provided to the Transmission Provider at rates approved by the Commission.

After the Transmission Customer purchases Regulation and Frequency Response Service (see Schedule 3) from the Transmission Provider or makes alternative comparable arrangements, the Transmission Provider shall establish a deviation band of +/- 1.5 percent (with a minimum of 2 MW) of the scheduled transaction to be applied hourly to any energy imbalance that occurs as a result of the Transmission Customer's scheduled transaction(s). If the Customer makes alternative arrangements for Regulation and Frequency Response Service and those generation reserves are not available, for any reason, the Transmission Provider will provide the 1.5 percent deviation band and, in such a case, the Transmission Customer will be assessed the cost of Regulation and Frequency Response Service in accordance with Schedule 3 of this Tariff.

Parties should attempt to eliminate energy imbalances within the limits of the deviation band agreed upon within the period of the transmission service transaction of the applicable monthly billing period covering the period of the transmission service transaction. Any supply resource deviations will be considered as changes to the transmission service transaction schedule and will be treated accordingly by the Transmission Provider in calculating energy imbalances. A tally of energy imbalances will be maintained for On-Peak and Off-Peak Hours separately.

As of May 1, 2002, the charges for Energy Imbalance Service are as set forth below.

Energy Imbalances less than or equal to the elected deviation band

For hourly deliveries of energy where the delivered energy (actual energy used) is greater than the scheduled delivery of energy, the hourly energy imbalance will be charged to the customer at the energy imbalance supplier's cost. For hourly deliveries of energy where the scheduled delivery of energy is greater than the actual energy used, METC will pay the customer the energy imbalance supplier's cost for the hourly energy imbalance.

Energy imbalances that are greater than the elected deviation band

When the energy received by the Transmission Customer exceeds scheduled flow and the energy imbalance is outside the deviation band, the Transmission Customer will be billed a rate the greater of \$100/Mwh or 110% of the energy imbalance supplier's cost for the hours of the imbalance. METC will compensate the customer for energy imbalances occurring outside the deviation band that are caused by the Transmission Customer taking less energy than the scheduled power flow at a rate of 90% of the energy imbalance supplier's cost for the hours of the imbalance.

If a Network Customer under Module B of this Tariff schedules any power deliveries or receipts, any difference between scheduled and actual power transfers are subject to the provisions of this Energy Imbalance Service Schedule. A Network Customer under Module B of this Tariff that does not schedule any power deliveries or receipts shall be assigned a zero transaction amount to be used when applying the provisions of this Energy Imbalance Service Schedule.

SCHEDULE 4B - Michigan
Energy Imbalance Service

For the International Transmission Service Area

Energy Imbalance Service is provided when a difference occurs between the scheduled and the actual delivery of energy to a load located within a Control Area over a single hour. The Transmission Provider must offer this service when the transmission service is used to serve load within the International Transmission System (Michigan) (“International”). This service is provided indirectly by the Transmission Provider making arrangements with Third Parties to perform this service for the Transmission Provider’s system. The Transmission Customer must either purchase this service from the Transmission Provider or make alternative comparable arrangements to satisfy its Energy Imbalance Service obligation. Charges to the Transmission Customer reflect only a pass-through of the costs charged to the Transmission Provider by Third Parties performing this service for the Transmission Provider. To the extent that such services are provided by any utility affiliate of International, they will be provided at the Commission-approved rate.

Deviation Band

The Transmission Provider shall establish a deviation band of +/- 1.5 percent (with a minimum of 2 MW) of the scheduled transaction to be applied hourly to any energy imbalance that occurs as a result of the Transmission Customer’s scheduled transaction(s).

Accounting for Energy Imbalances

Hourly energy imbalances will be measured in whole kWh and accumulated in separate accounts for the On-Peak and Off-Peak hours.

Energy Imbalances Occurring Inside the Deviation Band

For hourly deliveries of energy where the delivered energy (actual energy used) is greater than the scheduled delivery of energy, the hourly energy imbalance will be charged to the customer at International's cost. For hourly deliveries of energy where the scheduled delivery of energy is greater than the actual energy used, International will pay the customer International's cost for the hourly energy imbalance.

ENERGY IMBALANCES OCCURRING OUTSIDE THE DEVIATION BAND

When the energy received by the Transmission Customer exceeds scheduled flow and the energy imbalance is outside the deviation band, the Transmission Customer will be billed a rate the greater of \$100/Mwh of 110% of International's cost for the hours of the imbalance.

International will compensate the customer for energy imbalances occurring outside the deviation band that are caused by the Transmission Customer taking less energy than the scheduled power flow at a rate of 90% of the International's cost for the hours of the imbalance.

SCHEDULE 4C - Michigan
DELIVERY SCHEDULING AND BALANCING SERVICE
For the Michigan Electric Transmission Company LLC Transmission Service Area

Delivery Scheduling and Balancing Service is provided when deliveries of electricity into the transmission system of the Transmission Provider on behalf of the Transmission Customer deviate from those scheduled by the Transmission Customer. The Transmission Provider must offer this service when deliveries of electricity are scheduled from within Michigan Transco LLC's Transmission Service Area. This service is provided indirectly by the Transmission Provider making arrangements with Third Parties to perform this service for its Transmission System. The Transmission Customer must either purchase this service from the Transmission Provider or make alternative comparable arrangements to satisfy its Delivery Scheduling and Balancing obligation. If such alternative arrangements are made, notification of the service provider must be given to the Transmission Provider. Charges to the Transmission Customer shall reflect only a pass-through of the costs charged to the Transmission Provider by Third Parties performing this service for the Transmission Provider. This service will be provided to the Transmission Provider at rates approved by the Commission.

If provisions governing Delivery Scheduling and Balancing are already in place in an interconnection or other agreement between the Transmission Provider and the generator delivering the energy in a specific transaction, then both the obligation of the Transmission Provider to offer this service and the obligation of the Transmission Customer to purchase this service will be deemed satisfied as to that transaction, and the terms and conditions of the interconnection or other agreement will supersede and take precedence over the terms and conditions of this Schedule 4A as to that transaction. For any transaction in which an overdelivery or underdelivery of electricity on behalf of the Transmission Customer relative to schedule is offset by a corresponding deviation from schedule by the load service by the transaction, no charges shall be imposed under this Schedule 4A to the extent of the offset.

Charges for Delivery Scheduling and Balance Service will apply to all Transmission Customers scheduling deliveries of electricity from generators located within Michigan Electric Transmission Company LLC's Transmission Service Area. All deliveries from the generator to the

Transmission Customer will be measured at the receipt point specified in the energy schedule for purposes of determining whether and to what extent deliveries of electricity by the Transmission Customer correspond to or deviate from energy schedules supplied to the Transmission Provider.

Rates as of November 1, 2000

In the event that the Transmission Provider determines that the actual deliveries of electricity to the Transmission Provider on behalf of the Transmission Customer in any hour were less than the amounts scheduled for that hour, the Transmission Customer shall pay the Transmission Provider a price equal to 110% of Transmission Provider's replacement cost of energy for the difference between the Transmission Customer's schedule deliveries and its actual deliveries in that hour. In the event that the Transmission Provider determines that the actual deliveries of electricity to the Transmission Provider on behalf of the Transmission Customer in any hour exceeded the amounts scheduled for that hour, the Transmission Provider shall pay the Transmission Customer a price equal to 90% of Transmission Provider's replacement cost of energy for the difference between the Transmission Customer's scheduled deliveries and its actual deliveries in that hour.

SCHEDULE 4C - Michigan
ATTACHMENT 1
For Michigan Electric Transmission Company LLC

This Attachment 1 provides lists of generators that have interconnection or other agreements with METC or third parties for which the generator is compensated for overdeliveries or provides compensation for underdeliveries. Transmission customers purchasing energy from the generators under those situations and listed below are not subject to Schedule 4C, Delivery Scheduling and Balancing Service.

A. Generators with which there is an interconnection or other agreement to compensate the generator for overdeliveries relative to schedule:

1. Midland Cogeneration Venture Facility, located in Midland, Midland County, Michigan.
2. Michigan State University Generating Plant, located in East Lansing, Ingham County, Michigan.

B. Generators with which there is an interconnection or other agreement to compensate the generator for overdeliveries relative to schedule when the generator's output is less than the contract capacity provided under said agreement:

1. Ada Cogeneration Plant, located in Ada Township, Kent County, Michigan.
2. Cadillac Renewable Energy Plant, located in Cadillac, Michigan.
3. Genesee Power Station, located in Genesee County, Michigan.
4. Grayling Generating Station, located in Grayling Township, Crawford County, Michigan

C. Generators with which there is an interconnection or other agreement to compensate the generator for overdeliveries and receive compensation from the generator for underdeliveries:

1. Montcalm County Renaissance Trust Facility, located in Carson City, Montcalm County, Michigan.
2. Kinder Morgan Michigan LLC, located in Jackson, Jackson County, Michigan.
3. Covert Generating Company LLC, located in Covert Township, Van Buren County, Michigan.
4. Mirant Zeeland LLC [Phase 1], located in Zeeland, Ottawa County, Michigan
5. Mirant Zeeland LLC [Phase 2], located in Zeeland, Ottawa County, Michigan
6. North American Power Systems, LLC, located in Montague, Muskegon County, Michigan

SCHEDULE 5

Operating Reserve - Spinning Reserve Service

I. GENERAL

Spinning Reserve Service is needed to serve load immediately in the event of a system contingency. Spinning Reserve Service may be provided by generating units that are on-line and loaded at less than maximum output, ready to serve additional demand and which can be fully applied in ten (10) minutes. The Transmission Customer must either purchase this service from the Transmission Provider or make alternative comparable arrangements to satisfy its Spinning Reserve Service Purchase Obligation, as defined below. The Transmission Provider shall determine whether alternative arrangements proposed by the Transmission Customer are comparable to the provision of this service by the Control Area Operator. The Transmission Provider may authorize an ITC to provide this service in which case such ITC Service shall be governed by the applicable ITC Control Area Services and Operations Tariff.

Unless the Transmission Customer makes alternative comparable arrangements, or the service is provided pursuant to the an ITC Control Area Services and Operations Tariff, the Transmission Provider will obtain the service from the Control Area or pricing zone in which the load is located, and the Transmission Customer shall pay the Transmission Provider for this service when the Transmission Provider provides this service to the Transmission Customer, at a charge equal to the filed rate for the pricing zone where the Point of Delivery is located for such service times the Spinning Reserve Purchase Obligation defined below, or at such lesser charge imposed by the Control Area Operator or pricing zone. Charges to the Transmission Customer are to reflect only a pass-through of the costs charged to the Transmission Provider by that Control Area Operator or other suppliers. The Transmission Provider shall pass through the revenues it receives for this service to the Control Area Operator or other supplier providing the service. Each Transmission Owner, ITC Participant, or User owning generation that can provide the service under this Schedule shall offer this service and maintain publicly available information posted on the Transmission Provider's OASIS showing the charges for such service. For ITC Service, see the applicable ITC Control Area Services and Operations Tariff.

II. PURCHASE OBLIGATION FOR LOADS WITHIN ECAR

The Spinning Reserve Service Purchase Obligation for load located in the East Central Area Reliability Council (“ECAR”) shall be an amount equal to one and one-half percent times the Transmission Customer’s Reserved Capacity for Point-To-Point Transmission Service or the Transmission Customer’s Network Load for Network Integration Transmission Service; provided however, that each Control Area Operator or pricing zone in ECAR reserves the right to seek Commission approval through a new filing under §205 of the Federal Power Act to establish a greater purchase obligation than one-and-one-half percent and such higher purchase obligation, upon the effective date of such new filing, shall be applicable to loads within such Control Area or pricing zone. The calculated Purchase Obligation shall be rounded to the nearest kW. To the extent ECAR revises its minimum Spinning Reserve obligation, the Transmission Owners which are Control Area Operators shall revise their respective tariffs or rate schedules for their pricing zone, and this Tariff, to reflect such revised minimum obligation.

III. PURCHASE OBLIGATION FOR LOADS WITHIN MAIN

The Spinning Reserve Service Purchase Obligation for load located in the Mid-America Interconnected Network, Inc. (“MAIN”) shall be an amount equal to the Transmission Customer’s allocated share, as defined below, of the difference between the “Required Spinning Reserve” and the “Adequate Regulating Margin,” each as stated in the most recent Appendix A to MAIN Guide 5A for the Operator of the Control Area in which the load is located; provided however, that each Control Area Operator in MAIN reserves the right to seek Commission approval through a new filing under Federal Power Act §205 to establish a greater purchase obligation than such MAIN requirement, and such higher purchase obligation, upon the effective date of such new filing, shall be applicable to loads within such Control Area. The calculated Purchase Obligation shall be rounded to the nearest kW. To the extent MAIN revises its method of determining the minimum Spinning Reserve obligation, the Transmission Owners which are Control Area Operators shall revise their respective tariffs or rate schedules, and this Tariff, to reflect such revised methodology.

The allocation factors to determine the Transmission Customer's share of the Control Area Operator's "Required Spinning Reserve" and "Adequate Regulating Margin," as stated in Appendix A to MAIN Guide 5A, shall be the Load Ratio Share for a Network Transmission Customer's load in such rate zone/Control Area, and the ratio of Reserved Capacity to 12 CP system load in such rate zone/Control Area (as determined pursuant to Attachment O to this Tariff) for a Point-To-Point Transmission Customer.

IV. PURCHASE OBLIGATION FOR LOADS WITHIN MAPP

The Spinning Reserve Service Purchase Obligation for load located in MAPP shall be an amount equal to one and seven-tenths percent (1.7%) times the Transmission Customer's Reserved Capacity for Point-To-Point Transmission Service or the Transmission Customer's Network Load for Network Integration Transmission Service; provided, however, that each Control Area Operator in MAPP reserves the right to seek Commission approval through a new filing under §205 of the Federal Power Act to establish a greater purchase obligation than one and seven-tenths percent (1.7%) percent and such higher purchase obligation, upon the effective date of such new filing, shall be applicable to loads within such Control Area.

The billing determinants for this service shall be reduced by any portion of the one and seven-tenths (1.7%) percent purchase obligation that a Transmission Customer obtains from third parties or supplies itself. The calculated purchase obligation shall be rounded to the nearest kW. To the extent MAPP revises its minimum Spinning Reserve obligation, the Transmission Owners which are Control Area Operators shall revise their respective tariffs or rate schedules, and this Tariff, to reflect such revised minimum obligation.

V. REDUCTION IN PURCHASE OBLIGATION

The Transmission Customer's Purchase Obligation for this service shall be reduced by Spinning Reserve Service provided by sources owned or purchased by the Transmission Customer where use of such source for such purpose is: (1) approved by the Transmission Provider or Control Area Operator; (2) responsive to the instructions and/or control signals of the Control Area where the load is located; and (3) consistent with the requirements of NERC, ECAR, MAIN, MAPP, or any other applicable reliability region or successor organization, and Good Utility Practice. To the extent such reduction results in a Spinning Reserve Service Purchase Obligation of less than zero, such reduction below zero shall be considered to be excess spinning reserves and may be used to fulfill the Transmission Customer's Supplemental Reserve Service Purchase Obligation in accordance with Schedule 6 of this Tariff.

SCHEDULE 6

Operating Reserve - Supplemental Reserve Service

I. GENERAL

Supplemental Reserve Service is needed to serve load in the event of a system contingency; however, it is not available immediately to serve load but rather within a short period of time (10 minutes). Supplemental Reserve Service may be provided by generating units that are on-line but unloaded which can be fully applied in 10 minutes, by quick-start generation capable of serving demand within 10 minutes, or by interruptible load that can be removed within 10 minutes. The Transmission Customer must either purchase this service from the Transmission Provider or make alternative comparable arrangements to satisfy its Supplemental Reserve Service Purchase Obligation, as defined below. The Transmission Provider shall determine whether alternative arrangements proposed by Transmission Customer are comparable to the provision of this service by the Control Area Operator. The Transmission Provider may authorize an ITC to provide this service, in which case such ITC Service shall be governed by the applicable ITC Control Area Services and Operations Tariff.

Unless the Transmission Customer makes alternative comparable arrangements, or the service is provided pursuant to an ITC Control Area Services and Operations Tariff, the Transmission Provider will obtain this service from the Control Area or pricing zone in which the load is located, and the Transmission Customer shall pay the Transmission Provider for this service when the Transmission Provider provides this service to the Transmission Customer, at a charge equal to filed rate for the pricing zone where the Point of Delivery is located for such service times the Supplemental Reserve Service Purchase Obligation defined below, or at such lesser charge imposed by the Control Area Operator or pricing zone. Charges to the

Transmission Customer are to reflect only a pass-through of the costs charged to the Transmission Provider by that Control Area Operator or other supplier. The Transmission Provider shall pass through the revenues it receives for this service to the Control Area Operator or other suppliers providing the service. Each Transmission Owner, ITC Participant, or User owning generation that can provide the Service under this Schedule shall offer this service and maintain publicly available information posted on the Transmission Provider's OASIS showing the charges for such service.

II. PURCHASE OBLIGATION FOR LOADS WITHIN ECAR

The Supplemental Reserve Service Purchase Obligation for load located in the East Central Area Reliability Council ("ECAR") shall be an amount equal to one and one-half (1.5%) percent times the Transmission Customer's Reserved Capacity for Point-To-Point Transmission Service or the Transmission Customer's Network Load for Network Integration Transmission Service; provided however, that each Control Area Operator or pricing zone in ECAR reserves the right to seek Commission approval through a new filing under §205 of the Federal

Power Act to establish a greater purchase obligation than one and one-half (1.5%) percent, and such higher purchase obligation, upon the effective date of such new filing, shall be applicable to loads within such Control Area or pricing zone. The calculated Purchase Obligation shall be rounded to the nearest kW. To the extent ECAR revises its minimum Non-Spinning Reserve obligation, the Transmission Owners which are Control Area Operators shall revise their respective tariffs or rate schedules for their pricing zone, and this Tariff, to reflect such revised minimum obligation.

III. PURCHASE OBLIGATION FOR LOADS WITHIN MAIN

The Supplemental Reserve Service Purchase Obligation for loads located in the Mid-American Interconnected Network, Inc. (“MAIN”) shall be an amount equal to the Transmission Customer’s allocated share, as defined below, of the “Allowable Non-Spinning Reserve” as stated in the most recent Appendix A to MAIN Guide 5A for the operator of the Control Area in which the load is located; provided, however, that each Control Area Operator in MAIN reserves the right to seek Commission approval through a new filing under Federal Power Act §205 to establish a greater purchase obligation than such MAIN requirement, and such higher purchase obligation, upon the effective date of such new filing, shall be

applicable to loads within such Control Area. The calculated purchase obligation shall be rounded to the nearest kW. To the extent MAIN revises its method of determining the minimum Non-Spinning Reserve obligation, the Transmission Owners which are Control Area Operators shall revise their respective tariffs or rate schedules, and this Tariff, to reflect such revised methodology.

The allocation factors to determine the Transmission Customer's share of the Control Area Operator's "Allowable Non-Spinning Reserve," as stated in Appendix A to MAIN Guide 5A, shall be the Load Ratio Share for a Network Transmission Customer's load in such rate zone/Control Area, and the ratio of Reserved Capacity to the 12 CP system load in such rate zone/Control Area (as determined pursuant to Attachment O to this Tariff) for a Point-To-Point Transmission Customer.

IV. PURCHASE OBLIGATION FOR LOADS WITHIN MAPP

The Supplemental Reserve Obligation for load located in MAPP shall be an amount equal to one and seven-tenths percent (1.7%) times the Transmission Customer's Reserved Capacity for Point-To-Point Transmission Service or the Transmission Customer's Network Load for Network Integration Transmission Service; provided, however, that each Control Area Operator in MAPP reserves the right to seek Commission approval through a new filing under §205 of the Federal Power Act to establish a greater purchase obligation than one and seven-tenths percent (1.7%) percent and such higher purchase obligation, upon the effective date of such new filing, shall be applicable to loads within such Control Area. The billing determinants for this service shall be reduced by any portion of the one and seven-tenths (1.7%) percent purchase obligation that a Transmission Customer obtains from third parties or supplies itself. The calculated purchase obligation shall be rounded to the nearest kW. To the extent MAPP revises its minimum Supplemental Reserve obligation, the Transmission Owners which are Control Area Operators shall revise their respective tariffs or rate schedules, and this Tariff, to reflect such revised minimum obligation.

V. REDUCTION IN PURCHASE OBLIGATION

The Transmission Customer's Purchase Obligation for this service shall be reduced by Supplemental Reserve Service provided by sources owned or purchased by the Transmission Customer where use of such source for such purpose is: (1) approved by the Transmission Provider or Control Area Operator; (2) responsive, as applicable, to the instructions and/or control signals of the Control Area where the load is located; and (3) consistent with the requirements of NERC, ECAR, MAIN, MAPP, or any other applicable reliability region or successor organization, and Good Utility Practice.

SCHEDULE 7

Long-Term Firm and Short-Term Firm Point-To-Point Transmission Service

The Transmission Customer shall compensate the Transmission Provider each month for Reserved Capacity at the sum of the applicable charges set forth below in addition to other applicable charges specified in the Tariff. A Transmission Customer shall compensate an ITC for Reserved Capacity between Point(s) of Receipt and Point(s) of Delivery that are both on the ITC Transmission System in accordance with Schedule 7 of such ITC, which is included in this Tariff. All effective rates under this Schedule shall be posted on the Transmission Provider's OASIS. The rates are calculated using the formula included in Attachment O, pages 1 and 2 except as provided in Sections 5 and 6, and as provided for GridAmerica-Ameren, Zone 6A, GridAmerica-American Transmission Systems, Incorporated, Zone 6B, GridAmerica-Northern Indiana Public Service Company, Zone 6C, International Transmission Company, Zone 8 and Michigan Electric Transmission Company LLC, Zone 12. See Schedule 7 – Michigan for the Transmission System (Michigan). The rates will be recalculated each June 1 based on the prior full calendar or fiscal year. The initial rates will be calculated based on a prior full calendar or fiscal year period. However, if the initial rates are to take effect between January 1 and June 1 of a year, then the calendar year used in deriving the rates shall be the calendar or fiscal year preceding the last calendar or fiscal year. These initial rates then would be recalculated effective on June 1 based on the prior full calendar or fiscal year.

For the American Transmission Company LLC, Zones 2A – 2E, the initial rates are listed below and will be in effect until January 1, 2002, unless modified by a compliance filing, otherwise the rates will be recalculated using the formula included in Attachment O – ATC and posted on the Transmission Provider’s OASIS. For GridAmerica-Ameren, Zone 6A, GridAmerica-American Transmission Systems, Incorporated, Zone 6B, and GridAmerica-Northern Indiana Public Service Company, Zone 6C, the rates are listed below. For each ITC, the rates are calculated using Attachment O of such ITC, if applicable, which is included in this Tariff. For International Transmission Company, Zone 8, the rates will remain in effect through December 31, 2004 as authorized by the Commission in Docket Nos. ER03-343-000 and ER03-402-000, and will thereafter reflect the deferral mechanisms and other accounting rate treatments authorized by the Commission in those dockets. For Michigan Electric Transmission Company LLC, Zone 12, the rates will remain in effect for the duration of the rate moratorium authorized by the Commission in Docket No. ER02-320-000, and will thereafter reflect the deferral mechanisms authorized by the Commission in that docket.

(1) Zonal Rates:^{1/} The Transmission Customer shall pay the zonal rate (per KW of reserved capacity) based upon the zone where the load is located for (1) Firm Point-To-Point Transmission Service where the generation source is outside the Transmission System Region and the load is located within the Transmission System Region and (2) Firm Point-To-Point Transmission Service where both the generation source and the load are located within the Transmission System Region. Further, Transmission Customers with load in the American Transmission Systems, Incorporated zone who do not use the 69 kv transmission facilities in the zone shall not pay the area transmission service rate (*i.e.*, users of the 69 kv transmission facilities pay both bulk and area transmission service rates). The zonal rates shall be calculated in accordance with Attachment O, p. 2 of 2, lines 2-17, except as otherwise provided for by the Transmission Owner or provided for in an applicable Attachment O of such ITC.

^{1/} After the Transition Period, the zonal rate structure may be revised in accordance with Appendix C, Section II, Paragraph 1 of the ISO Agreement pursuant to a filing made by the ISO.

The zones are as follows:

Zone 1: Alliant Energy West (IES Utilities, Inc. and Interstate Power and Light Company)

Zone 2A: American Transmission Company LLC - Madison Gas and Electric Company

Phase-in Revenue Requirement:	\$ 8,505,235
Total NITS and long-term Point-To-Point kilowatts are:	6,153,350

Monthly Charge per MW:	\$ 1,382.37
Weekly Charge per MW:	\$ 319.01
On-Peak Daily Charge per MW:	\$ 53.17
Off-Peak Daily Charge per MW:	\$ 45.57

Zone 2B: American Transmission Company LLC - Wisconsin Public Service Corporation

Phase-in Revenue Requirement:	\$ 26,660,427
Total NITS and long-term Point-To-Point kilowatts are:	22,491,511

Monthly Charge per MW:	\$ 1,185.36
Weekly Charge per MW:	\$ 273.54
On-Peak Daily Charge per MW:	\$ 45.59
Off-Peak Daily Charge per MW:	\$ 39.08

Zone 2C: American Transmission Company LLC - Wisconsin Power and Light Company

Phase-in Revenue Requirement: \$ 37,385,581
Total NITS and long-term Point-To-Point kilowatts are: 25,004,146

Monthly Charge per MW: \$ 1,495.18
Weekly Charge per MW: \$ 345.04
On-Peak Daily Charge per MW: \$ 57.51
Off-Peak Daily Charge per MW: \$ 49.29

Zone 2D: American Transmission Company LLC - Wisconsin Energy Corporation

Phase-in Revenue Requirement: \$ 74,209,812
Total NITS and long-term Point-To-Point kilowatts are: 61,249,590
Monthly Charge per MW: \$ 1,211.60
Weekly Charge per MW: \$ 279.60
On-Peak Daily Charge per MW: \$ 46.60
Off-Peak Daily Charge per MW: \$ 39.94

Zone 2E: American Transmission Company LLC - Upper Peninsula Power Company

Phase-in Revenue Requirement: \$5,910,435
Total NITS and long-term Point-To-Point kilowatts are: 1,689,408

Monthly Charge per MW: \$3,498.52
Weekly Charge per MW: \$807.35
On-Peak Daily Charge per MW: \$134.56
Off-Peak Daily Charge per MW: \$115.34

Zone 3: Central Illinois Light Co.

Zone 4: Cinergy Services, Inc. (includes Indiana Municipal Power Agency and Wabash Valley Power Association)

Zone 5: City Water, Light & Power (Springfield, Illinois)

Zone 6A: GridAmerica – Ameren Services Company

Monthly Charge per MW	\$ 656.33
Weekly Charge per MW	\$ 151.46
On-Peak Daily Charge per MW	\$ 30.29
Off-Peak Daily Charge per MW	\$ 21.58

Zone 6B: GridAmerica – American Transmission Systems, Incorporated

	<u>Bulk</u>	<u>Area</u>
Monthly Charge per MW	\$ 949.00	\$ 748.00
Weekly Charge per MW	\$ 219.00	\$ 172.62
On-Peak Daily Charge per MW	\$ 43.80	\$ 34.52
Off-Peak Daily Charge per MW	\$ 31.29	\$ 24.66

Zone 6C: GridAmerica – Northern Indiana Public Service Company

Monthly Charge per MW	\$ 2,030.00
Weekly Charge per MW	\$ 470.00
On-Peak Daily Charge per MW	\$ 90.00
Off-Peak Daily Charge per MW	\$ 90.00

Zone 7: Hoosier Energy

Zone 8: International Transmission Company

Monthly Charge per MW	\$ 1,075.00
Weekly Charge per MW	\$ 248.08
On-Peak Daily Charge per MW	\$ 49.62
Off-Peak Daily Charge per MW	\$ 35.44

Zone 9: Indianapolis Power & Light Company

Zone 10: Louisville Gas & Electric Company/Kentucky Utilities Company

Zone 11: Lincoln Electric (Neb.) System **AVAILABILITY SUSPENDED**

Zone 12: Michigan Electric Transmission Company LLC

Monthly Charge per MW \$ 980.00

Weekly Charge per MW \$ 226.15

On-Peak Daily Charge per MW \$ 45.23

Off-Peak Daily Charge per MW \$ 32.22

Zone 13: Minnesota Power, Inc.

Zone 14: Montana-Dakota Utilities Co.

Zone 15: Northern States Power Co. (Xcel Energy)

Zone 16: Otter Tail Power Company

Zone 17: Southern Illinois Power Cooperative

Zone 18: Aquila, Inc. – Kansas (West Plains Energy) **AVAILABILITY SUSPENDED**

Zone 19: Aquila, Inc. – Missouri (St. Joseph Light & Power and Missouri Public Service Co.)
AVAILABILITY SUSPENDED

Zone 20: Vectren Energy

Additional zones may be added if a) additional Transmission Owners transfer control of their facilities to the Transmission Provider. Such additional zones may be added only if consistent with the requirements of Appendix C, Section II, Paragraph A.1 of the ISO Agreement, or b) an ITC transfers control of their facilities to the Transmission Provider and files with the Commission a proposal to form an ITC consistent with the framework provided under

Appendix I of the ISO Agreement. An additional ITC zone may be added only if consistent with the requirements of Appendix C, Section II, Paragraph A.1 of the ISO Agreement.

(2) **Single System-Wide Rates:** The Transmission Customer shall pay the applicable single system-wide rate for (1) Firm Point-To-Point Transmission Service where the generation source is located within the Transmission System Region and the load is located outside of the Transmission System Region; and (2) Firm Point-To-Point Transmission Service where both the generation source and the load are located outside of the Transmission System Region.

(3) Rates to the PJM Interconnection, LLC, et al.: Beginning on December 1, 2004, the charge under Section (2) above for Points of Delivery at the border of the Transmission System Region shall not apply to transactions sinking in the areas served under the open access transmission tariffs on file with the Commission of the PJM Interconnection, LLC and American Electric Power System but only for transactions in the “AEP East Zone” (as that term is defined in the Open Access Transmission Tariff of American Electric Power System), Commonwealth Edison Company and Commonwealth Edison Company of Indiana, Illinois Power Company, The Dayton Power & Light Company, and Ameren Operating Companies; provided that tariff provisions establishing a lost revenue recovery mechanism are effective as of that date; and further provided that any transmission customer that currently has a long-term firm transmission reservation effective before December 1, 2004, will continue to pay the charge.

(4) Caps: The total demand charge in any week, pursuant to a reservation for daily delivery, shall not exceed the weekly rate times the highest amount in kilowatts of Reserved Capacity in any day during such week.

(5) Discounts: Three principal requirements apply to discounts for transmission service as follows: (1) any offer of a discount made by the Transmission Provider must be announced to all Eligible Customers solely by posting on the OASIS, (2) any customer-initiated requests for discounts (including requests for use by one's wholesale merchant or an affiliate's use) must occur solely by posting on the OASIS, and (3) once a discount is negotiated, details must be immediately posted on the OASIS. For any discount agreed upon for service on a path, from Point(s) of Receipt to Point(s) of Delivery, the Transmission Provider must offer the same discounted transmission service rate for the same time period to all Eligible Customers on all unconstrained transmission paths that go to the same Point(s) of Delivery on the Transmission System.

(6) Zone Specific Rates and Revenue Requirements: The formula in Attachment O or the applicable ITC Attachment O shall be used to establish rates for each zone unless the Commission allows a modification to the formula, a new formula, or different rates to be used for a zone or zones. In such event, the rates for the affected zone or zones shall reflect the Commission accepted changes and be included in the calculation of the single system-wide rates in accordance with Attachment O, p. 2 of 2, lines 23-27, except as otherwise provided in an applicable ITC Attachment O. The calculation of the single system-wide rates will also include the zonal rates for any Coordinating Owner.

(7) Compliance with Agreements: If the Commission has allowed agreements to become effective which require a waiver of any of the charges under this Schedule, then such charges shall be waived.

(8) Credit for Charges During Transmission Loading Relief (TLR) Events: In the event that the Transmission Provider initiates Curtailment of confirmed Point-To-Point Transmission Service on the Transmission System due to a TLR event in accordance with Attachment Q, credit will be given to the Transmission Customer(s) that are actually requested to curtail their energy schedules associated with the confirmed Point-To-Point Transmission Service. No credits will be given for: (1) TLR events external to the Transmission System; (2) Non-Firm Secondary Point-To-Point Transmission Service under a Firm Point-To-Point reservation; or, (3) Next-Hour Transmission Service. Under no circumstances shall the amount credited exceed the amount the customer was actually curtailed nor will credit be given for any hours other than those in which the Curtailment was requested.

SCHEDULE 7 - Michigan

Long-Term Firm and Short-Term Firm Point-To-Point Transmission Service

This Schedule 7 - Michigan shall apply to Long-Term and Short-Term Firm Point-To-Point Transmission Service between Point(s) or Receipt^{1/} and Point(s) of Delivery^{2/} that are both on the Transmission System (Michigan). For this service, the Transmission Customer shall compensate the Transmission Provider each month for Reserved Capacity at the sum of the applicable charges set forth below in addition to other applicable charges specified in the Tariff. All effective rates under this schedule shall be posted on the Transmission Provider's OASIS. The rates are calculated using the formula included in Attachment O, pages 1 and 2 except as provided in Sections 4 and 5, and as provided for International Transmission Company, Zone 1 and Michigan Electric Transmission Company LLC, Zone 2. The rates will be

^{1/} For this Schedule 7 - Michigan, Point(s) of Receipt means: Point(s) of interconnection on the Transmission Provider's Michigan Transmission System including any interface between the Michigan Transmission System and the Transmission System or other transmission system interconnected with the Michigan Transmission System where capacity and energy will be made available to the Transmission Provider by the Delivering Party under Module B of the Tariff. The Point(s) or Receipt shall be specified in the Service Agreement for Long-Term Firm Point-To-Point Transmission Service.

^{2/} For this Schedule 7 - Michigan, Point(s) of Delivery means: Point(s) on the Transmission Provider's Michigan Transmission System excluding any interface between the Michigan Transmission System and the Transmission System or other transmission system interconnected with the Michigan Transmission System where capacity and energy transmitted by the Transmission Provider will be made available to the Receiving Party under Module B of the Tariff. The Point(s) of Delivery shall be specified in the Service Agreement for Long-Term Firm Point-To-Point Transmission Service.

recalculated each June 1 based on the prior full calendar or fiscal year. The initial rates will be calculated based on a prior full calendar or fiscal year period. However, if the initial rates are to take effect between January 1 and June 1 of a year, then the calendar year used in deriving the rates shall be the calendar or fiscal year preceding the last calendar or fiscal year. These initial rates then would be recalculated effective on June 1 based on the prior full calendar or fiscal year. For International Transmission Company, Zone 1, the rates will remain in effect through December 31, 2004 as authorized by the Commission in Docket Nos. ER03-343-000 and ER03-402-000, and will thereafter reflect the deferral mechanisms and other accounting rate treatments authorized by the Commission in those dockets. For Michigan Electric Transmission Company LLC, Zone 2, the rates will remain in effect for the duration of the rate moratorium authorized by the Commission in Docket No. ER02-320, and will thereafter reflect the deferral mechanisms authorized by the Commission in that docket.

(1) **Zonal Rates:**^{3/} The Transmission Customer shall pay the zonal rate (per kW of reserved capacity) based upon the zone where the load is located for Transmission System (Michigan) Firm Point-To-Point Transmission Service where both the generation source and the load are located

^{3/} After the Transition Period, the zonal rate structure may be revised in accordance with Appendix C, Section II, Paragraph 1 of the ISO Agreement pursuant to a filing made by the ISO.

within the Transmission System (Michigan). The zonal rates shall be calculated in accordance with Attachment O, p. 2 of 2, lines 2-17.

The zones are as follows:

Zone 1: International Transmission Company

Monthly Charge per MW	\$1,075.00
Weekly Charge per MW	\$ 248.08
On-Peak Daily Charge per MW	\$ 49.62
Off-Peak Daily Charge per MW	\$ 35.44

Zone 2: Michigan Electric Transmission Company LLC

Monthly Charge per MW\$	\$ 980.00
Weekly Charge per MW\$	\$ 226.15
On-Peak Daily Charge per MW\$	\$ 45.23
Off-Peak Daily Charge per MW\$	\$ 32.22

Additional zones may be added within the Transmission System (Michigan) if a) additional Transmission Owners transfer control of their facilities to the Transmission Provider. Such additional zones may be added only if consistent with the requirements of Appendix C, Section II, Paragraph A.1 of the ISO Agreement, or b) an ITC transfers control of their facilities to the Transmission Provider and files with the Commission a proposal to form an ITC consistent with the framework provided under Appendix I of the ISO Agreement.

(2) Caps: The total demand charge in any week, pursuant to a reservation for Daily delivery, shall not exceed the weekly rate times the highest amount in kilowatts of Reserved Capacity in any day during such week.

(3) Discounts: Three principal requirements apply to discounts for transmission service as follows: (1) any offer of a discount made by the Transmission Provider must be announced to all Eligible Customers solely by posting on the OASIS, (2) any customer-initiated requests for

discounts (including requests for use by one's wholesale merchant or an affiliate's use) must occur solely by posting on the OASIS, and (3) once a discount is negotiated, details must be immediately posted on the OASIS. For any discount agreed upon for service on a path, from Point(s) of Receipt to Point(s) of Delivery, the Transmission Provider must offer the same discounted transmission service rate for the same time period to all Eligible Customers on all unconstrained transmission paths that go to the same Point(s) of Delivery on the Transmission System (Michigan).

(4) Zone Specific Rates and Revenue Requirements: The formula in Attachment O shall be used to establish rates for each zone unless the Commission allows a modification to the formula, a new formula, or different rates to be used for a zone or zones. In such event, the rates for the affected zone or zones shall reflect the Commission accepted changes and be included in the calculation of the single system-wide rates in accordance with Attachment O, p. 2 of 2, lines 23-27. The calculation of the single system-wide rates will also include the zonal rates for any Coordinating Owner. However, in consideration of the historic non-pancaked usage of the Transmission System (Michigan), zonal rates for service under this Tariff shall not include the costs of, or foregone revenues associated with, any facilities outside of the Transmission System (Michigan) absent a showing by an applicant or the Commission that such costs or foregone revenues should be borne by Transmission Customers of the Transmission System (Michigan) and are "in the public interest" as applied to such customers (as the term "in the public interest" has been interpreted by the Commission and the courts).

(5) Compliance With Agreements: If the Commission has allowed agreements to become effective which require a waiver of any of the charges under this schedule, then such charges shall be waived.

SCHEDULE 8

Non-Firm Point-To-Point Transmission Service

The Transmission Customer shall compensate the Transmission Provider for Non-Firm Point-To-Point Transmission Service up to the sum of the applicable charges set forth below in addition to other applicable charges specified in the Tariff. A Transmission Customer shall compensate an ITC for Reserved Capacity between Point(s) of Receipt and Point(s) of Delivery that are both on the ITC System in accordance with Schedule 8 of such ITC, which is included in this Tariff. All effective rates under this schedule shall be posted on the Transmission Provider's OASIS. The rates are calculated using the formula included in Attachment O, pages 1 and 2 except as provided in Sections 5 and 6, and as provided for GridAmerica-Ameren, Zone 6A, GridAmerica-American Transmission Systems, Incorporated, Zone 6B, GridAmerica-Northern Indiana Public Service Company, Zone 6C, International Transmission Company, Zone 8 and Michigan Electric Transmission Company LLC, Zone 12. See Schedule 8 – Michigan for the Transmission System (Michigan). The rates will be recalculated each June 1 based on the prior calendar or fiscal year. The initial rates will be calculated based on a prior full calendar or fiscal year period. However, if the initial rates are to take effect between January 1 and June 1 of a year, then the calendar or fiscal year used in deriving the rates shall be the calendar year preceding the last calendar or fiscal year. These initial rates then would be recalculated effective on June 1 based on the prior full calendar or fiscal year. For the American Transmission Company LLC, Zones 2A – 2E, the initial rates are listed below and will be in effect until January 1, 2002, unless modified by a compliance filing, otherwise the rates will be recalculated using the formula included in

Attachment O – ATC and posted on the Transmission Provider’s OASIS. For GridAmerica-Ameren, Zone 6A, GridAmerica-American Transmission Systems, Incorporated, Zone 6B and GridAmerica-Northern Indiana Public Service Company, Zone 6C, the rates are listed below. For each ITC, the rates are calculated using Attachment O of such ITC, if applicable, which is included in this tariff. For International Transmission Company, Zone 8, the rates will remain in effect through December 31, 2004 as authorized by the Commission in Docket Nos. ER03-343-000 and ER03-402-000, and will thereafter reflect the deferral mechanisms and other accounting rate treatments authorized by the Commission in those dockets. For Michigan Electric Transmission Company LLC, Zone 12, the rates will remain in effect for the duration of the rate moratorium authorized by the Commission in Docket No. ER02-320-000, and will thereafter reflect the deferral mechanisms authorized by the Commission in that docket.

(1) Zonal Rates:^{2/} The Transmission Customer shall pay the zonal rate (per KW of reserved capacity) based upon the zone where the load is located within the Transmission System for

(1) Non-Firm Point-To-Point Transmission Service where the generation source is outside the Transmission System Region and the load is located within the Transmission System Region and

(2) Non-Firm Point-To-Point Transmission Service where both the generation source and the load are located within the Transmission System Region. Further, Transmission Customers with load in the American Transmission Systems, Incorporated zone who do not use the 69 kv transmission facilities in the zone shall not pay the Area Transmission Service rate (*i.e.*, users of the 69 kv transmission facilities pay both Bulk and Area Transmission Service rates). The zonal rates shall be calculated in accordance with Attachment O, p. 2 of 2, lines 2-17, except as otherwise provided for by the Transmission Owner or provided for in an applicable Attachment O of an ITC.

The zones are as follows:

Zone 1: Alliant Energy West (IES Utilities, Inc. and Interstate Power and Light Company)

Zone 2A: American Transmission Company LLC - Madison Gas and Electric Company

Phase-in Revenue Requirement:	\$ 8,505,235
Total NITS and long-term Point-To-Point kilowatts are:	\$ 6,153,350

Monthly Charge per MW:	\$ 1,382.37
Weekly Charge per MW:	\$ 319.01
On-Peak Daily Charge per MW:	\$ 53.17
Off-Peak Daily Charge per MW:	\$ 45.57
On-Peak Hourly Charge per MW:	\$ 3.32
Off-Peak Hourly Charge per MW:	\$ 2.22

^{2/} After the Transition Period, the zonal rate structure may be revised in accordance with Appendix C, Section II, Paragraph 1 of the ISO Agreement pursuant to a filing made by the ISO.

Zone 2B: American Transmission Company LLC - Wisconsin Public Service Corporation

Phase-in Revenue Requirement:	\$ 26,660,427
Total NITS and long-term Point-To-Point kilowatts are:	22,491,511

Monthly Charge per MW:	\$ 1,185.36
Weekly Charge per MW:	\$ 273.54
On-Peak Daily Charge per MW:	\$ 45.59
Off-Peak Daily Charge per MW:	\$ 39.08
On-Peak Hourly Charge per MW:	\$ 2.85
Off-Peak Hourly Charge per MW:	\$ 1.90

Zone 2C: American Transmission Company LLC - Wisconsin Power and Light Company

Phase-in Revenue Requirement:	\$ 37,385,581
Total NITS and long-term Point-To-Point kilowatts are:	25,004,146

Monthly Charge per MW:	\$ 1,495.18
Weekly Charge per MW:	\$ 345.04
On-Peak Daily Charge per MW:	\$ 57.51
Off-Peak Daily Charge per MW:	\$ 49.29
On-Peak Hourly Charge per MW:	\$ 3.59
Off-Peak Hourly Charge per MW:	\$ 2.40

Zone 2D: American Transmission Company LLC - Wisconsin Energy Corporation

Phase-in Revenue Requirement:	\$ 74,209,812
Total NITS and long-term Point-To-Point kilowatts are:	61,249,590

Monthly Charge per MW:	\$ 1,211.60
Weekly Charge per MW:	\$ 279.60
On-Peak Daily Charge per MW:	\$ 46.60
Off-Peak Daily Charge per MW:	\$ 39.94
On-Peak Hourly Charge per MW:	\$ 2.91
Off-Peak Hourly Charge per MW:	\$ 1.94

Zone 2E: American Transmission Company LLC - Upper Peninsula Power Company

Phase-in Revenue Requirement:	\$ 5,910,435
Total NITS and long-term Point-To-Point kilowatts are:	1,689,408

Monthly Charge per MW:	\$ 3,498.52
Weekly Charge per MW:	\$ 807.35
On-Peak Daily Charge per MW:	\$ 134.56
Off-Peak Daily Charge per MW:	\$ 115.34
On-Peak Hourly Charge per MW:	\$ 8.41
Off-Peak Hourly Charge per MW:	\$ 5.61

Zone 3: Central Illinois Light Co.

Zone 4: Cinergy Services, Inc. (includes Indiana Municipal Power Agency and Wabash Valley Power Association)

Zone 5: City Water, Light & Power (Springfield, Illinois)

Zone 6A: GridAmerica – Ameren Services Company

Monthly Charge per MW	\$ 656.33
Weekly Charge per MW	\$ 151.46
On-Peak Daily Charge per MW	\$ 30.29
Off-Peak Daily Charge per MW	\$ 21.58
On-Peak Hourly Charge per MW	\$ 1.89
Off-Peak Hourly Charge per MW	\$.90

Zone 6B: GridAmerica – American Transmission Systems, Incorporated

	<u>Bulk</u>	<u>Area</u>
Monthly Charge per MW	\$949.00	\$ 748.00
Weekly Charge per MW	\$219.00	\$ 172.62
On-Peak Daily Charge per MW	\$ 43.80	\$ 34.52
Off-Peak Daily Charge per MW	\$ 31.29	\$ 24.66
On-Peak Hourly Charge per MW	\$ 2.74	\$ 2.16
Off-Peak Hourly Charge per MW	\$ 1.30	\$ 1.03

Zone 6C: GridAmerica – Northern Indiana Public Service Company

Monthly Charge per MW	\$ 2,030.00
Weekly Charge per MW	\$ 470.00
On-Peak Daily Charge per MW	\$ 90.00
Off-Peak Daily Charge per MW	\$ 90.00
On-Peak Hourly Charge per MW	\$ 5.90
Off-Peak Hourly Charge per MW	\$ 5.90

Zone 7: Hoosier Energy

Zone 8: International Transmission Company

Monthly Charge per MW	\$ 1,075.00
Weekly Charge per MW	\$ 248.08
On-Peak Daily Charge per MW	\$ 49.62
Off-Peak Daily Charge per MW	\$ 35.44
On-Peak Hourly Charge per MW:	\$ 3.10
Off-Peak Hourly Charge per MW:	\$ 1.47

Zone 9: Indianapolis Power & Light Company
Zone 10: Louisville Gas & Electric Company/Kentucky Utilities Company
Zone 11: Lincoln Electric (Neb.) System **AVAILABILITY SUSPENDED**
Zone 12: Michigan Electric Transmission Company LLC

Monthly Charge per MW	\$ 980.00
Weekly Charge per MW	\$ 226.15
On-Peak Daily Charge per MW	\$ 45.23
Off-Peak Daily Charge per MW	\$ 32.22
On-Peak Hourly Charge per MW:	\$ 2.83
Off-Peak Hourly Charge per MW:	\$ 1.34

Zone 13: Minnesota Power, Inc.
Zone 14: Montana-Dakota Utilities Co.
Zone 15: NSP Companies
Zone 16: Otter Tail Power Company
Zone 17: Southern Illinois Power Cooperative
Zone 18: Aquila, Inc. – Kansas (West Plains Energy) **AVAILABILITY SUSPENDED**
Zone 19: Aquila, Inc. – Missouri (St. Joseph Light & Power and Missouri Public Service Co.) **AVAILABILITY SUSPENDED**
Zone 20: Vectren Energy

Additional zones may be added if a) additional Transmission Owners transfer control of their facilities to the Transmission Provider. Such additional zones may be added only if consistent with the requirements of Appendix C, Section II, Paragraph A.1 of the ISO Agreement, or b) an Independent Transmission Company (“ITC”) transfers control of their facilities to the Transmission Provider and files with the Commission a proposal to form an ITC consistent with the framework provided under Appendix I of the ISO Agreement. An additional ITC zone may be added only if consistent with the requirements of Appendix C, Section II, Paragraph A.1 of the ISO Agreement.

(2) Single System-Wide Rates: The Transmission Customer shall pay the applicable single system-wide rate for (1) Non-Firm Point-To-Point Transmission Service where the generation source is located within the Transmission System Region and the load is located outside of the Transmission System Region; and (2) Non-Firm Point-To-Point Transmission Service where both the generation source and the load are located outside of the Transmission System Region. The single system-wide rates shall be calculated in accordance with Attachment O, p. 2 of 2, lines 23-27.

(3) Rates to the PJM Interconnection, LLC, et al.: Beginning on December 1, 2004, the charge under Section (2) above for Points of Delivery at the border of the Transmission System Region shall not apply to transactions sinking in the areas served under the open access transmission tariffs on file with the Commission the PJM Interconnection, LLC, American Electric Power System but only for transactions in the “AEP East Zone” (as that term is defined in the Open Access Transmission Tariff of American Electric Power System), Commonwealth Edison Company and Commonwealth Edison Company of Indiana, Illinois Power Company, The Dayton Power & Light Company, and Ameren Operating Companies; provided that tariff provisions establishing a lost revenue recovery mechanism are effective as of that date; and further provided that any transmission customer that currently has a long-term firm transmission reservation effective before December 1, 2004, will continue to pay the charge.

(4) Caps: The total demand charge in any week, pursuant to a reservation for Daily delivery, shall not exceed the weekly rate times the highest amount in kilowatts of Reserved Capacity in any day during such week. The total demand charge in any day, pursuant to a reservation for Hourly delivery, shall not exceed the daily rate times the highest amount in kilowatts of Reserved Capacity in any hour during such day. In addition, the total demand charge in any week, pursuant to a reservation for Hourly or Daily delivery, shall not exceed the weekly rate above times the highest amount in kilowatts of Reserved Capacity in any hour during such week.

(5) Discounts: Three principal requirements apply to discounts for transmission service as follows: (1) any offer of a discount made by the Transmission Provider must be announced to all Eligible Customers solely by posting on the OASIS, (2) any customer-initiated requests for discounts (including requests for use by one's wholesale merchant or an affiliate's use) must occur solely by posting on the OASIS, and (3) once a discount is negotiated, details must be immediately posted on the OASIS. For any discount agreed upon for service on a path, from point(s) of receipt to point(s) of delivery, the Transmission Provider must offer the same discounted transmission service rate for the same time period to all Eligible Customers on all unconstrained transmission paths that go to the same point(s) of delivery on the Transmission System.

(6) Zone Specific Rates and Revenue Requirements: The formula in Attachment O or the applicable ITC Attachment O shall be used to establish rates for each zone unless the Commission allows a modification to the formula, a new formula, or different rates to be used for a zone or zones. In such event, the rates for the affected zone or zones shall reflect the Commission accepted changes and be included in the calculation of the single system-wide rates in accordance with Attachment O, p. 2 of 2, lines 23 - 27, except as otherwise provided in an applicable ITC Attachment O. The calculation of the single system-wide rates will also include the zonal rates for any Coordinating Owner.

(7) Compliance With Agreements: If the Commission has allowed agreements to become effective which require a waiver of any of the charges under this schedule, then such charges shall be waived.

(8) Credit for Charges During Transmission Loading Relief (TLR) Events: In the event that the Transmission Provider initiates Curtailment of confirmed Point-To-Point Transmission Service on the Transmission System due to a TLR event in accordance with Attachment Q, credit will be given to the Transmission Customer(s) that are actually requested to Curtail their energy schedules associated with the confirmed Point-To-Point Transmission Service. No credits will be given for: (1) TLR events external to the Transmission System; (2) Non-Firm Secondary Point-To-Point Transmission Service under a Firm Point-To-Point reservation; or, (3) Next-Hour Transmission Service. Under no circumstances shall the amount credited exceed the amount the customer was actually curtailed nor will credit be given for any hours other than those in which the Curtailment was requested.

SCHEDULE 8 - Michigan

Non-Firm Point-To-Point Transmission Service

This Schedule 8 - Michigan shall apply to Non-Firm Point-To-Point Transmission Service between Point(s) of Receipt^{1/} and Point(s) of Delivery^{2/} that are both on the Transmission System (Michigan). For such service, the Transmission Customer shall compensate the Transmission Provider for Non-Firm Point-To-Point Transmission Service up to the sum of the applicable charges set forth below in addition to other applicable charges specified in the Tariff. All effective rates under this schedule shall be posted on the Transmission Provider's OASIS. The rates are calculated using the formula included in Attachment O, pages 1 and 2 except as provided in Sections 4 and 5, and as provided for International Transmission Company, Zone 1 and Michigan Electric Transmission Company LLC, Zone 2. The rates will be

^{1/} For this Schedule 8 - Michigan Transmission System, Point(s) of Receipt means: Point(s) of interconnection on the Transmission Provider's Michigan Transmission System including any interface between the Michigan Transmission System and the Transmission System or other transmission system interconnected with the Michigan Transmission System where capacity and energy will be made available to the Transmission Provider by the Delivering Party under Module B of the Tariff. The Point(s) of Receipt shall be specified in the Service Agreement for Long-Term Firm Point-To-Point Transmission Service.

^{2/} For this Schedule 8 - Michigan Transmission System, Point(s) of Delivery means: Point(s) on the Transmission Provider's Michigan Transmission System excluding any interface between the Michigan Transmission System and the Transmission System or other transmission system interconnected with the Michigan Transmission System where capacity and energy transmitted by the Transmission Provider will be made available to the Receiving Party under Module B of the Tariff. The Point(s) of Delivery shall be specified in the Service Agreement for Long-Term Firm Point-To-Point Transmission Service.

recalculated each June 1 based on the prior calendar or fiscal year. The initial rates will be calculated based on a prior full calendar or fiscal year period. However, if the initial rates are to take effect between January 1 and June 1 of a year, then the calendar or fiscal year used in deriving the rates shall be the calendar year preceding the last calendar or fiscal year. These initial rates then would be recalculated effective on June 1 based on the prior full calendar or fiscal year. For International Transmission Company, Zone 1, the rates will remain in effect through December 31, 2004 as authorized by the Commission in Docket Nos. ER03-343-000 and ER03-402-000, and will thereafter reflect the deferral mechanisms and other accounting rate treatments authorized by the Commission in those dockets. For Michigan Electric Company LLC, Zone 2, the rates will remain in effect for the duration of the rate moratorium authorized by the Commission in Docket No. ER02-320, and will thereafter reflect the deferral mechanisms authorized by the Commission in that docket.

(1) **Zonal Rates:**^{3/} The Transmission Customer shall pay the zonal rate (per KW of reserved capacity) based upon the zone where the Point of Delivery is located for Non-Firm Point-To-Point Transmission Service where both the Point of Receipt and Point of Delivery are located within the Transmission System (Michigan). The zonal rates shall be calculated in accordance with Attachment O, p. 2 of 2, lines 2-17.

^{3/} After the Transition Period, the zonal rate structure may be revised in accordance with Appendix C, Section II, Paragraph 1 of the ISO Agreement pursuant to a filing made by the ISO.

The zones are as follows:

Zone 1: International Transmission Company

Monthly Charge per MW	\$	1,075.00
Weekly Charge per MW	\$	248.08
On-Peak Daily Charge per MW	\$	49.62
Off-Peak Daily Charge per MW	\$	35.44
On-Peak Hourly Charge per MW:	\$	3.10
Off-Peak Hourly Charge per MW:	\$	1.47

Zone 2: Michigan Electric Transmission Company LLC

Monthly Charge per MW	\$	980.00
Weekly Charge per MW	\$	226.15
On-Peak Daily Charge per MW	\$	45.23
Off-Peak Daily Charge per MW	\$	32.22
On-Peak Hourly Charge per MW	\$	2.83
Off-Peak Hourly Charge per MW	\$	1.34

Additional zones in the Transmission System (Michigan) may be added if a) additional Transmission Owners transfer control of their facilities to the Transmission Provider. Such additional zones may be added only if consistent with the requirements of Appendix C, Section II, Paragraph A.1 of the ISO Agreement, or b) an Independent Transmission Company (“ITC”) transfers control of their facilities to the Transmission Provider and files with the Commission a proposal to form an ITC consistent with the framework provided under Appendix I of the ISO Agreement. An additional ITC zone may be added only if consistent with the requirements of Appendix C, Section II, Paragraph A.1 of the ISO Agreement.

(2) **Caps:** The total demand charge in any week, pursuant to a reservation for Daily delivery, shall not exceed the weekly rate times the highest amount in kilowatts of Reserved Capacity in any day during such week. The total demand charge in any day, pursuant to a reservation for Hourly delivery, shall not exceed the daily rate times the highest amount in kilowatts of Reserved Capacity in any hour during such day. In addition, the total demand charge in any week, pursuant to a reservation for Hourly or Daily delivery, shall not exceed the weekly rate above times the highest amount in kilowatts of Reserved Capacity in any hour during such week.

(3) Discounts: Three principal requirements apply to discounts for transmission service as follows: (1) any offer of a discount made by the Transmission Provider must be announced to all Eligible Customers solely by posting on the OASIS, (2) any customer-initiated requests for discounts (including requests for use by one's wholesale merchant or an affiliate's use) must occur solely by posting on the OASIS, and (3) once a discount is negotiated, details must be immediately posted on the OASIS. For any discount agreed upon for service on a path, from point(s) of receipt to point(s) of delivery, the Transmission Provider must offer the same discounted transmission service rate for the same time period to all Eligible Customers on all unconstrained transmission paths that go to the same point(s) of delivery on the Transmission System (Michigan).

(4) Zone Specific Rates and Revenue Requirements: The formula in Attachment O shall be used to establish rates for each zone unless the Commission allows a modification to the formula, a new formula, or different rates to be used for a zone or zones. In such event, the rates for the affected zone or zones shall reflect the Commission accepted changes and be included in the calculation of the single system-wide rates in accordance with Attachment O, p. 2 of 2, lines 23 - 27. The calculation of the single system-wide rates will also include the zonal rates for any Coordinating Owner. However, in consideration of the historic non-pancaked usage of the Transmission System (Michigan), zonal rates for service under this Tariff shall not include the costs of, or foregone revenues associated with, any facilities outside of the Transmission System (Michigan) absent a showing by an applicant or the Commission that such costs or foregone revenues should be borne by Transmission Customers of the Transmission System (Michigan) and are “in the public interest” as applied to such customers (as the term “in the public interest” has been interpreted by the Commission and the courts).

(5) Compliance With Agreements: If the Commission has allowed agreements to become effective which require a waiver of any of the charges under this schedule, then such charges shall be waived.

SCHEDULE 9

Network Integration Transmission Service

The Transmission Customer shall compensate the Transmission Provider for Network Integration Transmission Service at the applicable charges set forth below in addition to other applicable charges specified in the Tariff. The Transmission Customer shall compensate an ITC for Reserved Capacity between Point(s) of Receipt and Point(s) of Delivery that are both on the ITC System in accordance with the Schedule 9 of such ITC, which is included in this Tariff. The monthly rates are calculated using the formulas included in Attachment O, pages 1 and 2 except as provided in Sections 2 and 3, and as provided for GridAmerica-Ameren, Zone 6A, GridAmerica-American Transmission Systems, Incorporated, Zone 6B, GridAmerica-Northern Indiana Public Service Company, Zone 6C, and Michigan Electric Transmission Company LLC, Zone 12. Except for the rates for GridAmerica-Ameren, Zone 6A, GridAmerica-American Transmission Systems, Incorporated, Zone 6B, GridAmerica-Northern Indiana Public Service Company, Zone 6C, International Transmission Company, Zone 8 and Michigan Electric Transmission Company LLC, Zone 12, the rates will be recalculated each June 1 based on the prior full calendar or fiscal year. See Schedule 9 - Michigan for the Transmission System (Michigan). The initial rates will be calculated based on a prior full calendar or fiscal year period. However, if the initial rates are to take effect between January 1 and June 1 of a year, then the calendar or fiscal year used in determining the rates shall be the calendar year preceding the last calendar or fiscal year. These initial rates then would be recalculated effective on June 1 based on the prior full calendar or fiscal year. For the American Transmission Company LLC, Zones 2A – 2E, the

phase-in rates will be in effect until January 1, 2002, unless modified by a compliance filing, otherwise the rates will be recalculated using the formula included in Attachment O – ATC and posted on the Transmission Provider’s OASIS. For International Transmission Company, Zone 7, the rates will remain in effect through December 31, 2004 as authorized by the Commission in Docket Nos. ER03-343-00 and ER03-402-000, and will thereafter reflect the deferral mechanisms and other accounting rate treatments authorized by the Commission in those dockets. For Michigan Electric Transmission Company LLC, Zone 12, the rates will remain in effect for the duration of the rate moratorium authorized by the Commission in Docket No. ER02-320, and will thereafter reflect the deferral mechanisms authorized by the Commission in that docket. For each ITC, the rates are calculated using Attachment O of such ITC, if applicable.

- (1) **Zonal Rate:**^{1/} The Transmission Customer taking Network Integration Transmission Service shall pay the firm monthly zonal rate or a Monthly Demand Charge, as applicable, for the zone based upon where the load is physically located. Further, Transmission Customers with load in the American Transmission Systems, Incorporated zone shall pay rates differentiated by voltage service. Transmission Customers with load in the American Transmission Systems, Incorporated zone shall pay the bulk transmission service rate. Transmission Customers with load in the American Transmission Systems, Incorporated zone shall also pay the area transmission service rate for its load that is deemed to be served by 69kv transmission facilities as determined in accordance with Sections 34.1, 34.2, and 34.3. Each month, the Transmission Customer shall pay the Transmission Provider the product of the applicable firm monthly zonal rate multiplied by the Transmission Customer's monthly Network Load determined in accordance with Section 34.2. If a Transmission Customer has load in separate zones, the customer shall pay the rate for

^{3/} After the Transition Period, the zonal rate structure may be revised in accordance with Appendix C, Section II, Paragraph 1 of the ISO Agreement pursuant to a filing made by the ISO.

each zone in which its load is located (*i.e.* the rate for each zone shall be multiplied by the customer's monthly Network Load in that zone and the sum of the calculation for each applicable zone shall be the total charges paid by the Customer). The monthly zonal charges shall be calculated in accordance with Attachment O, p. 2 of 2, lines 2-17, except as otherwise provided for by the Transmission Owner or provided for in an applicable Attachment O of an ITC. For GridAmerica Zones 6A, 6B, and 6C, the Transmission Customer shall pay a Monthly Demand Charge based on the Load Ratio Share of the transmission revenue requirement as specified in this Schedule 9, Section 4. Each month, the Transmission Customer shall pay the Transmission Provider the Monthly Demand Charge in accordance with Sections 34.1, 34.2 and 34.3 of Module B of this Tariff.

The zones are as follows:

- Zone 1: Alliant Energy West (IES Utilities, Inc. and Interstate Power and Light Company)
- Zone 2A: American Transmission Company LLC - Madison Gas and Electric Company
- Zone 2B: American Transmission Company LLC - Wisconsin Public Service Corporation
- Zone 2C: American Transmission Company LLC - Wisconsin Power and Light Company
- Zone 2D: American Transmission Company LLC - Wisconsin Energy Corporation
- Zone 2E: American Transmission Company LLC - Upper Peninsula Power Company
- Zone 3: Central Illinois Light Co.
- Zone 4: Cinergy Services, Inc. (includes Indiana Municipal Power Agency and Wabash Valley Power Association)
- Zone 5: City Water, Light & Power (Springfield, Illinois)
- Zone 6A: GridAmerica – Ameren Services Company
- Zone 6B: GridAmerica – American Transmission Systems, Incorporated
- Zone 6C: GridAmerica – Northern Indiana Public Service Company
- Zone 7: Hoosier Energy

- Zone 8: International Transmission Company
- Zone 9: Indianapolis Power & Light Company
- Zone 10: Louisville Gas & Electric Company/Kentucky Utilities Company
- Zone 11: Lincoln Electric (Neb.) System **AVAILABILITY SUSPENDED**
- Zone 12: Michigan Electric Transmission Company LLC
- Zone 13: Minnesota Power, Inc.
- Zone 14: Montana-Dakota Utilities Co.
- Zone 15: Northern States Power Co. (Xcel Energy)
- Zone 16: Otter Tail Power Company
- Zone 17: Southern Illinois Power Cooperative

Zone 18: Aquila, Inc. – Kansas (West Plains Energy) **AVAILABILITY SUSPENDED**

Zone 19: Aquila, Inc. – Missouri (St. Joseph Light & Power and Missouri Public Service Co.)
**AVAILABILITY
SUSPENDED**

Zone 20: Vectren Energy

Additional zones may be added if a) additional Transmission Owners transfer control of their facilities to the Transmission Provider. Such additional zones may be added only if consistent with the requirements of Appendix C, Section II, Paragraph A.1 of the ISO Agreement, or b) an Independent Transmission Company (“ITC”) transfers control of their facilities to the Transmission Provider and files with the Commission a proposal to form an ITC consistent with the framework provided under Appendix I of the ISO Agreement. An additional ITC zone may be added only if consistent with the requirements of Appendix C, Section II, Paragraph A.1 of the ISO Agreement.

(2) Zone Specific Rates and Revenue Requirements: The formula in Attachment O or the applicable ITC's Attachment O shall be used to establish rates for each zone unless the Commission allows a modification to the formula, a new formula, or different rates to be used for a zone or zones. In such event, the rates for the affected zone or zones shall reflect the Commission accepted changes. GridAmerica Zones 6A, 6B, and 6C shall use the Annual Transmission Revenue Requirements specified in (4) below.

(3) Compliance With Agreements: If the Commission has allowed agreements to become effective which require a waiver of any of the charges under this schedule, then such charges shall be waived.

(4) Annual Transmission Revenue Requirements: Transmission Customers with load in GridAmerica Zones 6A, 6B, and 6C will pay a Monthly Demand Charge as calculated based on the annual transmission revenue requirements indicated below:

	Annual Transmission Revenue Requirement
Zone 6A: GridAmerica-Ameren Services Company ³	\$67,600,000
Zone 6B: Gridamerica-American Transmission Systems, Incorporated	Bulk \$115,200,000
Zone 6B: GridAmerica-American Transmission Systems, Incorporated	Area \$31,800,000
Zone 6C: GridAmerica-Northern Indiana Public Service Company	\$69,534,150

³ Zone 6A will become effective at such time as the Ameren Services Company transfers functional control of its transmission facilities to the Transmission Provider and GridAmerica LLC.

SCHEDULE 9 - ATC
American Transmission Company LLC
Network Integration Transmission Service Rate Phase-In Period

The Transmission Customer shall compensate the Transmission Provider for Network Integration Transmission Service at the applicable charges set forth below in addition to other applicable charges specified in the Tariff. The monthly rates are determined by multiplying Transmission Customer's Load Ratio Share times one twelfth (1/12) of the Transmission Provider's Annual Transmission Revenue Requirement (ATRR) calculated by the Rate Formula Template in Attachment O-ATC and modified in accordance with the Rate Phase-In below.

The ATRR is equal to the revenue requirement produced by the transmission rate formula in Attachment O, plus the revenue requirement produced by the start-up cost adder formula in Attachment O. An example of the calculation of the ATRR for the period from January 1, 2001, through December 31, 2001 is attached. The ATRR produced by the attached example will apply through December 31, 2001, unless modified by a compliance filing.

The currently applicable rates for the Transmission Provider's service areas will also be posted on the Transmission Provider's OASIS and on its corporate Internet website.

Example:

For the remainder of 2001, the ATRR = \$152,672,490
(ATRR from Substitute Second Revised Sheet No. 96, Docket No. ER01-1577 + UPPCO
Revenue Requirement, Bertsch Testimony, ATC-4B)

(\$146,762,055 + \$5,910,435 = \$152,672,490)

Schedule 9
 Network Rate Phase-In Example

Start with Phase-In Settlement Rates						Date modified:	August 8 2001
	MGE	WPL/SB	WPS	WEC/ESE	UPPCO		
2001 Rates:							
Coincident load	512,779	2,083,679	1,874,293	5,104,133	140,784	ATC ARR	\$ 152,672,490
Zonal Revenue	\$ 8,506,235	\$ 37,385,581	\$ 26,660,427	\$ 74,209,812	\$ 5,910,435	ATC CKW	9,715,668
Rate	\$ 1.38	\$ 1.50	\$ 1.19	\$ 1.21	\$ 3.50	ATC Avg Rate	\$ 1.31
						Check:	\$ 152,672,490
2002 Rates:							
Coincident load	525,598	2,135,771	1,921,150	5,231,736	144,304		
ATC average rate	\$ 1.47	\$ 1.47	\$ 1.47	\$ 1.47	\$ 1.47	Balancing Adjustment	
Previous year's rate	1.38	1.50	1.19	1.21	3.50	ATC ARR	\$ 175,837,861
Difference	\$ 0.09	\$ (0.02)	\$ 0.29	\$ 0.26	\$ (2.03)	Initial revenue	161,326,442
25% adjustment	0.02	(0.01)	0.07	0.06	(0.51)	Shortfall	\$ 14,511,419
Initial adjusted rate	1.40	1.49	1.26	1.28	2.99	ATC CKW	9,958,560
Balancing adjustment	0.12	0.12	0.12	0.12	0.12	Adjustment	\$ 0.121
Adjusted rate	\$ 1.53	\$ 1.61	\$ 1.38	\$ 1.40	\$ 3.11		
Adjusted revenue	\$ 9,625,177	\$ 41,260,173	\$ 31,775,083	\$ 87,766,513	\$ 5,390,914	Check:	\$ 175,837,861
2003 Rates:							
Coincident load	538,738	2,189,165	1,969,179	5,362,530	147,911		
ATC average rate	\$ 1.57	\$ 1.57	\$ 1.57	\$ 1.57	\$ 1.57	Balancing Adjustment	
Previous year's rate	1.53	1.61	1.38	1.40	3.11	ATC ARR	\$ 192,137,861
Difference	\$ 0.04	\$ (0.04)	\$ 0.19	\$ 0.17	\$ (1.54)	Initial revenue	184,162,145
33% adjustment	0.01	(0.01)	0.06	0.06	(0.51)	Shortfall	\$ 7,975,716
Initial adjusted rate	1.54	1.60	1.44	1.45	2.60	ATC CKW	10,207,524
Balancing adjustment	0.07	0.07	0.07	0.07	0.07	Adjustment	\$ 0.065
Adjusted rate	\$ 1.61	\$ 1.66	\$ 1.51	\$ 1.52	\$ 2.67		
Adjusted revenue	\$ 10,377,488	\$ 43,657,991	\$ 35,592,007	\$ 97,773,822	\$ 4,736,553	Check:	\$ 192,137,861
2004 Rates:							
Coincident load	552,207	2,243,894	2,018,409	5,496,593	151,609		
ATC average rate	\$ 1.62	\$ 1.62	\$ 1.62	\$ 1.62	\$ 1.62	Balancing Adjustment	
Previous year's rate	1.61	1.66	1.51	1.52	2.67	ATC ARR	\$ 203,237,861
Difference	\$ 0.01	\$ (0.04)	\$ 0.11	\$ 0.10	\$ (1.05)	Initial revenue	200,089,584
50% adjustment	0.01	(0.02)	0.06	0.05	(0.52)	Shortfall	\$ 3,148,277
Initial adjusted rate	1.61	1.64	1.56	1.57	2.14	ATC CKW	10,462,712
Balancing adjustment	0.03	0.03	0.03	0.03	0.03	Adjustment	\$ 0.025
Adjusted rate	\$ 1.64	\$ 1.67	\$ 1.59	\$ 1.59	\$ 2.17		
Adjusted revenue	\$ 10,847,925	\$ 44,843,709	\$ 38,452,015	\$ 105,148,609	\$ 3,945,603	Check:	\$ 203,237,861
2005 Rates:							
Coincident load	566,012	2,299,992	2,068,869	5,634,008	155,399		
ATC average rate	\$ 1.64	\$ 1.64	\$ 1.64	\$ 1.64	\$ 1.64	Balancing Adjustment	
Previous year's rate	1.64	1.67	1.59	1.59	2.17	ATC ARR	\$ 211,537,861
Difference	\$ 0.01	\$ (0.02)	\$ 0.06	\$ 0.05	\$ (0.52)	Initial revenue	211,537,861
100 % adjustment	0.01	(0.02)	0.06	0.05	(0.52)	Shortfall	\$ -
Initial adjusted rate	1.64	1.64	1.64	1.64	1.64	ATC CKW	10,724,280
Balancing adjustment	-	-	-	-	-	Adjustment	\$ -
Adjusted rate	\$ 1.64	\$ 1.64	\$ 1.64	\$ 1.64	\$ 1.64		
Adjusted revenue	\$ 11,164,664	\$ 45,367,647	\$ 40,808,716	\$ 111,131,564	\$ 3,065,270	Check:	\$ 211,537,861

Schedule 9 – ATC American Transmission Company LLC

Start Up Cost Adder Calculation

Each Transmission Customer shall pay this adder developed to recover the ATC's start-up costs. This charge shall be calculated based on actual expenses incurred when ATC first becomes operational (expected to be 1/1/2001).

The actual expenses incurred by ATC prior to the date of operation, shall be capitalized in a separate account. These capitalized costs shall be amortized on a monthly basis (months) and recovered from all customers taking service under the Tariff.

Determination of the Adder which is billed monthly:

- 1 Start-up Costs (SC) = All expenses incurred by ATC attributable to the start-up of operations.
- 2 N = The Nth month in the 60 month amortization period, the first month being zero and the last month being 59
- 3 RFT = Midwest ISO Rate Formula Template in this Appendix O
- 4 R = Rate of Return - page 4, line 30 of RFT
- 5 CIT = Income Tax Percentage - page 3, line 22 of RFT
- 6 Monthly Amortization (A) = $SC \times (1/60)$
- 7 Total Monthly Charge = $A + \{((SC - N \times A) + (SC - (N+1) \times A)) / 2\} \times [R \times (1+CIT) / 12]$

Example:

Monthly Amortization = $\$17,910,780 \times (1/60)$

Monthly Amortization = $\$298,513$

Total Monthly Charge (N=0) = $\$298,513 + \{((\$17,910,780 - 0) + (\$17,910,780 - \$298,513))/2\} \times [.09565 \times 1.3556 / 12]$

Total Monthly Charge = $\$298,513 + \$191,917$

Total Monthly Charge = $\$490,430$

The sum of the Total Monthly Charges for each year will be added to the Net Revenue Requirement for that year and billed to network customers in 12 equal monthly installments based on each customer's load ratio share

Schedule 9 - ATC
Start-Up Cost Amortization Schedule Example

Straight-line Method		Annual Carrying Cost = 12.97%					
Month	N	Beginning Unamortized Balance	Monthly Amortization	Ending Unamortized Balance	Pre-Tax Rate of Return	Monthly Return	Total Monthly Charge
1	0	\$ 17,910,780	\$ (298,513)	\$ 17,612,267	1.08%	191,972	\$ 490,485
2	1	\$ 17,612,267	\$ (298,513)	\$ 17,313,754	1.08%	188,746	\$ 487,259
3	2	\$ 17,313,754	\$ (298,513)	\$ 17,015,241	1.08%	185,520	\$ 484,033
4	3	\$ 17,015,241	\$ (298,513)	\$ 16,716,728	1.08%	182,293	\$ 480,806
5	4	\$ 16,716,728	\$ (298,513)	\$ 16,418,215	1.08%	179,067	\$ 477,580
6	5	\$ 16,418,215	\$ (298,513)	\$ 16,119,702	1.08%	175,840	\$ 474,353
7	6	\$ 16,119,702	\$ (298,513)	\$ 15,821,189	1.08%	172,614	\$ 471,127
8	7	\$ 15,821,189	\$ (298,513)	\$ 15,522,676	1.08%	169,387	\$ 467,900
9	8	\$ 15,522,676	\$ (298,513)	\$ 15,224,163	1.08%	166,161	\$ 464,674
10	9	\$ 15,224,163	\$ (298,513)	\$ 14,925,650	1.08%	162,935	\$ 461,448
11	10	\$ 14,925,650	\$ (298,513)	\$ 14,627,137	1.08%	159,708	\$ 458,221
12	11	\$ 14,627,137	\$ (298,513)	\$ 14,328,624	1.08%	156,482	\$ 454,995
							\$ 5,672,881
13	12	\$ 14,328,624	\$ (298,513)	\$ 14,030,111	1.08%	153,255	\$ 451,768
14	13	\$ 14,030,111	\$ (298,513)	\$ 13,731,598	1.08%	150,029	\$ 448,542
15	14	\$ 13,731,598	\$ (298,513)	\$ 13,433,085	1.08%	146,802	\$ 445,315
16	15	\$ 13,433,085	\$ (298,513)	\$ 13,134,572	1.08%	143,576	\$ 442,089
17	16	\$ 13,134,572	\$ (298,513)	\$ 12,836,059	1.08%	140,350	\$ 438,863
18	17	\$ 12,836,059	\$ (298,513)	\$ 12,537,546	1.08%	137,123	\$ 435,636
19	18	\$ 12,537,546	\$ (298,513)	\$ 12,239,033	1.08%	133,897	\$ 432,410
20	19	\$ 12,239,033	\$ (298,513)	\$ 11,940,520	1.08%	130,670	\$ 429,183
21	20	\$ 11,940,520	\$ (298,513)	\$ 11,642,007	1.08%	127,444	\$ 425,957
22	21	\$ 11,642,007	\$ (298,513)	\$ 11,343,494	1.08%	124,217	\$ 422,730
23	22	\$ 11,343,494	\$ (298,513)	\$ 11,044,981	1.08%	120,991	\$ 419,504
24	23	\$ 11,044,981	\$ (298,513)	\$ 10,746,468	1.08%	117,765	\$ 416,278
							\$ 5,208,276
25	24	\$ 10,746,468	\$ (298,513)	\$ 10,447,955	1.08%	114,538	\$ 413,051
26	25	\$ 10,447,955	\$ (298,513)	\$ 10,149,442	1.08%	111,312	\$ 409,825
27	26	\$ 10,149,442	\$ (298,513)	\$ 9,850,929	1.08%	108,085	\$ 406,598
28	27	\$ 9,850,929	\$ (298,513)	\$ 9,552,416	1.08%	104,859	\$ 403,372
29	28	\$ 9,552,416	\$ (298,513)	\$ 9,253,903	1.08%	101,632	\$ 400,145
30	29	\$ 9,253,903	\$ (298,513)	\$ 8,955,390	1.08%	98,406	\$ 396,919
31	30	\$ 8,955,390	\$ (298,513)	\$ 8,656,877	1.08%	95,180	\$ 393,693
32	31	\$ 8,656,877	\$ (298,513)	\$ 8,358,364	1.08%	91,953	\$ 390,466
33	32	\$ 8,358,364	\$ (298,513)	\$ 8,059,851	1.08%	88,727	\$ 387,240
34	33	\$ 8,059,851	\$ (298,513)	\$ 7,761,338	1.08%	85,500	\$ 384,013
35	34	\$ 7,761,338	\$ (298,513)	\$ 7,462,825	1.08%	82,274	\$ 380,787
36	35	\$ 7,462,825	\$ (298,513)	\$ 7,164,312	1.08%	79,047	\$ 377,560
							\$ 4,743,670

Schedule 9 - ATC
Start-Up Cost Amortization Schedule Example (Continued)

37	36 \$	7,164,312 \$	(298,513) \$	6,865,799	1.08%	75,821 \$	374,334
38	37 \$	6,865,799 \$	(298,513) \$	6,567,286	1.08%	72,595 \$	371,108
39	38 \$	6,567,286 \$	(298,513) \$	6,268,773	1.08%	69,368 \$	367,881
40	39 \$	6,268,773 \$	(298,513) \$	5,970,260	1.08%	66,142 \$	364,655
41	40 \$	5,970,260 \$	(298,513) \$	5,671,747	1.08%	62,915 \$	361,428
42	41 \$	5,671,747 \$	(298,513) \$	5,373,234	1.08%	59,689 \$	358,202
43	42 \$	5,373,234 \$	(298,513) \$	5,074,721	1.08%	56,462 \$	354,975
44	43 \$	5,074,721 \$	(298,513) \$	4,776,208	1.08%	53,236 \$	351,749
45	44 \$	4,776,208 \$	(298,513) \$	4,477,695	1.08%	50,010 \$	348,523
46	45 \$	4,477,695 \$	(298,513) \$	4,179,182	1.08%	46,783 \$	345,296
47	46 \$	4,179,182 \$	(298,513) \$	3,880,669	1.08%	43,557 \$	342,070
48	47 \$	3,880,669 \$	(298,513) \$	3,582,156	1.08%	40,330 \$	338,843
						\$	4,279,064
49	48 \$	3,582,156 \$	(298,513) \$	3,283,643	1.08%	37,104 \$	335,617
50	49 \$	3,283,643 \$	(298,513) \$	2,985,130	1.08%	33,877 \$	332,390
51	50 \$	2,985,130 \$	(298,513) \$	2,686,617	1.08%	30,651 \$	329,164
52	51 \$	2,686,617 \$	(298,513) \$	2,388,104	1.08%	27,425 \$	325,938
53	52 \$	2,388,104 \$	(298,513) \$	2,089,591	1.08%	24,198 \$	322,711
54	53 \$	2,089,591 \$	(298,513) \$	1,791,078	1.08%	20,972 \$	319,485
55	54 \$	1,791,078 \$	(298,513) \$	1,492,565	1.08%	17,745 \$	316,258
56	55 \$	1,492,565 \$	(298,513) \$	1,194,052	1.08%	14,519 \$	313,032
57	56 \$	1,194,052 \$	(298,513) \$	895,539	1.08%	11,292 \$	309,806
58	57 \$	895,539 \$	(298,513) \$	597,026	1.08%	8,066 \$	306,579
59	58 \$	597,026 \$	(298,513) \$	298,513	1.08%	4,840 \$	303,353
60	59 \$	298,513 \$	(298,513) \$	(0)	1.08%	1,613 \$	300,126
						\$	3,814,459

SCHEDULE 9 - Michigan

Network Integration Transmission Service

The Transmission Customer shall compensate the Transmission Provider for Network Integration Transmission Service at the applicable charges set forth below in addition to other applicable charges specified in the Tariff. The monthly rates are calculated using the formulas included in Attachment O, pages 1 and 2 except as provided in Sections 2 and 3, and as provided for Michigan Transmission System LLC, Zone 2. Except for the rates for Michigan Transmission System LLC, Zone 2, the rates will be recalculated each June 1 based on the prior full calendar or fiscal year. The initial rates will be calculated based on a prior full calendar or fiscal year period. However, if the initial rates are to take effect between January 1 and June 1 of a year, then the calendar or fiscal year used in determining the rates shall be the calendar year preceding the last calendar or fiscal year. These initial rates then would be recalculated effective on June 1 based on the prior full calendar or fiscal year. For Michigan Transmission System LLC, Zone 2, the rates will remain in effect for the duration of the rate moratorium authorized by the Commission in Docket No. ER02-320, and will thereafter reflect the deferral mechanisms authorized by the Commission in that docket.

(1) Zonal Rate:^{2/} The Transmission Customer in the Transmission System (Michigan) taking Network Integration Transmission Service shall pay the firm monthly zonal rate for the zone based upon where the load is physically located. For Michigan Transmission System LLC, this rate is the

^{2/} After the Transition Period, the zonal rate structure may be revised in accordance with Appendix C, Section II, Paragraph 1 of the ISO Agreement pursuant to a filing made by the ISO.

rate for monthly firm service for Michigan Transmission System LLC, Zone 2, set forth in Schedule 7 of this Tariff. Each month, the Transmission Customer shall pay the Transmission Provider the product of the applicable firm monthly zonal rate multiplied by the Transmission Customer's monthly Network Load determined in accordance with Section 34.2. If a Transmission Customer has load in separate zones, the customer shall pay the rate for each zone in which its load is located (*i.e.* the rate for each zone shall be multiplied by the customer's monthly Network Load in that zone and the sum of the calculation for each applicable zone shall be the total charges paid by the Customer). The monthly zonal charges shall be calculated in accordance with Attachment O, p. 2 of 2, lines 2-17. The zones are as follows:

Zone 1: International Transmission Company

Zone 2: Michigan Electric Transmission Company LLC

Additional zones within the Transmission System (Michigan) may be added if a) additional Transmission Owners transfer control of their facilities to the Transmission Provider. Such additional zones may be added only if consistent with the requirements of Appendix C, Section II, Paragraph A.1 of the ISO Agreement, or b) an Independent Transmission Company ("ITC") transfers control of their facilities to the Transmission Provider and files with the Commission a proposal to form an ITC consistent with the framework provided under Appendix I of the ISO Agreement. An additional ITC zone may be added only if consistent with the requirements of Appendix C, Section II, Paragraph A.1 of the ISO Agreement.

(2) Zone Specific Rates and Revenue Requirements: The formula in Attachment O shall be used to establish rates for each zone unless the Commission allows a modification to the formula, a new formula, or different rates to be used for a zone or zones. In such event, the rates for the affected zone or zones shall reflect the Commission accepted changes. However, in consideration of the historic non-pancaked usage of the Transmission System (Michigan), zonal rates for service under this Tariff shall not include the costs of, or foregone revenues associated with, any facilities outside of the Transmission System (Michigan) absent a showing by an applicant or the Commission that such costs or foregone revenues should be borne by Transmission Customers of the Transmission System (Michigan) and are “in the public interest” as applied to such customers (as the term “in the public interest” has been interpreted by the Commission and the courts).

(3) Compliance With Agreements: If the Commission has allowed agreements to become effective which require a waiver of any of the charges under this schedule, then such charges shall be waived.

SCHEDULE 10

ISO Cost Recovery Adder

I. GENERAL

The Transmission Provider will recover its costs pursuant to the terms of this Schedule 10 from Transmission Customers, Transmission Owners and Appendix I entities whose filings have been approved by the Commission. The costs recovered pursuant to the terms of this Schedule 10 are exclusive of those costs recovered pursuant to Schedules 1, 16 or 17 of this Tariff. Part II of this Schedule 10 presents the cost recovery mechanism and charges applicable to all Transmission Customers and Transmission Owners and to Appendix I entities that elect not to contract for the provision of unbundled RTO Services as described in Part III of this Schedule. The cost recovery mechanism and charges in Part III of this Schedule are only applicable to Appendix I entities that elect to contract for unbundled RTO Services and whose filings have been approved by the Commission.

The cost recovery mechanism and charges in Part II and Part III of this Schedule applicable to: (1) bundled retail load in states without retail access, and (2) wholesale transmission customers subject to Grandfathered Agreements, shall be billed to and recovered from Transmission Owners and Appendix I entities based on the physical location of the load as described in Part II, Section B, Paragraph 2 of this Schedule 10. Appendix I entities that elect to contract for unbundled RTO Services shall be billed based on the physical location of their load as described in Part III, Section B, Paragraph 2 of this Schedule 10.

II. ISO COST RECOVERY ADDER

The cost recovery mechanism and charges in Part II of Schedule 10 are applicable to all Transmission Customers and Transmission Owners and to Appendix I entities that elect not to contract for the provision of unbundled RTO Services as described in Part III of this Schedule.

The charges applicable to each Transmission Customer are specified under Part II, Section B, Paragraph 1 of this Schedule 10. The charges applicable to each Transmission Owner on behalf of their bundled retail customer load and wholesale transmission service customer load subject to Grandfathered Agreements (collectively, the “Transmission Owner Adder Load”) are specified under Part II, Section B, Paragraph 2 of this Schedule 10. The charges applicable to each Appendix I entity that elects not to contract for the provision of unbundled RTO Services are the same as those specified for Transmission Owners under Part II, Section B, Paragraph 2 of this Schedule 10. Collectively, the charges applicable under Paragraph 1 and Paragraph 2 of Part II, Section B of this Schedule 10 are termed the “ISO Cost Recovery Adder.”

For purposes of this Schedule 10, all references to MWhs of Transmission Service shall mean the billing determinants for: (1) Transmission Service provided under Part II and Part III of the Tariff, (2) Transmission Service provided by an Independent Transmission Company (“ITC”) under ITC Rate Schedules approved by the Commission in this Tariff, and (3) Transmission Service under the Tariff for all bundled retail customers and wholesale transmission customers subject to Grandfathered Agreements as required by the Commission pursuant to its directive to allocate Transmission Provider’s administrative costs to all load. *Midwest Independent Transmission System Operator, Inc.*, 97 FERC ¶ 61,033 (2001).

Each monthly charge shall be calculated based on budgeted costs and estimated MWhs of Transmission Service, which will be trued up in the following month’s calculation to reflect actual costs and actual MWhs of Transmission Service.

Determination of the Monthly Charge

The costs associated with operating the ISO exclusive of those costs recovered pursuant to Schedules 1, 16 or 17 shall be recovered through Schedule 10 charges. The ISO costs to be recovered under this Schedule 10 shall include the ISO's deferred pre-operating costs; the costs associated with building and operating the Security Center, including capital costs and operating expenses; and costs associated with administering the Tariff. For capital costs, the Transmission Provider shall not recover a rate of return on equity, but instead will recover its actual costs of financing any such capital costs.

In accordance with Paragraph 2.1 of a Settlement Agreement accepted by the FERC on February 24, 2003 in Midwest Independent Transmission System Operator, Inc., 102 FERC ¶ 61,193 (Docket Nos. ER02-111-002 and ER02-652-001), the Transmission Provider shall reduce the costs to be recovered under this Schedule 10 by a Settlement Credit of \$2.5 million per month for the months of March 2003 through December 2003 (*i.e.*, the first \$17 million of the Settlement Credit will be applied to all MWhs of Transmission Service except MWhs of Transmission Service sinking in the pricing zones of those entities that were not Transmission Provider Transmission Owners as of February 24, 2003; and the remaining \$8 million of the Settlement Credit shall be applied to all MWhs of Transmission Service in the Transmission System Region). This total \$25 million Settlement Credit will be deferred and recovered monthly over a five-year period beginning February 1, 2008.

During the Transition Period, the ISO Cost Recovery Adder shall be capped at 15 cents/MWh. That portion of the ISO's monthly capital and operating costs in excess of the 15 cents/MWh cap shall be added to the ISO's pre-operating costs and the sum shall collectively be known as the "Deferred Costs." The accumulated amount of such Deferred Costs shall be

recovered under one of the following two cost recovery methods: (1) during the Transition Period, accumulated Deferred Costs may be recovered in any month that the ISO Cost Recovery Adder for that month, based on budgeted costs, is less than 15 cents/MWh, subject to the overall ISO Cost Recovery Adder cap of 15 cents/MWh during the Transition Period; or (2) beginning on the first day after the Transition Period, accumulated Deferred Costs will be amortized monthly over five (5) years and recovered under this Schedule 10 (the "Post-Transition Period Deferred Cost Recovery Adder"). Included in the definition of Deferred Costs shall be the costs associated with financing the Deferred Costs. Deferred Costs shall be recovered from all Transmission Customers taking service under the Tariff, from all Transmission Owners on behalf of their Transmission Owner Adder Load and from Appendix I entities under both Part II and Part III of this Schedule 10.

Payments Applicable to Withdrawing Owners

Any Owner withdrawing from the Midwest ISO before the Deferred Costs are fully recovered shall pay its share of the Deferred Costs as a condition of its withdrawal. The withdrawing Transmission Owner's total responsibilities shall equal the amount calculated below for each year of the Transition Period summed for the entire Transition Period less any Deferred Costs paid by the Transmission Owner:

$$\frac{[(\text{Transmission Owner's Load Not Under the ISO Tariff}) / (\text{All Transmission Owner Load Not Under ISO Tariff})] \times \text{Deferred Costs Attributable to the Year}}$$

The withdrawing Owner may pay these amounts amortized over five years including interest, or sooner (at the Owner's election).

A. RATES AND BILLING UNITS/DETERMINANTS

Each month, the Transmission Provider shall determine two rates, a "Reserved Capacity Rate" and an "Energy Rate" for application under this section. The two rates are necessary because each will be multiplied by a different type of billing determinant. The Reserved Capacity Rate will be multiplied by billing units of Reserved Capacity, and the Energy Rate will be multiplied by billing units of MWhs of scheduled energy.

The methodology employed by the Transmission Provider for determining the billing units shall move towards increasing the use of MWhs of scheduled energy as described in the remainder of this paragraph. The general principle shall be that, when load grows such that the Transmission Provider can revise the billing units to include a portion of them in a MWhs of scheduled energy form without creating additional cost deferrals, then it shall do so. Each quarter, the Transmission Provider

shall analyze increases in load paying the Schedule 10 charge and determine whether the billing units can be changed to reflect greater use of MWhs of scheduled energy consistent with the overriding principle detailed above. The Transmission Provider shall also perform this same analysis whenever any new transmission owner or group of transmission owners joins by executing the Agreement of Transmission Facilities Owners to Organize the Midwest Independent Transmission System Operator, Inc., a Delaware Non-Stock Corporation (“Midwest ISO Agreement”), as it may be amended from time to time. If the billing units can be revised such that on an annual basis at least an additional ten percent of the billing units to be used can be based on MWhs of scheduled energy without creating additional cost deferrals, then the Transmission Provider shall revise the billing units beginning on the first day of the next billing period that the collective load to be billed can accommodate the planned change in billing determinants.

Once the Transmission Provider makes a change in billing units pursuant to this procedure, it may not subsequently reduce the percentage use of MWhs of scheduled energy. This restriction is effective until December 31, 2005. There is no cap on the percentage of billing determinants that can be represented by MWhs of scheduled energy. If warranted, the adjustments called for in this paragraph shall continue until 100 percent of billing units reflect MWhs of scheduled energy. As an exception to the foregoing, if at some time, Michigan Electric Transmission Company (“METC”) becomes an Appendix I company and elects to purchase only a subset of RTO Services from the Transmission Provider, then the Transmission Provider shall reflect those reduced payments in its calculations in administering this section. Further, the Transmission Provider can decrease prospectively the amount of billing units that are based on scheduled energy to reflect the impact

on Schedule 10 cost recovery of METC's status changing from a customer paying the fully bundled Schedule 10 charge to an Appendix I entity self-providing one or more RTO Services.

The Transmission Provider shall determine the dollar target for recovery under the ISO Cost Recovery Adder for each month based on the Transmission Provider's budgeted costs to be recovered under this Schedule 10 for that month and a true-up amount from the prior month (the "Targeted Monthly Recovery Amount"). The true-up amount is the difference between the ISO's actual costs to be recovered under this Schedule 10 for the prior month and the actual amount of Schedule 10 revenue received for that prior month. Consistent with the principles in the preceding paragraph, the Midwest ISO shall separate the Targeted Monthly Recovery Amount into two components -- one for recovery through the Energy Rate and one for recovery through the Capacity Rate. The methodology for determining these two rates is as follows:

$$ER_t = (X_t\% \times TMRA_t) / (FE_t); \text{ and}$$

$$CR_t = [(1 - X_t\%) \times TMRA_t] / (FMET_t) \text{ where:}$$

t = the effective month.

ER = the Energy Rate.

CR = the Capacity Rate.

X% = the percent of the Targeted Monthly Recovery Amount to be recovered using the Energy Rate as established by the Midwest ISO in accordance with this Part II, Section A (as of March 1, 2003, X is equal to 0%).

TMRA = the Targeted Monthly Recovery Amount as defined in this Part II, Section A, excluding costs allocated to and recovered from ITCs under Schedule 10, Part III.

FE = the Transmission Provider's Forecast of Energy for Transmission Service, excluding the Midwest ISO's Forecast of Energy for Transmission Service associated with load served by ITCs taking RTO Services on an unbundled basis under this Schedule 10, Part III.

FMET = the Transmission Provider's Forecast of Maximum Energy Transfer for the billing month in MWhs defined as the summation of the: (i) Reserved Capacity for all Point-To-Point reservations times the duration of each reservation within the month, plus (ii) Network Load for all Network Integration Transmission Service requests in the billing month times the hours in the billing month times the hours in the billing month in MWhs, and (iii) Transmission Owner Adder Load in the billing month for all Transmission Owners times the hours in the billing month, excluding the Midwest ISO's Forecast of Maximum Energy Transfer associated with load served by ITCs taking RTO Services on an unbundled basis under Schedule 10, Part III.

The Transmission Provider will bill the Transmission Customers, Transmission Owners and Appendix I entities for their respective shares of the costs. The foregoing provisions in this Part II, Section A shall constitute a formula rate, and changes to the relative percentages of the Targeted Monthly Recovery Amount to be recovered under the two components will not require a filing. The Transmission Provider shall notify its customers in advance of invoicing of any change in the relative percentages. The maximum sum of the Energy Rate and the Reserved Capacity Rate for the ISO Cost Recovery Adder during the Transition Period is 15 cents/MWh.

B. CHARGES

1. Transmission Customers

The Schedule 10 charges for Transmission Customers taking Point-To-Point Transmission Service under Part III of this Tariff shall be calculated for each Point-To-Point reservation and their total Schedule 10 Point-To-Point charges shall be the sum of the charges for each of those reservations. The following formula shall be used to calculate the charges associated with each reservation:

$$PtP_t = (ER_t \times ES_t) + (CR_t \times RC_t \times HR_t); \text{ where;}$$

t = the effective month.

PtP = Schedule 10 charge associated with Point-To-Point Transmission Service reservation.

ER = the Energy Rate established by the Transmission Provider in accordance with Part II, Section A of this Schedule 10.

CR = the Capacity Rate established by the Transmission Provider in accordance with Part II, Section A of this Schedule 10.

ES = the MWhs of energy for the Point-To-Point Transmission Service reservation.

RC = the Reserved Capacity for the Point-To-Point Transmission Services reservation.

HR = the duration, in hours, of the reservation within the month.

The Schedule 10 charges for Transmission Customers taking Network Integration Transmission Service under Part II of this Tariff shall be calculated for each Network Integration Transmission Service reservation and their total Schedule 10 charge for Network Integration Service shall be the sum of the charges for each of those reservations. The following formula shall be used to calculate the charges associated with each reservation:

$$\text{NITS}_t = (\text{ER}_t \times \text{ES}_t) + (\text{CR}_t \times \text{NL}_t \times \text{HR}_t) \text{ where:}$$

- t = the effective month.
- NITS = Schedule 10 charges associated with Network Integration Transmission Service reservation.
- ER = the Energy Rate established by the Transmission Provider in accordance with Part II, Section A of this Schedule 10.
- CR = the Capacity Rate established by the Transmission Provider in accordance with Part II, Section A of this Schedule 10.
- ES = the MWhs of energy for Network Integration Transmission Service reservation.
- NL = the Network Customer's Monthly Network Load as determined in accordance with Module B, Section 34.2 of this Tariff.
- HR = Hours in the billing month.

Confirmed Point-To-Point Transmission Service reservations made by a Transmission Customer shall be exempt from payment of Schedule 10 charges if such reservations: (a) sink in a Control Area where the Transmission Customer has native load; and (b) serves the load that would otherwise be served by a confirmed Network Integration Transmission Service reservation.

2. Transmission Owners and Appendix I Entities

The Schedule 10 charges for Transmission Owners will be calculated by the Transmission Provider. The Transmission Provider will determine the Transmission Owner Adder Load as follows. First, the monthly peak of the Transmission Owner where the Transmission Owner Adder Load is physically located (“Transmission Owner Monthly Peak”) will be determined. For Control Areas that have load associated with multiple Transmission Owners, the Transmission Owner Monthly Peak for each Transmission Owner is that portion of the Control Area load, including the load served under Grandfathered Agreements, and therefore subject to payment of Schedule 10 fees, assignable to each individual Transmission Owner. Next, the Transmission Provider will subtract from the Monthly Peak of the Transmission Owner that operates the Control Area all non-transmission owners’ Network Customer’s monthly Network Load that is physically located where the Transmission Owner Adder Load is physically located. The end result shall be the Transmission Owner Adder Load in megawatts.

The Schedule 10 charges for Transmission Owners taking Point-To-Point Transmission Service under of this Tariff shall be calculated for each reservation and their total Schedule 10 charge shall be the sum of the charges for each of those reservations. The following formula shall be used to calculate the charges associated with each reservation:

$TO_t = (ER_t \times ESTO_t) + (CR_t \times TOAL_t \times HR_t)$ where:

- TO = Schedule 10 charges associated with Transmission Service for Transmission Owner Adder Load for that month.
- ER = the Energy Rate established by the Transmission Provider in accordance with Part II, Section A of this Schedule 10.
- CR = the Capacity Rate established by the Midwest ISO in accordance with Part II, Section A of this Schedule 10.
- ESTO = the MWhs of energy in the billing month associated with Transmission Owner Adder Load.
- TOAL = the Transmission Owner Adder Load in the billing month as established in accordance with this Part II, Section B, Paragraph 2.
- HR = Hours in the billing month.

The charges for Appendix I entities not contracting for unbundled RTO Services shall be the same as those for a Transmission Owner as established in this Part II, Section B, Paragraph 2.

Confirmed Point-To-Point Transmission Service reservations made by a Transmission Owner or Appendix I entity shall be exempt from payment of Schedule 10 charges if such reservations: (a) sink in the Control Area where the Transmission Owner Adder Load is physically located; and (b) serves load that would otherwise be served by a confirmed Network Integration Transmission Service reservation.

III. RTO SERVICES FOR ITCs

An ITC under Appendix I of the ISO Agreement will have the option to contract with the Transmission Provider or its affiliates for the provision of the RTO Services specified in Part III, Section A below. The RTO Services are offered to the ITC on an unbundled basis and allow the ITC to contract with the Transmission Provider from the menu of RTO Services for those services the ITC elects not to self provide or procure from a third party. The menu of services listed below includes all of the services provided on a bundled basis under Section II of this Schedule. These charges shall be calculated based on budgeted costs on an unbundled basis for each RTO Service and estimated MWhs of Transmission Service within the Transmission Provider, which will be trued up each year to reflect actual costs and MWhs of Transmission Service.

An ITC will contract for these services and pay the Transmission Provider based on the estimated annual MWhs of Transmission Service within the ITC. The charges described in Part III, Section B of this Schedule 10 are applicable to the MWhs of Transmission Service that both source and sink within the footprint of the ITC. All other transactions involving Transmission Customers or ITC Participants of the ITC shall be assessed a fully bundled Schedule 10 charge as described in Part II, Section B of this Schedule. The billing determinants associated with the term MWhs of Transmission Service in Part III of this Schedule 10 shall be based on the amount of reserved capacity times the duration of the reservation for Point-To-Point transmission service and the peak load in megawatts times the hours in the period for Network Integration Transmission Service and for Transmission Owner Adder Load.

A. MENU AND DESCRIPTION OF RTO SERVICES

The Transmission Provider will offer an ITC, formed pursuant to Appendix I of the ISO Agreement, the option of contracting with the Transmission Provider from the following menu of unbundled RTO Services listed below, except for the following: Reliability Services and Market Monitoring which must be taken directly from the Transmission Provider by the ITC.

1. Tariff Administration Services

(a) Tariff Administration

The Transmission Provider will administer the Tariff on behalf of the ITC. These services include calculating available transfer capability (“ATC”); evaluating and approving all requests for Transmission Service; performing impact studies; communicating with Transmission Customers; and coordinating use and administration with other tariffs in the region. Included in this function will be administration of the OASIS node for the ITC. Administration includes keeping all the information up to date and accurate; issuing and administering security certificates; supporting the hardware and software; supporting information archival and responding to inquiries for historical information; and ensuring open and non-discriminatory access to the OASIS node.

(b) Ancillary Services

The Transmission Provider, as the provider of last resort for ancillary services rather than the seller of the generation-related ancillary services, will provide similar services to ITCs, except in the case of ITC Service, Schedules 1, 2 and Schedule 3 may, at the election of the ITC, be provided by the ITC in accordance with the ITC Control Area Services and Operations Tariff. This includes insuring that every scheduled transaction on the ITC’s transmission system is supported by the required ancillary services.

2. Business Services

(a) Billing and Settlements

The Transmission Provider will provide the ITC services for settlements and billing of Transmission Services. The services include transaction accounting and reconciliation; defining procedures for secure transfer of funds; submitting invoices and receiving payments; and issuing reimbursements to Transmission Owners, ITC Participants, and service providers.

(b) Dispute Resolution

The Transmission Provider will oversee resolution of technical and business disputes related to Transmission Service, system operations, and market operations for the ITC. A process will be established to coordinate and resolve the issues; to obtain timely resolution of the issues; and ensure that proceedings are conducted in accordance with applicable regional, commercial, and regulatory rules.

3. Reliability Services

(a) Security Coordination

The Transmission Provider security coordination services will maintain short-term reliability of the bulk power grid. The services provided to the ITC include system monitoring; security assessment; coordination of power system modeling and detailed representation; outage maintenance coordination; information exchange and sharing; and operating procedure coordination. The services include security coordination within the Midwest region as well as with neighboring regions. As part of this service, representation of the Midwest region in NERC activities would be provided. Security Coordination services, purchased on an unbundled basis, include the provision of Operations Planning and Maintenance Coordination services as described in the Individual RTO Services section below.

(b) Long-Term Planning

The Transmission Provider will coordinate transmission plans, including the ITC's long-term transmission plans, within the region and with neighboring regions. The activities include coordinating Transmission System needs, expansion alternatives and development plans; publishing regional integrated transmission development plans; assisting in construction permits; identifying and processing new transmission facilities; and developing a common set of policies to process applications and access of new generation.

(c) Congestion Management

The Transmission Provider's congestion management services apply to intra-regional and inter-regional scope and activities including management of congestion within the ITC. The objectives are to resolve parallel path flow issues; utilize common ATC/TTC information on a common set of flow gates; coordinate ATC/TTC calculation methodologies; establish broad communication and processing of congestion and curtailments; and direct emergency actions across regional boundaries. The ITC will be obligated to pay a pro rata share of the incremental capital costs associated with implementing long-term congestion management services.

4. Individual RTO Services

ITCs can select from any one or all of the following individual RTO Services:

(a) Electronic Scheduling/Energy Losses

The Transmission Provider will process and implement all electronic energy schedules and calculate energy losses using Transmission Provider's losses methodology on behalf of the ITC. The Transmission Provider will have the exclusive authority for receiving, confirming and implementing all interchange schedules for Transmission Service taken under the Tariff and is capable of extending this service to Transmission Service on behalf of the ITC.

(b) Operations Planning

The Transmission Provider operations planning services will manage all intra-regional and inter-regional boundaries including planning on behalf of the ITC. The purpose of operations planning are coordinated Transmission Services; joint power system modeling and exchange of associated information; evaluation and management of regional boundaries; common definitions and communications protocols; and the resolution of reliability issues associated with inter-regional operations. A key component of the proposed operations planning services are building and maintaining models for the interconnected power system for real-time and short-term operation, and planning studies. This includes the initial construction of the model for the entire region, ITCs and neighboring regions and all the necessary data exchange to keep these models up-to-date.

(c) Maintenance Coordination

The Transmission Provider's maintenance coordination service will incorporate the process for approval of transmission maintenance and coordination of generation maintenance for the ITC consistent with procedure defined in Appendix E of the ISO Agreement. Transmission Provider approval is required for all planned maintenance of transmission facilities in the Transmission System and will coordinate the maintenance of generators in order to maintain reliability.

(d) Market Monitoring

The Transmission Provider market monitoring services will provide an ITC with services focusing on determining if there are any market behavior that undermines the provision of Transmission Service; evaluate the impact of operating policies and procedures on the markets; identify need for additional markets; identify market flaws; and propose remedial actions. The markets include transmission, capacity and energy, ancillary services, energy imbalance, and congestion management.

B. RATES AND CHARGES

The rates an ITC will pay for unbundled RTO Services use the formulae in this Part III, Section B of this Schedule. All rates and charges are based on the Transmission Provider's forecast of MWhs of Transmission Service and budgeted annual capital and operating costs. The ITC will contract for the individual unbundled RTO Services and pay the Transmission Provider based on the projected MWhs of Transmission Service that both source and sink within the ITC System.

An operating cost fee will be determined for those RTO Services taken by or provided to the ITC. The RTO Services Operating Costs Allocation Percentages for the operating cost formula above are specified in Table 1. The Transmission Provider shall update via a Section 205 rate filing the RTO Services Operating Costs Allocation Percentages in Table 1 not earlier than twelve (12) months or later than twenty-four (24) months after the commercial

operations date of the ITC. The Transmission Provider shall make Section 205 filings no less frequently than every two (2) years thereafter to further update the RTO Services Operating Costs Allocation Percentages. The determination of revised RTO Services Operating Costs Allocation Percentages to include in the Section 205 filing shall be subject to the Transmission Provider stakeholder process. The Transmission Provider reserves the right to make a Section 205 rate filing to modify these percentages more frequently if conditions warrant.

Table 1

RTO Services Operating Costs Allocation Percentages

Tariff Administration Services	23.0%
Business Services	10.0%
Reliability Services ¹	29.9%
Electronic Scheduling/Energy Losses	20.3%
Operations Planning	12.2%
Maintenance Coordination	3.7%
Market Monitoring	1.0%

¹ Those ITCs contracting for Reliability Services will also pay 50% of the operating costs per MWh assigned to Operations Planning and Maintenance Coordination as these individual services are required for security coordination.

1. Annual True-Up

On an annual basis, the total annual charges associated with services contracted for with the Transmission Provider will be trued up to reflect (1) actual capital and operating costs; (2) actual MWhs of Transmission Service; and (3) updated cost allocation factors. The Transmission Provider, at its discretion, may extend this true-up period to no longer than twenty-four (24) months; however, any true up will extend back to the prior true-up (or start-up) period. The ITC shall receive a credit if over-charged or a surcharge if the Transmission Provider under-collected its costs in providing unbundled RTO Services to the ITC. The credit or surcharge shall include interest in accordance with Section 35.19a of the Commission's Regulations. The credit or surcharge shall be applied in twelve (12) equal monthly installments beginning in the month following the true-up computation.

The annual true-up process shall consist of the following steps:

- **Step One** - Determine annual costs to be recovered under each of the applicable sections of Part III using forecasted values for: (a) MWhs of Transmission Service, (b) sunk capital cost allocation factors, (c) incremental capital cost allocation factors, (d) operating cost allocation factors, (e) capital costs, and (f) operating costs.
- **Step Two** - Determine annual costs to be recovered under each of the applicable sections of Part III using actual values for MWhs of Transmission Service and either updated or actual values for (a) sunk capital cost allocation factors, (b) incremental capital cost allocation factors, (c) operating cost allocation factors, (d) capital costs, and (e) operating costs.
- **Step Three** - Compute the true-up adjustment amount for each category of costs (*i.e.*, sunk capital costs, incremental capital costs and operating costs) by comparing the annual costs owed in Step One to the annual costs owed in Step Two. The difference in costs represents the true-up adjustment amount to be applied in twelve (12) equal increments over the next twelve (12) months.

SCHEDULE 10-A

Midwest ISO Alternate Administrative Cost Adder

I. GENERAL

The Alternate Administrative Cost Adder recognizes prepayment of capital obligations for Transmission Provider start-up costs. Use of this Schedule is restricted to only those Transmission Customers that have paid the capital portion of the Transmission Provider's start-up costs in advance through special arrangements with the Transmission Provider. The Transmission Customers listed in Attachment I shall pay the Alternate Administrative Cost Adder designed to recover the Transmission Provider's operating expenses. The Alternate Administrative Cost Adder is determined in accordance with a methodology established in Paragraph 2.15 of a Settlement Agreement accepted by the FERC on February 24, 2003 in *Midwest Independent Transmission System Operator, Inc.*, 102 FERC ¶ 61,193 (Docket Nos. ER02-111-002 and ER02-652-001). The Alternate Administrative Cost Adder is designed to exclude capital costs attributable to start-up, including interest expense and depreciation paid in advance.

II. RATES AND CREDITS

The rates and credits described in this Section will be applied only for those Transmission Customers listed in Attachment I in this Tariff pursuant to Paragraphs 4.1, 4.8 and 4.9 of the "Settlement Agreement Involving The Midwest Independent Transmission System Operator, Inc., Certain Transmission Owners In The Midwest ISO, The Alliance Companies And Other

Parties” filed with FERC on March 21, 2001 and accepted by FERC on May 8, 2001 in *Illinois Power Co., et al.*, 95 FERC ¶ 61,183 (2001). The total credits to be provided to the departing companies shall not exceed \$60 million, and no Paragraph 4.8 credits shall be provided in connection with services rendered under this Schedule 10-A after December 15, 2013.

The rates and credits for Transmission Customers taking service under this Schedule 10-A shall be calculated according to the following formulas:

Rate 10-A_t = Greater of [(X2_t – CREDIT_t) OR \$0.0000] where;

X2_t = Lower of {[(TMRA_t - \$729,167) / (FRC_t)] OR \$0.1500}

CREDIT = Greater of [(\$2,503,056 / FRC) OR \$0.0500] and where;

t = Effective month

FRC = The Transmission Provider’s forecast of MWhs of Transmission Service

TMRA = Targeted Monthly Recovery Amount as defined in Part II, Section A, of Schedule 10.

Annual Rate/MWh	Monthly Rate times 12
Monthly Rate/MWh	From above
Weekly Rate/MWh	Annual Rate divided by 52
Daily Rate/MWh	Annual Rate divided by 365
Hourly Rate/MWh	Annual Rate divided by 8,760

III. CHARGES

The Schedule 10 charges for eligible Transmission Customers taking service under this Schedule 10-A shall be calculated according to the following formulas:

$P_{tp_t} =$ Rate 10-A_t x RC_t where;

t = Effective month

$P_{tp} =$ An individual Transmission Customer's Schedule 10-A charges associated with Point-to-Point Transmission Service

Rate 10-A = Applicable billing rate as established in Part II of this Schedule 10-A

RC = Actual Reserved Capacity of Point-to-Point Transmission Service multiplied by the duration of such reservation within the month.

$NITS_t =$ Rate 10-A_t x NL_t where;

t = Effective month

$NITS_t =$ An individual Transmission Customer's Schedule 10-A charges associated with Network Integration Transmission Service

Rate 10-A = Applicable billing rate as established in Part II of this Schedule 10-A

NL = The Network Customer's Monthly Network Load as determined in accordance with Section 34.2 of the Tariff.

SCHEDULE 10-B

Interim ISO Cost Recovery Adder

I. GENERAL

On an interim basis, prior to Aquila, Inc.'s transfer of functional control of its transmission assets to the Transmission Provider, the Transmission Provider will recover a portion of its capital and operating costs pursuant to the terms of this Schedule 10-B. Part II of this Schedule 10-B presents the cost recovery mechanism and charges applicable to Aquila, Inc. during this interim period. The effective period for this Schedule 10-B expires as soon as: (1) state approval for the transfer of functional control is secured; and (2) systems integration and electrical connectivity through the prior transfer of control over the transmission system of Ameren-UE to the Transmission Provider either directly or through GridAmerica, LLC can be effectuated. Thereafter, Aquila, Inc. charges will be computed under Schedule 10 in like manner and to the same extent as the other Transmission-Owners.

II. INTERIM ISO COST RECOVERY ADDER

The interim cost recovery mechanism and charges contained herein in Part II of this Schedule 10-B are applicable solely to Aquila, Inc.

A. RATES

The Transmission Provider shall determine the Interim ISO Cost Recovery Adder for each month based on the following formula:

$$AR_t = (AOC_t * 23.0\% / AMMWh_t) + (ACC_t * 24.3\% / AMMWh_t), \text{ where:}$$

t = The effective month,

AR = The Schedule 10-B Rate per MWh for the month,

AOC = The Transmission Provider's Actual Operating Costs for the month,

ACC = The Transmission Provider's Actual Capital Costs for the month, and

AMMWh = The Transmission Provider's total MWh of Reserved Capacity of Transmission Service for the month including Aquila Inc.'s MWh of Reserved Capacity of Transmission Service and excluding the Transmission Provider's forecast of Reserved Capacity of Transmission Service for load served by ITCs taking RTO Services on an unbundled basis under Schedule 10, Part III.

Notes:

- (1) The MWhs of Reserved Capacity for Aquila, Inc. shall be based on Aquila, Inc.'s monthly peak demand for network service as if the Transmission Provider had been providing Transmission Service to Aquila, Inc. under Part III of the Tariff.
- (2) The Transmission Provider's Actual Operating Costs are defined as its Total Operating Costs less Depreciation Expense from its monthly financial statements.
- (3) The Transmission Provider's Actual Capital Costs are defined as the sum of Depreciation Expense, Total Other Income/(Expense) and Amortization of Deferred Regulatory Asset from its monthly financial statements.

B. CHARGES

The Transmission Provider will calculate the charges for Aquila, Inc. based on the Interim ISO Cost Recovery Adder rate as determined in Section A above and the MWhs of Reserved Capacity for the applicable month. The Transmission Provider will determine Aquila, Inc.'s charges based on the following formula:

$AC_t = AR_t * AAMWh_t$, where:

t = The effective month,

AC = Aquila, Inc.'s charges for the month,

AR = The Schedule 10-B Rate per MWh for the month, and

AAMWh = Aquila Inc.'s actual MWhs of Reserved Capacity for the month based on

Aquila, Inc.'s monthly peak demand for network service calculated as if the Transmission Provider had been providing Transmission Service to Aquila, Inc. under Module B of the Tariff.

SCHEDULE 10-FERC

FERC Annual Charges Recovery

I. GENERAL

As a public utility and the Transmission Provider under this Tariff, is subject to annual charges assessed by the Commission in accordance with Part 382 of the Commission regulations. This Schedule 10-FERC recovers the Midwest ISO's obligation to the Commission for its annual charges. The Commission assesses its annual charge (referred to, variously, as "FERC Assessment," "FERC Annual Charge," "Annual FERC Assessment," "[year] FERC Assessment," or "[year] FERC Charge") to the Transmission Provider and other public utilities based on their megawatt-hours of transmission of electric energy in interstate commerce as reported on FERC Form 582.

Accordingly, the charge under this Schedule 10-FERC shall be assessed, annually beginning in 2003 and continuing each year thereafter, based on the megawatt-hours ("MWh") of Transmission Service, as reported to the Commission on FERC Form 582, provided in interstate commerce by the Transmission Provider. Corrections to the 2003 FERC Assessment received by the Midwest ISO in August 2003 are expected. This correction will result in an increase to the Midwest ISO's 2004 FERC Assessment. The expected correction will be recovered by the Transmission Provider from Transmission Customers who purchased Transmission Service during the period February 1, 2002 through December 31, 2002 on a monthly basis beginning in September 2003 and continuing through August 2004. The recovery of this corrected assessment amount and the reconciliation thereof is discussed in Sections III and IV of this Schedule 10-FERC.

II. COLLECTION OF ORIGINAL 2003 FERC ASSESSMENT

A. RATE

The Transmission Provider shall determine the billing rate for collection of the original 2003 FERC Assessment based on the amount originally invoiced to the Transmission Provider by the Commission on the invoice dated July 24, 2003 divided by the MWh of Transmission Service, as reported to the Commission on FERC Form 582, provided in interstate commerce by the Midwest ISO during the period February 1, 2002 through December 31, 2002. The rate calculation is shown below:

$FOCRR_{2003} = OFBR_{2003} / F582MWh_{2002}$, where

$FOCRR_{2003}$ = FERC Original 2003 Charge Recovery Rate = \$0.00400327 per MWh;

$OFBR_{2003}$ = Original FERC 2003 Charges = \$1,376,391; and

$F582MWh_{2002}$ = MWh of Transmission Service, as reported to the Commission on FERC Form 582, provided in interstate commerce by the Midwest ISO during the period February 1, 2002 through December 31, 2002 = 343,816,582 MWh.

B. CHARGES

The charges for collection of the original 2003 FERC Assessment shall be calculated by multiplying the FERC Original Charge Recovery Rate by the MWh of Transmission Service, as summarized on FERC Form 582, provided in interstate commerce by the Transmission Provider to the individual Transmission Customer during the period February 1, 2002 through December 31, 2002. The charge calculation methodology is shown below:

$$FOC_{2003C} = FOCRR_{2003} * F582MWh_{2002C}, \text{ where}$$

C = Designation for the individual Transmission Customer;

FOC_{2003} = The FERC Original 2003 Assessment Fee for the individual Transmission Customer;

$FOCRR_{2003}$ = FERC Original 2003 Charge Recovery Rate as calculated in Section II.A. of this Schedule 10-FERC; and

$F582MWh_{2002C}$ = MWh of Transmission Service, as summarized on FERC Form 582, provided in interstate commerce by the Midwest ISO to the individual Transmission Customer during the period February 1, 2002 through December 31, 2002.

III. COLLECTION OF EXPECTED FERC 2003 ASSESSMENT CORRECTION

A. RATE

The billing rate for the expected FERC 2003 Assessment Correction shall be based on a Midwest ISO estimate of additional assessment the Commission will bill to the Midwest ISO on its 2004 invoice. This additional charge will be shown as a separate line item, titled "Debit/Credit from FY 2003," on the 2004 bill. The amount of this line item charge will be divided by the MWh of Transmission Service, as reported to the Commission on FERC Form 582, provided in interstate commerce by the Midwest ISO during the period February 1, 2002 through December 31, 2002 in order to develop a rate per MWh. The rate calculation is shown below:

$$FMUCR_{2003} = EFD_{2003} / F582MWh_{2002}, \text{ where}$$

$$FMUCR_{2003} = \text{FERC 2003 Make-Up Charge Rate} = \$0.03617992;$$

$$EFD_{2003} = \text{Expected FERC Debit from 2003} = \$12,439,256 \text{ as estimated by the Midwest ISO; and}$$

$$F582MWh_{2002} = \text{MWh of Transmission Service, as reported to the Commission on FERC Form 582, provided in interstate commerce by the Midwest ISO during the period February 1, 2002 through December 31, 2002 and as shown in Section II.A. of this Schedule 10-FERC.}$$

B. CHARGES

The charges for the collection of the expected FERC 2003 Assessment Correction for Transmission Customers who purchased Transmission Service during the period February 1, 2002 through December 31, 2002 shall be calculated by multiplying the FERC 2003 Make-Up Charge Rate by the MWh of Transmission Service, as summarized on FERC Form 582, provided in interstate commerce by the Transmission Provider to the individual Transmission Customer during the period February 1, 2002 through December 31, 2002. This product will be divided by 12 to determine the Transmission Customer's monthly charge for the period September 2003 through August 2004. The charge methodology is shown below:

$$MFCMUF_{2003C} = [F582MWh_{2002C} * FMUCR_{2003}] / 12, \text{ where}$$

C = Designation for the individual Transmission Customer;

MFCMUF_{2003C} = Monthly FERC Charge Make-Up Fee for each Transmission Customer;

F582MWh_{2002C} = MWh of Transmission Service, as summarized on FERC Form 582, provided in interstate commerce to the individual Transmission Customer during the period February 1, 2002 through December 31, 2002;
and

FMUCR₂₀₀₃ = FERC Make-Up Charge Rate as calculated in Part III.A. of this Schedule 10-FERC.

As the Transmission Provider receives payments from customers for charges under Section III.B of this Schedule 10-FERC, these monies will be deposited as received in the Transmission Provider's general working fund and shall earn interest. The interest earned monthly on all funds in the Transmission Provider's general working fund account shall be used to reduce the next month's Schedule 10 billing rate for all customers.

IV. RECONCILIATION OF EXPECTED FERC 2003 ASSESSMENT

When the Transmission Provider receives notification of its 2004 FERC Assessment, it will reconcile the collections resulting from the FERC 2003 Make-Up Charge Rate, as calculated and charged under Section III of this Schedule 10-FERC, with the Debit/Credit amount from Fiscal Year 2003 appearing on this assessment statement.

If there is an under-collection of the Debit/Credit amount from Fiscal Year 2003, it will be collected from Transmission Customers who purchased Transmission Service during the period February 1, 2002 through December 31, 2002. The charge applicable to each Transmission Customer will be billed in September 2004.

If there is an over-collection of the Debit/Credit amount from Fiscal Year 2003, it will be refunded to Transmission Customers who purchased Transmission Service during the period February 1, 2002 through December 31, 2002. The credit amount applicable to each Transmission Customer will be refunded in September 2004.

A. RATE

The reconciliation rate shall be determined by calculating the difference between the actual FERC Debit from 2003 as it appears on the Midwest ISO's Annual Charges Billing – Fiscal Year 2004 from FERC and the Transmission Provider's estimate of the FERC Debit from 2003. The result of this calculation will be divided by the MWh of Transmission Service, as reported to the Commission on FERC Form 582, provided in interstate commerce by the Transmission Provider during the period February 1, 2002 through December 31, 2002. If the reconciliation rate is positive, there is an under-collection of the Debit/Credit from the Fiscal Year 2003 amount, while if it is negative, there is an over-collection. The rate calculation is shown below:

$$FRR_{2003} = (FAC_{2003} - EFD_{2003}) / F582MWh_{2002}, \text{ where}$$

FRR_{2003} = FERC 2003 Reconciliation Rate;

FAC_{2003} = Debit/Credit from the Fiscal Year 2003 amount as it appears on the
Midwest ISO's Annual Charges Billing – Fiscal Year 2004 from FERC;

EFD_{2003} = Estimated FERC Debit from 2003 as shown in Section III.A. of this
Schedule 10-FERC; and

$F582MWh_{2002}$ = MWh of Transmission Service, as reported to the Commission on
FERC Form 582, provided in interstate commerce during the period
February 1, 2002 through December 31, 2002 as shown in Section II.A. of
this Schedule 10-FERC.

B. CHARGES/CREDITS

The charges/credits associated with reconciling the Debit/Credit from the Fiscal Year 2003 amount as it appears on the Transmission Provider's Annual Charges Billing – Fiscal Year 2004 from FERC shall be calculated by multiplying the FERC 2003 Reconciliation Rate by the MWh of Transmission Service, as summarized on FERC Form 582, provided in interstate commerce by the Transmission Provider to the individual Transmission Customer during the period February 1, 2002 through December 31, 2002. If the amount resulting from the calculation is a positive value, the calculated amount will be billed to the individual Transmission Customer in September 2004. If the amount resulting from the calculation is a negative value, the calculated amount will be refunded to the individual Transmission Customer in September 2004. The charge/credit calculation is shown below:

$$FRC_{2003C} = FRR_{2003} * F582MWh_{2002C}, \text{ where}$$

C = Designation for the individual Transmission Customer;

FRC_{2003} = The FERC 2003 Reconciliation Charge/Credit allocated to the individual Transmission Customer;

FRR_{2003} = FERC 2003 Reconciliation Rate as calculated in Part IV.A. of this Schedule 10-FERC; and

$F582MWh_{2002C}$ = Megawatt-hours of Transmission Service, as summarized on FERC Form 582, provided in interstate commerce by the Midwest ISO to the individual Transmission Customer during the period February 1, 2002 through December 31, 2002.

V. COLLECTION OF ANNUAL FERC ASSESSMENT FEE

A. RATE

Beginning in 2004 and continuing annually thereafter, the Transmission Provider shall determine the billing rate for collection of the Annual FERC Assessment Fee based on the total amount invoiced by the Commission annually (the 2004 Total Bill from the Commission will be adjusted to remove any impact of the prior year's debit/credit) divided by the MWh of Transmission Service, as reported to the Commission on FERC Form 582, provided in interstate commerce by the Midwest ISO during the previous calendar year. The rate calculation is shown below:

$$AFACR_t = AFAF_t / F582MWh_{t-1}, \text{ where}$$

t = The effective year;

AFACR_t = Annual FERC Assessment Charge Rate;

AFAF_t = Annual FERC Assessment Fee as invoiced annually by the Commission;

and

F582MWh_{t-1} = MWh of Transmission Service, as reported to the Commission on FERC Form 582, provided in interstate commerce by the Midwest ISO during the previous calendar year.

B. CHARGES

The charges for collection of the Annual FERC Assessment Fee for Transmission Customers shall be calculated by multiplying the Annual FERC Assessment Charge Rate by the MWh of Transmission Service, as summarized on FERC Form 582, provided in interstate commerce by the Transmission Provider to the individual Transmission Customer during the period. The charge calculation methodology is shown below:

$$AFAC_{Ct} = AFACR_t * F582MWh_{C(t-1)}, \text{ where}$$

C = Designation for the individual Transmission Customer;

t = The effective year;

AFAC_{Ct} = The Annual FERC Assessment Fee charged to the individual
Transmission Customer for the effective year;

AFACR_t = Annual FERC Assessment Charge Rate as calculated in Section V.A. of
this Schedule 10-FERC; and

F582MWh_{C(t-1)} = MWh of Transmission Service, as summarized on FERC Form
582, provided in interstate commerce by the Transmission Provider to the
individual Transmission Customer during the previous calendar year.

SCHEDULE 10-FERC-METC

Recovery of FERC Annual Charges Michigan Electric Transmission Company LLC Zone

I. GENERAL In accordance with the Commission's Order of October 28, 2003, in Docket No. ER03-1277-000, 105 FERC ¶ 61,144, the Midwest ISO bills Michigan Electric Transmission Company, LLC ("METC") for the portion of the FERC's annual charge to the Midwest ISO under 18 C.F.R. Part 382 that is attributable, in accordance with Schedule 10-FERC, to Transmission Service for Transmission Customers in the METC Zone under Schedules 7, 8 and 9 or Schedules 7-Michigan, 8-Michigan and 9-Michigan of this Tariff. The purpose of this Schedule 10-FERC-METC is to establish a mechanism by which METC may invoice Transmission Customers in the METC Zone for the recovery of the Midwest ISO's charges to METC under Schedule 10-FERC.

The Transmission Provider's invoices to METC for charges under Schedule 10-FERC shall state separately the portion of each respective charge to METC under Sections II, III, IV and V of such schedule that is attributable to Transmission Service for each Transmission Customer in the METC Zone.

II. METC 2003 FERC ASSESSMENT CHARGE

Within two (2) business days after receipt of an invoice from the Transmission Provider containing charges under Sections II, III, or IV of Schedule 10-FERC, METC shall deliver to each Transmission Customer in the METC Zone an invoice for the METC 2003 FERC Assessment Charge billable to such customer. The METC 2003 FERC Assessment Charge for each such Transmission Customer shall be equal to:

$FOC_{2003C} + MFCMUF_{2003C} + FRC_{2003C}$, where

C = the designation for such Transmission Customer on the Midwest ISO's invoice to METC;

FOC_{2003C} = the FERC Original 2003 Assessment Fee for such Transmission Customer shown on the Midwest ISO's invoice to METC;

$MFCMUF_{2003C}$ = the Monthly FERC Charge Make-Up Fee for such Transmission Customer shown on the Midwest ISO's invoice to METC; and

FRC_{2003C} = the FERC 2003 Reconciliation Charge/Credit allocated to such Transmission Customer shown on the Transmission Provider's invoice to METC.

III. METC ANNUAL FERC ASSESSMENT CHARGE

Within two (2) business days after receipt of an invoice from the Midwest ISO containing an Annual FERC Assessment Charge under Section V of Schedule 10-FERC, METC shall deliver to each Transmission Customer in the METC Zone an invoice for the METC Annual FERC Assessment Charge billable to such customer. The METC Annual FERC Assessment Charge for each Transmission Customer shall be equal to the portion of the Transmission Provider's Annual FERC Assessment Fee that is attributable to Transmission Service for such Transmission Customer in the METC Zone for the effective year, as shown on the Midwest ISO's invoice to METC.

IV. PAYMENT OF METC FERC ASSESSMENT CHARGES

Each Transmission Customer in the METC Zone shall pay to METC the total amount of each invoice for charges under this Schedule 10-FERC-METC by check, wire, or electronic transfer within twenty (20) days after receipt thereof. Consistent with the terms of the Commission's October 28, 2003 Order in Docket No. ER03-1277-000, the obligation of each Transmission Customer to pay invoiced amounts is without prejudice to such customer's right to assert, in a proceeding under Section 206 of the Federal Power Act, that all or a portion of the invoiced amounts are already recovered in the base rate for Transmission Service charged by the Transmission Provider for services in the METC Zone.

Module A, Sections 7.2 and 7.3 of the Tariff, as applicable, shall govern in the event of late payment, a billing dispute or a customer default, provided that (1) for purposes of application of those provisions under this Schedule 10-FERC-METC, references to Transmission Provider in Module A, Sections 7.2 and 7.3 shall be deemed to refer to METC, and (2) notwithstanding the foregoing, the procedures applicable to the Default Amount under Module A, Section 7.3, including paragraphs (a) and (b) of that section, shall not apply.

SCHEDULE 11

Wholesale Distribution Service

Wholesale Distribution Service will be provided by the individual Transmission Owners and ITC Participants as necessary to effectuate a transaction under this Tariff. The transaction-specific information, including all customer-specific rates, charges, and, when applicable, real power losses will be set forth in the Service Agreement between the Transmission Provider and the Transmission Customer for the associated service being provided pursuant to the Tariff. All rates, charges, and, when applicable, real power losses for Wholesale Distribution Service shall be on file with the appropriate agency as required by law or regulation. To the extent that a Service Agreement containing provisions for Wholesale Distribution Service is required to be filed with the Commission, the Transmission Provider, in consultation with the appropriate Transmission Owner and ITC Participant, or Distribution Facility Owner, shall provide along with the filing, adequate cost support to justify the customer-specific rates and charges being assessed thereunder.

Wholesale Distribution Service will be provided subject to the same scheduling deadlines and procedures for alternative dispute resolution as apply to the associated service. Unless otherwise specified, the provision of Wholesale Distribution Service will commence on the same day as service for the associated transaction, and shall terminate on the same day as service for the associated transaction.

This Schedule 11 may also be used to pass through specific line items charges and adjustments supplied to the Transmission Provider by individual Transmission Owners and ITC Participants.

SCHEDULE 12

Gross Receipts Tax Adder

Each Transmission Customer that does not demonstrate to the Transmission Provider that it is exempt from the charges under this Schedule shall, in addition to the other charges for Transmission Service, pay the charge set forth in this Schedule to recover Gross Receipts Taxes. For ITC Services, see the applicable ITC Rate Schedule. As used herein, Gross Receipts Taxes are charges levied by a taxing authority on a Transmission Owner, ITC, ITC Participant and/or the Transmission Provider (in either case, whether imposed on such entity directly or as a collection agent for liability imposed on an end-use customer) on the basis of such entity's gross revenues attributed to a particular service. A seller's capital gains tax liability may be recovered under certain circumstances as set forth in Schedule 12A of this Tariff.

A Transmission Customer may avoid payment of the charge under this Schedule only to the extent such customer demonstrates to the satisfaction of the Transmission Provider, with appropriate documentation, that such customer is exempt, under state or local law, from liability for the Gross Receipts Tax[es] which would be determined, absent such exemption, to be applicable or attributable to the revenues from service to such customer.

For service to a Transmission Customer for load[s] located within the Transmission Provider Region, (including any ITC System), the charges under this Schedule shall equal the product of: (i) the respective actual published or effective (estimated, if necessary, based on data for the prior tax year) Gross Receipts Tax rate[s] for each of the states, cities, towns, and/or other taxing authorities where such customer's load[s] are located; times (ii) the total amounts billed to the Transmission Customer under this Tariff (including any ITC Rate

Schedule) but (excluding amounts billed under this Schedule 12) attributable or allocable to each such load in each such taxing authority.

For service to a Transmission Customer for load[s] not located in the Transmission Provider Region (including any ITC System), the charges under this Schedule shall equal the product of: (i) the combined weighted average Gross Receipts Tax rate for all rate zones, as calculated by the Transmission Provider; times (ii) the total amounts billed to such Transmission Customer under this Tariff (including any ITC Rate Schedule) but (excluding amounts billed under this Schedule 12) attributable to load not located in the Transmission Provider Region (including any ITC System). The weighting used for purposes of such calculation shall be consistent with the method then in effect for distributing revenues among the Transmission Owners and ITCs for such service.

The Transmission Provider shall post on its OASIS the Gross Receipts Tax rate[s] applied under this Schedule. Transmission Customers shall provide all information reasonably requested by the Transmission Provider to determine the applicability of any Gross Receipts Tax[es] to such customer, regardless of whether such customer seeks an exemption from the charges under this Schedule.

SCHEDULE 13

Calculation and Use of Reserved Capacity Multipliers

Transmission Customers Serving Loads Within International's Service Area

The capacity of the transmission system is measured in terms of MVA, not MWs. A Reserved Capacity multiplier is used to recognize the fact that the capacity reservation for this system is expressed in terms of MWs and not MVA. The Reserved Capacity multiplier is the ratio of the actual peak MVA of the load during the billing period to the Reserved Capacity in MVA. Since reservations are based on MWs and not MVA, then it is necessary to determine if a customer used more capacity than the Reserved Capacity measured in terms of MVA.

To determine when this Reserved Capacity multiplier is applied, a two step process is required. First, the hourly peak MVA of the customer's load for the billing period is calculated from measured MWs and Power Factor data (MVAR data may be used instead of Power Factor). The peak MVA of the load is determined by dividing the peak MWs of the load by the corresponding Power Factor of the load. Second, to find out when the Reserved Capacity multiplier is applied, one must compare the peak MVA of the load with the Reserved Capacity measured in terms of MVA, not MWs. If the peak MVA of the load is greater than the customer's Reserved Capacity of the system in MVA, then the multiplier is used to reflect the actual capacity of the system used by the customer. If the peak MVA of the load is less than the Reserved Capacity of the system in MVA, then a multiplier of 1.000 is used.

Since the capacity reservation is made in terms of MWs and not MVA, then the MWs of Reserved Capacity must be converted to MVA of Reserved Capacity. This conversion is accomplished by dividing the MWs of capacity by the composite power factor of all the loads being served from the transmission system. This composite power factor is calculated for the hour of the system peak load (MW) on August 14, 1995, by first summing all the hourly integrated MW flows and the hourly integrated MVAR flows served by this system and then calculating the power factor. This results in the transmission system composite power factor of .95 lagging. The Reserved Capacity in MVA can now be calculated by dividing the Reserved Capacity in MWs by the composite power factor for the system.

The Reserved Capacity multiplier is calculated as follows:

$$\text{Reserved Capacity multiplier} = (\text{Customer Peak MW Demand} \\ \div \text{Customer Power Factor @ Peak MW Demand}) \div (\text{Customer MW Reservation} \div \\ \text{Composite System Power Factor})$$

Only Reserved Capacity multipliers of 1.000 or greater apply.

Power Factor Determination

International, at its discretion will install the necessary metering to determine real and reactive hourly demand and energy. The Power Factor (P.F.) for the billing period will be determined by using the peak hourly real power (MW) demand and the corresponding reactive (MVAR) demand. The peak MVA load is determined by dividing the peak MW demand by the corresponding power factor for the billing period.

SCHEDULE 13A

Power Factor Penalty Multipliers For International Transmission Company

The rate and charges under this Tariff are based on the customer maintaining a power factor of not less than .85 lagging. A power factor less than .70 lagging 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.

For load power factors below .85 lagging, a power factor penalty multiplier will be applied to the total amount of Reserved Capacity charge including the Reserved Capacity multipliers. See Power Factor Multiplier Table.

Power Factor Multiplier Table

<i>Power Factor</i>	<i>Penalty Multiplier</i>
.850 or higher	1
.800 to .849	1.214
.750 to .799	1.428
.700 to .749	1.642

Transmission Customers - Transmitting Power Through International's Service Area

Transmission Customers that obtain transmission service to transmit power through International's transmission system are expected to control the supply of kilovars at Points of Receipt and Points of Delivery such that, under normal conditions, the quantity of kilovars passing from one transmission system to another will be near zero.

Schedule 14

Regional Through and Out Rate

Each Transmission Customer taking Transmission Service going out¹ or through² the Transmission System shall compensate the Transmission Provider for a Regional Through and Out Rate (“RTOR”) charge, which is in addition to the charges in Schedules 7 and 8 and any other applicable in the Tariff. The RTOR shall remain effective for a six-year Transition Period.³

The RTOR charge is as follows:

Annual	\$9.36 KW/Year
Monthly	\$0.78 KW/Month
Weekly	\$0.18 KW/Week
On-Peak Daily	\$0.036 KW/Day
On-Peak Hourly	\$2.25 MWH
Off-Peak Daily	\$0.026 KW/Day
Off-Peak Hourly	\$1.071 MWH

Discounts: Three principal requirements apply to discounts for transmission service as follows:

(1) any offer of a discount made by the Transmission Provider must be announced to

¹ Out Transmission Service means service where the source is in Control Areas inside the ISO Transmission System and the sink is in Control Areas outside the ISO Transmission System.

² Through Transmission Service means service where the source and the sink are in Control Areas outside of the ISO Transmission System.

³ The Transition Period begins when the Transmission Owners transfer operational control of the Transmission System to the ISO.

Eligible Customers solely by posting on the OASIS, (2) any customer-initiated requests for discounts (including requests for use by one's wholesale merchant or an affiliate's use) must occur solely by posting on the OASIS, and (3) once a discount is negotiated, details must be immediately posted on the OASIS. For any discount agreed upon for service on a path, from point(s) of receipt to point(s) of delivery, the Transmission Provider must offer the same discounted transmission service rate for the same time period to all Eligible Customers on all unconstrained transmission paths that go to the same point(s) of delivery on the Transmission System.

SCHEDULE 15

Power Factor Correction Service

I. GENERAL

In accordance with Good Utility Practice, a Transmission Customer supplying capacity and energy to loads within the Transmission Provider's Control Area is required to maintain a power factor within the same range as applicable to comparably configured and located loads on the Transmission System. The power factor range shall be as specified by the Transmission Provider in the Transmission Customer's Service Agreement where applicable.

The power factor correction charge applies whenever the maximum actual measured lagging reactive (kVar) requirement is greater than the requirement corresponding to a power factor as specified in the Service Agreement. The charge will also apply whenever the maximum actual measured leading reactive (kVar) requirement is greater than the requirement corresponding to a power factor as specified in the Service Agreement.

Power factor correction service is to be provided by the Transmission Provider by making arrangements with the Transmission Owner that provides this service for the Transmission Provider's Transmission System. The Transmission Customer must purchase this service from the Transmission Provider. The charges for such service will be based on the rates set forth below.

II. RATES

The charge collected through this schedule shall represent a pass-through of the costs charged by the Transmission Owner based on the Transmission Owner's power factor correction schedule on file with the Commission. The Transmission Provider shall pass through the revenues it receives for the service to the Transmission Owner providing the power factor correction service.

SCHEDULE 16

Financial Transmission Rights Administrative Service

Cost Recovery Adder

I. GENERAL

Financial Transmission Rights Administrative Service (the “Service”) is provided by the Transmission Provider to all Market Participants that are the primary holders of Financial Transmission Rights (“FTRs”) issued by the Transmission Provider through allocation, assignment, auction or any other process accepted by the Commission (“FTR Holder”) consistent with the terms of an FTR Services Agreement in a form provided for in this Tariff.

This FTR Administrative Service Cost Recovery Adder provides for the recovery of all costs incurred by the Transmission Provider in providing the Service, inclusive of all costs resulting from assignment or allocation of costs to the Service. The Transmission Provider’s costs incurred in providing the Service include, but are not limited to, costs associated with:

1) coordination of FTR bilateral trading; 2) administration of FTRs through allocation, assignment, auction or any other process accepted by the Commission; 3) support of the Transmission Provider’s on-line, internet-based FTR tool; 4) “simultaneous feasibility” analyses to determine the total combination of FTRs that can be outstanding and accommodated by the Transmission System at a given point in time; and, 5) the administration of FTRs and revenue distribution.

II. FINANCIAL TRANSMISSION RIGHTS ADMINISTRATIVE SERVICE COST RECOVERY ADDER

A. Billing Determinants

The billing determinants for the FTR Administrative Service Cost Recovery Adder shall be the total amount of FTR volume for all FTR Holders, expressed in MW. The total FTR volume shall equal the MW of FTR capacity in effect in each hour for all FTRs held during the applicable month for which the FTR Administrative Service Cost Recovery Adder rate is effective, summed over all hours of that month.

B. Determination of Costs to Be Recovered

The costs to be recovered under this Schedule 16 in the monthly charge shall include any deferred pre-operating costs (“Deferred Schedule 16 Costs”), direct and indirect capital costs, direct and indirect operating expenses and all other costs associated with administering the Service (collectively the “Schedule 16 Costs”). For capital costs, the Transmission Provider shall not recover a rate of return on equity, but instead will recover its actual costs of financing any such capital costs associated with the Service. The indirect capital and indirect operating costs will include an allocable portion of infrastructure, resources, personnel and overheads. Non-allocated operating expenses shall be the direct operating expenses incurred by the Transmission Provider in providing the Service under this Schedule 16.

Included in the Deferred Schedule 16 Costs shall be all costs associated with the development and implementation of the Service prior to the provision of the Service and all costs associated with financing the Deferred Schedule 16 Costs. The Deferred Schedule 16 Costs shall be recovered over a five-year transition period (the “Transition Period”) beginning from the operational date of this Schedule 16. The formula set forth in Section III of this Schedule 16 shall be used to calculate the monthly charges.

III. RATE FORMULA

Each month the Transmission Provider shall determine the FTR Administrative Service Cost Recovery Adder for the next month by dividing the Transmission Provider's budgeted Schedule 16 Costs to be recovered under this Schedule 16 for that month, including true-up amounts from the prior month, by the total quantity of estimated FTRs, expressed in MW, associated with the Service as set forth in Section II.A above. The formula shall be as follows:

$F_t = (X_t + T_{t-1}) / Z_t$, where

t = Effective month.

F = FTR Administrative Service Cost Recovery Adder, in dollars per MW

X = Estimated total Schedule 16 Costs equals the sum of the FTR Cost Components A.1 plus A.2 plus A.3 plus A.4 plus A.5, defined as:

“A.1” equals a salary and wages-based assignment of the total operating costs of the Market Operations Department, defined as the total costs for the department less depreciation, interest, financing and amortization costs for the department. The total operating costs for the department will be divided between Schedules 16 and 17 based on the ratio of Market Operations Department salary and wages assigned to each of these two cost recovery schedules.

A.1 = Market Operations Department Operating Costs x (Schedule 16 Market Operations Department Salaries and Wages / Total Market Operations Department Salaries and Wages), where

“Market Operations Department Operating Costs” equals the total monthly expenses for the Market Operations Department, less depreciation, interest, financing and amortization costs for the department.

“Schedule 16 Market Operations Department Salaries and Wages” equals the monthly dollar amount of the Salaries and Wages of the employees in the Transmission Provider's Market Operations Department assigned to Schedule 16 activities.

“Total Market Operations Department Salaries and Wages” equals the total monthly dollar amount of Salaries and Wages of the employees of the Transmission Provider’s Market Operations Department.

“A.2” equals a direct assignment of costs from any Transmission Provider division (a division is a subset of a department), other than the Market Operations Department, to Schedule 16. This direct assignment is for costs associated with division activities that specifically support the provision of FTR services. For any division that budgets and/or records time to a Schedule 16 activity during the month, a salary and wages based assignment of FERC accounts 408.2 (taxes - FICA, unemployment), 920 (salaries and wages), 921 (supplies and other) and 926 (benefits) will be made to Schedule 16.

$A.2 = A.2.1 + A.2.2 + \dots + A.2.n$, where A.2.X equals costs associated with an individual division’s budgeted or charged time to support Schedule 16 activities.

$A.2.X = \text{Applicable Division Costs} \times (\text{Division Salaries and Wages Assigned to Schedule 16} / \text{Total Division Salaries and Wages})$, where

“Applicable Division Costs” equals the sum of the division’s monthly costs in FERC accounts 408.2, 920, 921 and 926.

“Division Salaries and Wages Assigned to Schedule 16” equals the monthly dollar amount of Salaries and Wages of employees of the division assigned to Schedule 16.

“Total Division Salaries and Wages” equals the total monthly dollar amount of Salaries and Wages of the employees of the division.

“A.3” equals an allocation of costs of general and administrative activities performed by the Transmission Provider. These general and administrative costs are allocated monthly in accordance with the following formula:

$A.3 = \text{Total Administrative Costs} \times (\text{Schedule 16 Market Operations Department Salaries and Wages} + \text{Division Salaries and Wages Assigned})$

to Schedule 16) / (Total Transmission Provider Salaries and Wages – Administrative Salaries and Wages), where

“Total Administrative Costs” equals the sum of the departmental costs of those Transmission Provider departments providing general and administrative services, including but not limited to executive management, finance, legal, human resources and facility services less, 1) depreciation on non-General Plant assets and 2) interest financing and amortization costs.

“Schedule 16 Market Operations Department Salaries and Wages” equals the monthly dollar amount of the Salaries and Wages of the employees in the Transmission Provider’s Market Operations Department allocated to Schedule 16 activities.

“Division Salaries and Wages Assigned to Schedule 16” equals the monthly dollar amount of the Salaries and Wages of the employees in the Transmission Provider’s Market Operations Department allocated to Schedule 16 activities.

“Total Transmission Provider Salaries and Wages” equals the monthly dollar amount of the Salaries and Wages of all employees of the Transmission Provider.

“Administrative Salaries and Wages” equals the monthly dollar amount of the Salaries and Wages of the employees of the Transmission Provider in those Transmission Provider departments providing general and administrative services, including but not limited to executive management, finance, legal, human resources and facility services.

“A.4” equals an assignment of depreciation on non-General Plant Assets. All non-General Plant Assets will be specifically assigned to Schedule 10, 16 and/or 17. The portion of an asset assigned to each schedule will be based on a study of the use of the assets. The depreciation cost will be assigned to the schedule(s) whose services the asset supports. Depreciation on each asset is tracked separately.

A.4 = Schedule 16 Depreciation, where

“Schedule 16 Depreciation” equals the sum of the monthly depreciation of all non-General Plant Assets assigned to Schedule 16.

“A.5” equals an assignment of Interest and Financing Costs (including Amortization Costs) associated with Schedule 16. All Interest and Financing Costs (including Amortization Costs) will be specifically assigned to Schedule 10, 16 and/or 17. The portion of the Interest and Financing Costs (including Amortization Costs) assigned to each schedule will be based on the use of the proceeds of the financing activity. The costs of the financing activity will be assigned to the cost recovery schedule(s) whose services the activity supports.

A.5 = Schedule 16 Interest and Financing Costs, where

“Schedule 16 Interest and Financing Costs” equal the sum of the monthly Interest and Financing Costs (including Amortization Costs) associated with Schedule 16.

T = True-up amount from prior month defined as the difference between Actual Schedule 16 Costs and Actual Schedule 16 Revenue, where

“Actual Schedule 16 Costs” equal the sum Financial Transmission Rights Administrative Service Cost Components A.1 through A.5 for the prior month.

“Actual Schedule 16 Revenue” equal the Financial Transmission Rights Administrative Service Cost Recovery Adder for the prior month x Actual FTR Volume for the prior month, where

“Actual FTR Volume” equals the sum of the FTR volume of all FTR Holders expressed in MW.

Z = Estimated total FTR volume of all FTR Holders expressed in MW, as determined by the Transmission Provider pursuant to Section II.A hereof.

IV. MONTHLY CHARGES FOR FTR HOLDERS

For each month, the charges for FTR Holders shall be calculated by multiplying the FTR Administrative Service Cost Recovery Adder rate effective in that month, as determined under the above rate formula, by the FTR Holders' total FTR volume for that month, expressed in MW, as discussed in Section II.A above.

SCHEDULE 17

Energy Market Support Administrative Service Cost Recovery Adder

I. GENERAL

Energy Market Support Administrative Service (the “Service”) is provided by the Transmission Provider to all Market Participants that participate in Transactions using the Transmission System or the Day-Ahead or Real-Time Energy Markets (“Energy Markets”) consistent with the terms of this Tariff or applicable Energy Market Services Agreement in a form provided for in this Tariff.

This Energy Market Support Administrative Service Cost Recovery Adder provides for the recovery of all costs incurred by the Transmission Provider in providing the Service, inclusive of all costs resulting from the assignment or allocation of costs to the Service. The Transmission Provider’s costs incurred in providing the Service include, but are not limited to, costs associated with: 1) market modeling and scheduling functions; 2) market bidding support; 3) locational marginal pricing support; 4) market settlements and billing; 5) market monitoring functions; and, 6) enabling the least-cost, security-constrained commitment and dispatch of generating resources to serve load in the Control Areas of the Transmission Provider while also establishing a spot energy market.

II. ENERGY MARKET SUPPORT ADMINISTRATIVE SERVICE COST RECOVERY ADDER

A. Billing Determinants

The billing determinants for the Energy Market Support Administrative Service Cost Recovery Adder shall be: 1) all MWh injected into the Transmission System by all Market

Participants, including deliveries to the Transmission System from generation located both within the Transmission System and outside of the Transmission System, 2) all MWh extracted from the Transmission System by all Market Participants , including MWh delivered to loads located both within the Transmission System and outside of the Transmission System including all out and through transactions using the Transmission System; and, 3) all Bids or Offers that settle in the Day-Ahead Energy Market, but do not actually inject MWh into or extract MWh from the Transmission System in the Real-Time Energy Market.

B. Determination of the Costs To Be Recovered

The costs to be recovered under this Schedule 17 shall include any deferred pre-operating costs (“Deferred Schedule 17 Costs”), direct and indirect capital costs, direct and indirect operating expenses and all other costs associated with administering the Service (collectively the “Schedule 17 Costs”). For capital costs, the Transmission Provider shall not recover a rate of return on equity, but instead will recover its actual costs of financing any such capital costs associated with the Service. The indirect capital and indirect operating costs will include an allocable portion of infrastructure, resources, personnel and overheads. Non-allocated operating expenses shall be the direct operating expenses incurred by the Transmission Provider in providing the Service under this Schedule 17.

Included in the Deferred Schedule 17 Costs shall be all costs associated with the development and implementation of the Service prior to the provision of the Service and all costs associated with financing the Deferred Schedule 17 Costs. The Deferred Schedule 17 Costs shall be recovered over a five-year transition period (the “Transition Period”) beginning from the

Transmission System by all Market Participants, including deliveries to the Transmission System from generation located both within the Transmission System and outside of the Transmission System, 2) all MWh extracted from the Transmission System by all Market Participants, including MWh delivered to loads located both within the Transmission System and outside of the Transmission System including all out and through transactions using the Transmission System; and, 3) all Bids or Offers that settle in the Day-Ahead Energy Market, but do not actually inject MWh into or extract MWh from the Transmission System in the Real-Time Energy Market, expressed in MWh, as discussed in Section II.A above. The formula shall be as follows:

$$E_t = (X_t + T_{t-1}) / (L_t + G_t + V_t) \text{ where:}$$

t = Effective month.

E = Energy Market Support Administrative Service Cost Recovery Adder in dollars per MWh.

X = Estimated total Schedule 17 equals the sum of the Energy Market Support Cost Components A.1 plus A.2 plus A.3 plus A.4 plus A.5, defined as:

A.1 plus A.2 plus A.3 plus A.4 plus A.5, defined as:

“A.1” equals a salary and wages-based assignment of the total operating costs of the Market Operations Department, defined as the total costs for the department less depreciation, interest, financing and amortization costs for the department. The total operating costs for the department will be divided between Schedules 16 and 17 based on the ratio of Market Operations Department salary and wages assigned to each of these two cost recovery schedules.

A.1 = Market Operations Department Operating Costs x (Schedule 17 Market Operations Department Salaries and Wages / Total Market Operations Department Salaries and Wages), where

“Market Operations Department Operating Costs” equals the total monthly expenses for Market Operations Department less depreciation, interest, financing and amortization costs for the department.

“Schedule 17 Market Operations Department Salaries and Wages” equals the monthly dollar amount of the Salaries and Wages of the employees in the Transmission Provider’s Market Operations Department assigned to Schedule 17 activities.

“Total Market Operations Department Salaries and Wages” equals the total monthly dollar amount of Salaries and Wages of the employees of the Transmission Provider’s Market Operations Department.

“A.2” equals a direct assignment of costs from any Transmission Provider division (a division is a subset of a department), other than the Market Operations Department, to Schedule 17. This direct assignment is for costs associated with division activities that specifically support the provision of the energy market services. For any division that budgets and/or records time to a Schedule 17 activity during the month, a salary and wages based assignment of FERC accounts 408.2 (taxes - FICA, unemployment), 920 (salaries and wages), 921 (supplies and other) and 926 (benefits) will be made to Schedule 17.

$A.2 = A.2.1 + A.2.2 + \dots + A.2.n$, where A.2.X equals costs associated with an individual division’s budgeted or charged time to support Schedule 17 activities.

$A.2.X = \text{Applicable Division Costs} \times (\text{Division Salaries and Wages Assigned to Schedule 17} / \text{Total Division Salaries and Wages})$, where

“Applicable Division Costs” equals the sum of the division’s monthly costs in FERC accounts 408.2, 920, 921 and 926.

“Division Salaries and Wages Assigned to Schedule 17” equals the monthly dollar amount of Salaries and Wages of employees of the division assigned to Schedule 17.

“Total Division Salaries and Wages” equals the total monthly dollar amount of Salaries and Wages of the employees of the division.

“A.3” equals an allocation of costs of general and administrative activities performed by the Transmission Provider. These general and administrative costs are allocated monthly in accordance with the following formula:

$$A.3 = \frac{\text{Total Administrative Costs} \times (\text{Schedule 17 Market Operations Department Salaries and Wages} + \text{Division Salaries and Wages Assigned to Schedule 17})}{(\text{Total Transmission Provider Salaries and Wages} - \text{Administrative Salaries and Wages})}$$
, where

“Total Administrative Costs” equals the sum of the departmental costs of those Transmission Provider departments providing general and administrative services, including but not limited to executive management, finance, legal, human resources and facility services less, 1) depreciation on non-General Plant assets and 2) interest, financing and amortization costs.

“Schedule 17 Market Operations Department Salaries and Wages” equals the monthly dollar amount of the Salaries and Wages of the employees in the Transmission Provider’s Market Operations Department allocated to Schedule 17 activities.

“Division Salaries and Wages Assigned to Schedule 17” equals the total monthly dollar amount of the Salaries and Wages of employees in non-Market Operations Department divisions that are directly assigned to Schedule 17.

“Total Transmission Provider Salaries and Wages” equals the monthly dollar amount of the Salaries and Wages of all employees of the Transmission Provider.

“Administrative Salaries and Wages” equals the monthly dollar amount of the Salaries and Wages of the employees of the Transmission Provider in those Transmission Provider departments providing general and administrative services, including but not limited to executive management, finance, legal, human resources and facility services.

“A.4” equals an assignment of depreciation on non-General Plant Assets. All non-General Plant Assets will be specifically assigned to Schedule 10, 16 and/or 17. The portion of an asset assigned to each schedule will be based on a study of the use of the assets. The depreciation cost will be assigned to the schedule(s) whose services the asset supports. Depreciation on each asset is tracked separately.

A.4 = Schedule 17 Depreciation, where

“Schedule 17 Depreciation” equals the sum of the monthly depreciation for all non-General Plant Assets assigned to Schedule 17.

“A.5” equals an assignment of Interest and Financing Costs (including Amortization Costs) associated with Schedule 17. All Interest and Financing Costs (including Amortization Costs) will be specifically assigned to Schedule 10, 16 and/or 17. The portion of the Interest and Financing Costs (including Amortization Costs) assigned to each schedule will be based on the use of the proceeds of the financing activity. The costs of the financing activity will be assigned to the cost recovery schedule(s) whose services the activity supports.

A.5 = Schedule 17 Interest and Financing Costs, where

“Schedule 17 Interest and Financing Costs” equal the sum of the monthly Interest and Financing Costs (including Amortization Costs) associated with Schedule 17.

T = True-up amount from prior month defined as the difference between Actual Schedule 17 Costs and Actual Schedule 17 Revenue, where

“Actual Schedule 17 Costs” equal the sum of the Energy Market Support Cost Components A.1 through A.5 for the prior month.

“Actual Schedule 17 Revenue” equals the Energy Market Support Administrative Service Cost Recovery Adder for the prior month x (Schedule 17 Injected MWh for the prior month + Schedule 17 Extracted MWh for the prior month + Schedule 17 Virtual MWh for the prior month), where

“Schedule 17 Injected MWh” equals all metered MWh injected into the Transmission System by all Market Participants, including deliveries to the Transmission System from generation located within the Transmission System and outside of the Transmission System.

“Schedule 17 Extracted MWh” equals all metered MWh extracted from the Transmission System by all Market Participants , including MWh delivered to loads located within the Transmission System and outside of the Transmission System.

“Schedule 17 Virtual MWh” equals all Bids or Offers that were settled in the Day-Ahead Energy Market, but did not actually inject MWh into or extract MWh from the Transmission System in the Real-Time Energy Market.

- G = Estimated MWh for all MWh injected into the Transmission System by all Market Participants, including deliveries to the Transmission System from generation located within the Transmission System and outside of the Transmission System.
- L = Estimated MWh extracted from the Transmission System by all Market Participants, including MWh delivered to loads located within the Transmission System and outside the Transmission System.
- V = Estimated MWh of all Bids or Offers that settle in the Day-Ahead Energy Market, but do not actually inject MWh into or extract MWh from the Transmission System in the Real-Time Market

IV. CHARGES FOR SYSTEM PARTICIPANTS

For each month, the charges to Market Participants for the Service will be calculated by multiplying the Energy Market Support Administrative Service Cost Recovery Adder effective in that month, as determined under the above rate formula, by the Market Participants' billing units for that month, expressed in MWh, as discussed in Section II.A above.

SCHEDULE 18

Sub-Regional Rate Adjustment

Each Transmission Customer taking Network Integration Transmission Service or Point-To-Point Transmission Service under the Tariff shall pay the Transmission Provider the applicable rate adjustment, in addition to other applicable charges set forth in the Tariff. The Transmission Customer's rate adjustment charge is calculated from one of the three (3) payment options listed below. Only one payment option is applicable to a Load Serving Entity ("LSE") Transmission Customer within any given pricing zone. The three (3) available payment options are (1) a Sub-regional Rate Adjustment ("SRA"); (2) a Subzone SRA; and (3) a Fixed Monthly Payment Rate.

The Transmission Customer shall pay the SRA rate under option (1) below unless the Transmission Customer is eligible for and has elected option (2) or (3)¹. A Transmission Customer who is provided service in an identified subzone listed under option (2) below will pay the Subzone SRA. The Fixed Monthly Payment under option (3) below is an amount payable by the identified Transmission Customer in equal monthly installments. The Transmission Customer shall pay the applicable rate adjustment which corresponds to the zonal rate that the Transmission Customer pays pursuant to Schedules 7, 8 or 9, as applicable. Any Transmission Owner that is a Load Serving Entity and does not take Transmission Service for all of its load under the Tariff (whether bundled or unbundled load) shall pay the Transmission Provider the Schedule 18 charge as if such

¹ The three payment options are optional rate designs that have been elected by certain transmission customers and do not represent choices that can be made on a transaction-by-transaction basis. The eligibility for the specific rate adjustment option and the one-time elections are fixed in accordance with the terms of the Settlement Agreement in Docket Nos. ER03-580 and EL03-119. The SRA is the default rate for each pricing zone for those customers that have not made an election.

Transmission Owner did take Transmission Service under the Tariff, on behalf of their bundled retail customer load and wholesale transmission service customer load subject to Grandfathered Agreements. The Schedule 18 charge is in addition to the zonal transmission rates for Transmission Service within the Transmission System. The rate adjustment is a mechanism to recover lost revenues for Transmission Owners and ITC Participants and shall remain effective during a two-year transition period beginning on October 1, 2003.

(1) SRA Rates:

(a) A Transmission Customer purchasing Point-To-Point Transmission Service shall compensate the Transmission Provider each month for Reserved Capacity at the applicable charges set forth below. A Transmission Customer purchasing Network Integrated Transmission Service shall compensate the Transmission Provider each month for its Network Load using the applicable monthly charge set forth below. The SRA rates for each pricing zone are as follows.

(b) The rates for the SRA charge for each pricing zone are as follows:

Rate Period 1²

	\$MW/Yr	\$MW/Mo	\$MW/Wk	Off-Peak		On-Peak	
				\$MW/Day	\$MW/Hr	\$MW/Day	\$MW/Hr
American Transmission Company LLC - Zone 1A: Madison Gas & Electric Company	\$644.5330	\$53.7111	\$12.3949	\$1.7707	\$0.0738	\$2.4790	\$0.1549
American Transmission Company LLC - Zone 1B: Wisconsin Public Service Corp.	\$644.5330	\$53.7111	\$12.3949	\$1.7707	\$0.0738	\$2.4790	\$0.1549
American Transmission Company LLC - Zone 1C: Wisconsin Power & Light	\$644.5330	\$53.7111	\$12.3949	\$1.7707	\$0.0738	\$2.4790	\$0.1549
American Transmission Company LLC - Zone 1D: Wisconsin Energy Corp.	\$644.5330	\$53.7111	\$12.3949	\$1.7707	\$0.0738	\$2.4790	\$0.1549
American Transmission Company LLC - Zone 1E: Upper Peninsula Power Co.	\$644.5330	\$53.7111	\$12.3949	\$1.7707	\$0.0738	\$2.4790	\$0.1549
Zone 2 Central Illinois Light Co.	\$9.3658	\$0.7805	\$0.1801	\$0.0257	\$0.0011	\$0.0360	\$0.0023
Zone 3: Cinergy Services, Inc.	\$221.6832	\$18.4736	\$4.2631	\$0.6090	\$0.0254	\$0.8526	\$0.0533
Zone 4: City Water L&P, Springfield, Illinois	\$23.6474	\$1.9706	\$0.4548	\$0.0650	\$0.0027	\$0.0910	\$0.0057
Zone 5A: GridAmerica – Ameren (SUSPENDED)							
GridAmerica – American Transmission Zone 5B: Systems, Incorporated	\$381.9148	\$31.8262	\$7.3445	\$1.0492	\$0.0437	\$1.4689	\$0.0918
GridAmerica – Northern Indiana Public Zone 5C: Service Co.	\$1,109.9862	\$92.4989	\$21.3459	\$3.0494	\$0.1271	\$4.2692	\$0.2668
Zone 6: Hoosier Energy	\$250.6506	\$20.8875	\$4.8202	\$0.6886	\$0.0287	\$0.9640	\$0.0603
Zone 7: International Transmission Company	\$328.4830	\$27.3736	\$6.3170	\$0.9024	\$0.0376	\$1.2634	\$0.0790

² Rate Period 1 is the time beginning October 1, 2003 and until such time as GridAmerica Zone 5A becomes effective.

Rate Period 1 – Cont'd

		Off-Peak					On-Peak	
		\$MW/Yr	\$MW/Mo	\$MW/Wk	\$MW/Day	\$MW/Hr	\$MW/Yr	\$MW/Mo
Zone 8:	Indianapolis Power & Light Company	\$3.2011	\$0.2668	\$0.0616	\$0.0088	\$0.0004	\$0.0123	\$0.0008
Zone 9:	LG&E Corporation	\$10.2070	\$0.8506	\$0.1963	\$0.0280	\$0.0012	\$0.0393	\$0.0025
Zone 10:	Lincoln Electric System (SUSPENDED)							
Zone 11:	Michigan Electric Transmission Co. LLC	\$292.9931	\$24.4161	\$5.6345	\$0.8049	\$0.0335	\$1.1269	\$0.0704
Zone 12:	Minnesota Power, Inc.	\$1.5910	\$0.1326	\$0.0306	\$0.0044	\$0.0002	\$0.0061	\$0.0004
Zone 13:	Montana-Dakota Utilities Co.	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
Zone 14:	Otter Tail Power Company	\$4.9542	\$0.4129	\$0.0953	\$0.0136	\$0.0006	\$0.0191	\$0.0012
Zone 15:	Southern Illinois Power Cooperative	\$6.4714	\$0.5393	\$0.1245	\$0.0178	\$0.0007	\$0.0249	\$0.0016
Zone 16:	Aquila Inc. – Kansas (SUSPENDED)							
Zone 17:	Aquila Inc. – Missouri (SUSPENDED)							
Zone 18:	Vectren Energy	\$28.5909	\$2.3826	\$0.5498	\$0.0785	\$0.0033	\$0.1100	\$0.0069

Rate Period 2³

					Off-Peak		On-Peak	
	\$MW/Yr	\$MW/Mo	\$MW/Wk	\$MW/Day	\$MW/Hr	\$MW/Day	\$MW/Hr	
American Transmission Company LLC - Zone 1A: Madison Gas & Electric Company	\$754.4726	\$62.8727	\$14.5091	\$2.0727	\$0.0864	\$2.9018	\$0.1814	
American Transmission Company LLC - Zone 1B: Wisconsin Public Service Corp.	\$754.4726	\$62.8727	\$14.5091	\$2.0727	\$0.0864	\$2.9018	\$0.1814	
American Transmission Company LLC - Zone 1C: Wisconsin Power & Light	\$754.4726	\$62.8727	\$14.5091	\$2.0727	\$0.0864	\$2.9018	\$0.1814	
American Transmission Company LLC - Zone 1D: Wisconsin Energy Corp.	\$754.4726	\$62.8727	\$14.5091	\$2.0727	\$0.0864	\$2.9018	\$0.1814	
American Transmission Company LLC - Zone 1E: Upper Peninsula Power Co.	\$754.4726	\$62.8727	\$14.5091	\$2.0727	\$0.0864	\$2.9018	\$0.1814	
Zone 2 Central Illinois Light Co.	\$287.6668	\$23.9722	\$5.5321	\$0.7903	\$0.0329	\$1.1064	\$0.0692	
Zone 3: Cinergy Services, Inc.	\$372.2433	\$31.0203	\$7.1585	\$1.0226	\$0.0426	\$1.4317	\$0.0895	
Zone 4: City Water L&P, Springfield, Illinois	\$277.0067	\$23.0839	\$5.3271	\$0.7610	\$0.0317	\$1.0654	\$0.0666	
Zone 5A: GridAmerica – Ameren	\$244.4270	\$20.3689	\$4.7005	\$0.6715	\$0.0280	\$0.9401	\$0.0588	
GridAmerica – American Transmission Zone 5B: System, Incorporated	\$381.9148	\$31.8262	\$7.3445	\$1.0492	\$0.0437	\$1.4689	\$0.0918	
GridAmerica – Northern Indiana Public Zone 5C: Service Co.	\$1,109.9862	\$92.4989	\$21.3459	\$3.0494	\$0.1271	\$4.2692	\$0.2668	
Zone 6: Hoosier Energy	\$403.0939	\$33.5912	\$7.7518	\$1.1074	\$0.04461	\$1.5504	\$0.0969	
Zone 7: International Transmission Company	\$390.6996	\$32.5583	\$7.5135	\$1.0734	\$0.0447	\$1.5027	\$0.0939	
Zone 8: Indianapolis Power & Light Company	\$6.0910	\$0.5076	\$0.1171	\$0.0167	\$0.0007	\$0.0234	\$0.0015	
Zone 9: LG&E Corporation	\$23.5229	\$1.9602	\$0.4524	\$0.0646	\$0.0027	\$0.0905	\$0.0057	
Lincoln Electric System Zone 10: (SUSPENDED)								
Zone 11: Michigan Electric Transmission Co. LLC	\$397.6816	\$33.1401	\$7.6477	\$1.0925	\$0.0455	\$1.5295	\$0.0956	
Zone 12: Minnesota Power, Inc.	\$22.9516	\$1.9126	\$0.4414	\$0.0631	\$0.0026	\$0.0883	\$0.0055	
Zone 13: Montana-Dakota Utilities Co.	\$0.8738	\$0.0728	\$0.0168	\$0.0024	\$0.0001	\$0.0034	\$0.0002	
Zone 14: Otter Tail Power Company	\$51.4571	\$4.2881	\$0.9896	\$0.1414	\$0.0059	\$0.1979	\$0.0124	
Zone 15: Southern Illinois Power Cooperative	\$929.4059	\$77.4505	\$17.8732	\$2.5533	\$0.1064	\$3.5746	\$0.2234	
Aquila Inc. – Kansas Zone 16: (SUSPENDED)								
Aquila Inc. – Missouri Zone 17: (SUSPENDED)								
Zone 18: Vectren Energy	\$55.1037	\$4.5920	\$1.0597	\$0.1514	\$0.0063	\$0.2119	\$0.0132	

³ Rate Period 2 begins upon the effective date of GridAmerica Zone 5A and will replace those Rate Period 1 rates previously in effect from October 1, 2003.

Rate Period 2 – Cont'd

(2) Subzone SRA Rates:

- (a) Subzone SRA rates are specific to an identified subzone in a pricing zone. Not all pricing zones will have Subzone SRA rates. The Transmission Customer shall pay the Transmission Provider the identified Subzone SRA rate in lieu of the applicable SRA rate specified in option (1) above. The rates for the Subzone SRA rates are as follows:

Rate Period 1

				Off-Peak		On-Peak	
	\$MW/Yr	\$MW/Mo	\$MW/Wk	\$MW/Day	\$MW/Hr	\$MW/Day	\$MW/Hr
Zone 1A: American Transmission Company LLC - Madison Gas & Electric Company							
Subzone 1A1 LSE MGE	\$0.0434	\$0.0036	\$0.0008	\$0.0001	\$0.0000	\$0.0002	\$0.0000
Zone 1B: American Transmission Company LLC - Wisconsin Public Service Corp.							
Subzone 1B1 LSE WPPI	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
Subzone 1B2 LSE WPSC	\$7.8714	\$0.6560	\$0.1514	\$0.0216	\$0.0009	\$0.0303	\$0.0019
Zone 1C: American Transmission Company LLC - Wisconsin Power & Light							
Subzone 1C1 LSE WPPI	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
Zone 1C2: American Transmission Company LLC - Wisconsin Power & Light							
Subzone 1C2 LSE WPL	\$10.6371	\$0.8864	\$0.2046	\$0.0292	\$0.0012	\$0.0409	\$0.0026
Zone 1D: American Transmission Company LLC - Wisconsin Energy Corp.							
Subzone 1D1 LSE WPPI	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
Subzone 1D2 LSE WEC	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
Subzone 1D3 LSE Edison Sault	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
Zone 1E: American Transmission Company LLC - Upper Peninsula Power Co.							
Subzone 1E1 LSE UPPC	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
Zone 2 Central Illinois Light Co.							
Subzone 2A LSE IMEA City of Riverton	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
Zone 7: International Transmission Company							
Subzone 7A LSE City of Wyandotte	\$0.0000	\$0.00007	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
Subzone 7B LSE The Detroit Edison Company	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
Zone 11: Michigan Electric Transmission Co. LLC							
Subzone 11A LSE MPPA	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
Subzone 11B LSE City of Lansing	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
Subzone 11C LSE City of Holland	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
Subzone 11D LSE Consumers Energy Company	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
Subzone 11E LSE MSCPA	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000

Rate Period 2

			Off-Peak		On-Peak				
			\$MW/Yr	\$MW/Mo	\$MW/Wk	\$MW/Day	\$MW/Hr	\$MW/Day	\$MW/Hr
Zone 1A:	American Transmission Company LLC- Madison Gas & Electric Company								
	Subzone 1A1 LSE MGE		\$1.1849	\$0.0987	\$0.0228	\$0.0033	\$0.0001	\$0.0046	\$0.0003
Zone 1B:	American Transmission Company LLC- Wisconsin Public Service Corp.								
	Subzone 1B1 LSE WPPI		\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
	Subzone 1B2 LSE WPSC		\$15.3679	\$1.2807	\$0.2955	\$0.0422	\$0.0018	\$0.0591	\$0.0037
Zone 1C:	American Transmission Company LLC- Wisconsin Power & Light								
	Subzone 1C1 LSE WPPI		\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
Zone 1C2:	American Transmission Company LLC- Wisconsin Power & Light								
	Subzone 1C2 LSE WPL		\$24.1872	\$2.0156	\$0.4651	\$0.0664	\$0.0028	\$0.0930	\$0.0058
Zone 1D:	American Transmission Company LLC- Wisconsin Energy Corp.								
	Subzone 1D1 LSE WPPI		\$1.0475	\$0.0873	\$0.0201	\$0.0029	\$0.0001	\$0.0040	\$0.0003
	Subzone 1D2 LSE WEC		\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
	Subzone 1D3 LSE Edison Sault		\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
Zone 1E:	American Transmission Company LLC- Upper Peninsula Power Co.								
	Subzone 1E1 LSE UPPC		\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
Zone 2	Central Illinois Light Co.								
	Subzone 2A LSE IMEA City of Riverton		\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000

Rate Period 2 – Cont'd

Zone 5A:	GridAmerica – Ameren							
Subzone 5A1	LSE IMEA	\$40.3434	\$3.3620	\$0.7758	\$0.1108	\$0.0046	\$0.1552	\$0.0097
Zone 7:	International Transmission Company							
Subzone 7A	LSE City of Wyandotte	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
Subzone 7B	LSE The Detroit Edison Company	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
Zone 11:	Michigan Electric Transmission Co. LLC							
Subzone 11A	LSE MPPA	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
Subzone 11B	LSE City of Lansing	\$0.0000	\$0.0000	\$0.0000	\$0.0000268	\$0.0000	\$0.0000	\$0.0000
Subzone 11C	LSE City of Holland	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
Subzone 11D	LSE Consumers Energy Company	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
Subzone 11E	LSE MSCPA	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000

(3) Fixed Monthly Payment Rate:

- (a) Fixed Monthly Payments are charged to the following Transmission Customer(s) located in the following pricing zone in lieu of any other charge under this Schedule 18:

Rate Period 1

Zone 1D, LSE – Wisconsin Electric Power Company	\$113,333 per month
Zone 7, LSE – The Detroit Edison Company	\$75,000 per month
Zone 11, LSE – Consumers Energy Company	\$39,062 per month

Rate Period 2

Zone 1B, LSE – Wisconsin Public Service Corporation	\$32,816.50 per month
Zone 1D, LSE – Wisconsin Electric Power Company	\$166,667 per month
Zone 7, LSE – The Detroit Edison Company	\$83,333 per month
Zone 11, LSE – Consumers Energy Company	\$52,083 per month

Monthly payments shall begin with Transmission Service on October 1, 2003 and continue for twenty-four (24) months unless otherwise specified. LSE-Consumers shall begin payments with Transmission Service on January 1, 2004 and continue for twenty-four (24) consecutive months.

- (b) Should Zone 5B, GridAmerica – American Transmission Systems, Incorporated, be suspended during either Rate Period 1 or Rate Period 2 Fixed Monthly Payments for Zones 7 and 11 shall be reduced by \$50,000 and \$10,417 respectively. Should Zone 5C, GridAmerica – Northern Indiana Public Service Co., be suspended during either Rate Period 1 or Rate Period 2 Fixed Monthly Payments for Zones 7 and 11 shall be reduced by \$25,000 and \$28,646 respectively and Zone 1D shall be reduced \$113,333.
- (4) The total rate adjustment charge in any week, pursuant to a reservation for daily delivery, shall not exceed the weekly rate times the highest amount in kilowatts of Reserved Capacity in any day during such week. The total rate adjustment charge in any day, pursuant to a reservation for hourly delivery, shall not exceed the daily rate times the highest amount in kilowatts of Reserved Capacity in any hour during such day. In addition, the total rate adjustment charge in any week, pursuant to a reservation for hourly or daily delivery, shall not exceed the weekly rate above times the highest amount in kilowatts of Reserved Capacity in any hour during such week.

- (5) **Revenue Distribution:** Revenues collected under this service schedule shall be distributed to the Transmission Owners, Coordinated Owners, and any ITC as follows:
- (a) All revenues collected under this schedule from Zones 5A, 5B and 5C shall be distributed pursuant to the revenue distribution matrix in Appendix J to the ISO Agreement.
 - (b) Except for Fixed Monthly Payments from Zone 1B revenues collected under this schedule from pricing zones other than Zones 5A, 5B and 5C shall be distributed to each ITC Participant of Zones 5A, 5B and 5C in proportion to such Transmission Owner's share of lost revenues to be recovered under this schedule. Ameren shall receive 100% of Fixed Monthly Payments collected from Zone 1B.

SCHEDULE 19

Zonal Transition Adjustment

Each Transmission Customer taking Network Integration Transmission Service or Point-To-Point Transmission Service within Zones 5A, 5B and 5C shall pay the Transmission Provider the applicable rate adjustment, in addition to other applicable charges set forth in the Tariff. The Transmission Customer shall pay the rate adjustment which corresponds to the zonal rate that the Transmission Customer pays pursuant to Schedules 7, 8 or 9, as applicable. The rate adjustment is either a Zonal Transition Adjustment (“ZTA”) or a Subzone Zonal Transition Adjustment Charge (“Subzone ZTA”). Transmission Customers shall pay the ZTA under option (1) below unless the Transmission Customer is eligible¹ for and has elected Subzone ZTA as listed under option (2) below.

Any Transmission Owner that is Load Serving Entity and does not take Transmission Service for all of its load under the Tariff (whether bundled or unbundled load) shall pay the Transmission Provider the Schedule 19 charge as if such Transmission Owner did take Transmission Service under the Tariff. The Schedule 19 charge is in addition to the zonal transmission rates for Transmission Service within the Transmission System. The rate adjustment is a mechanism to recover lost revenues for Transmission Owners and shall remain effective during a two-year transition period beginning October 1, 2003.

¹ The applicability of either rate adjustment does not represent a choice that can be made on a transaction-by-transaction basis. Eligibility for a particular rate adjustment was determined through Settlement Agreement in Docket Nos. ER03-580 and EL03-119. ZTA is the default rate adjustment for each pricing zone.

(1) ZTA Rates:

- (a) A Transmission Customer purchasing Point-To-Point Transmission Service shall compensate the Transmission Provider each month for Reserved Capacity up to the sum of at the applicable charges set forth below. A Transmission Customer purchasing Network Integrated Transmission Service shall compensate the Transmission Provider each month for its Network Load using the applicable monthly charge set forth below. The rates for the ZTA charge for each pricing zone are as follows:

Rate Period 1²

Zone	\$MW/Yr	\$MW/Mo	\$MW/Wk	Off-Peak		On-Peak	
				\$MW/Day	\$MW/Hr	\$MW/Day	\$MW/Hr
GridAmerica – Ameren Zone 5A: (SUSPENDED)							
GridAmerica – American Zone 5B: Transmission Systems, Incorporated	\$1.0077	\$0.0840	\$0.0194	\$0.0028	\$0.0001	\$0.0039	\$0.0002
GridAmerica – Northern Indiana Zone 5C: Public Service Co.	\$4.0654	\$0.3388	\$0.0782	\$0.0112	\$0.0005	\$0.0156	\$0.0010

Rate Period 2³

Zone	\$MW/Yr	\$MW/Mo	\$MW/Wk	Off-Peak		On-Peak	
				\$MW/Day	\$MW/Hr	\$MW/Day	\$MW/Hr
Zone 5A: GridAmerica – Ameren	\$18.4248	\$1.5354	\$0.3543	\$0.0506	\$0.0021	\$0.0709	\$0.0044
GridAmerica – American Zone 5B: Transmission System, Incorporated	\$6.2651	\$0.5221	\$0.1205	\$0.0172	\$0.0007	\$0.0241	\$0.0015
GridAmerica – Northern Indiana Zone 5C: Public Service Co.	\$137.1625	\$11.4302	\$2.6377	\$0.3768	\$0.0157	\$0.5275	\$0.0330

² Rate Period 1 is the time beginning October 1, 2003 and until such time as GridAmerica Zone 5A becomes effective.

³ Rate Period 2 begins upon the effective date of GridAmerica Zone 5A and will replace those Period 1 rates previously in effect from October 1, 2003.

(2) Subzone ZTA Rate:

- (a)** Subzone ZTA is specific to an identified subzone in a pricing zone. Not all pricing zones will have Subzone ZTA charges. The Transmission Customer shall pay the Transmission Provider the identified Subzone ZTA in lieu of the applicable ZTA specified in (1) above.

The rates for the Subzone ZTA charge are as follows:

RATE PERIOD 1

Zone	\$MW/Yr	\$MW/Mo	\$MW/Wk	Off-Peak		On-Peak	
				\$MW/Day	\$MW/Hr	\$MW/Day	\$MW/Hr
NONE							

Rate Period 2

Zone	\$MW/Yr	\$MW/Mo	\$MW/Wk	Off-Peak		On-Peak	
				\$MW/Day	\$MW/Hr	\$MW/Day	\$MW/Hr
Zone 5A: GridAmerica – Ameren							
Subzone 5A1 LSE IMEA	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000

(3) The total rate adjustment charge in any week, pursuant to a reservation for daily delivery, shall not exceed the weekly rate times the highest amount in kilowatts of Reserved Capacity in any day during such week. The total rate adjustment charge in any day, pursuant to a reservation for hourly delivery, shall not exceed the daily rate times the highest amount in kilowatts of Reserved Capacity in any hour during such day. In addition, the total rate adjustment charge in any week, pursuant to a reservation for hourly or daily delivery, shall not exceed the sum of the weekly rate above times the highest amount in kilowatts of Reserved Capacity in any hour during such week.

For Transmission Service going out of or through⁴ the Transmission System, no Schedule 19 charge shall apply. For Transmission Service involving drive-in and drive within⁵ transactions using the Transmission System, the Transmission Customer shall pay the Schedule 19 charge (per KW of Reserved Capacity) as described above. For network transmission service, the Transmission Customer shall pay the Schedule 19 charge (per KW of load) based upon the network load.

(4) **Revenue Distribution:** Revenues collected under this service schedule shall be distributed to each ITC Participant of Zones 5A, 5B and 5C in proportion to such ITC Participant's share of lost revenues to be recovered under this schedule.

⁴ Through Transmission Service means Transmission Service where the source and sink are in Control Areas outside of the Transmission System.

⁵ Drive-in Transmission Service is Point-to-Point Transmission Service from a control outside of the ISO Transmission System to a load within the area served by the Transmission System. Drive within Transmission Service is Point-to-Point Transmission Service where both the source and the sink are in Control Areas within the Transmission System.

SCHEDULE 20
Treatment of Station Power

I. DEFINITIONS

- 1) “Generator” means an entity that owns or operates an electric Facility.
- 2) “Facility” means an electric generating unit or an electric generating station composed of one or more contiguous electric generating units aggregated at a single geographical site.

II. RECOGNIZED MEANS OF PROVIDING FOR STATION POWER

Generators may arrange to provide for Station Power of a Facility:

- 1) Through self-supply, remote self-supply, or third party supply (pursuant to Section III of this Schedule);
- 2) Either: a) by procuring Firm Point-To-Point Transmission Service under Part II of the Tariff or b) as a Network Customer through Network Load to be scheduled and delivered as Network Integration Transmission Service under Module B of the Tariff (pursuant to Section IV of this Schedule); or
- 3) By making retail purchases of Station Power (pursuant to Section V of this Schedule).

III. SELF-SUPPLY, REMOTE SELF-SUPPLY AND THIRD PARTY SUPPLY OF STATION POWER

- 1) A Generator may obtain Station Power for its Facility through any of the following sources: a) from the same Facility (*i.e.*, self-supply); b) from a remote Facility owned by the same entity that owns such Facility (*i.e.*, remote-self supply); *provided that*, if an entity owns a portion of a jointly-owned Facility, it may remotely self-supply its other Facility up to the amount of energy from such jointly-owned Facility if: i) the entity has the right to call upon that energy for its own use; and (ii) such energy entitlement is not characterized as a sale from the jointly-owned Facility to any of its owners; or c) from a third party (*i.e.*, third-party supply); *provided that*, third-party supply of Station Power may be procured only from generating facilities that either: i) deliver such Station Power through the use of voluntarily unbundled retail transmission service; or ii) are located in states requiring that unbundled retail transmission service be provided.

- 2) A Generator must procure Transmission Service for Station Power pursuant to Section IV of this Schedule 20; *provided that*, a Generator that self-supplies its facility with Station Power will be deemed not to have used, and will not incur any charges for, Transmission Service to provide such Station Power.
- 3) During any calendar month when the Net Output of a Facility is positive as a result of either the self-supply or remote self-supply of Station Power (*i.e.*, the Facility consumes less, or the same amount of, energy to serve its Station Power requirements than it generates at that Facility or via remote self-supply schedules), Generator shall be deemed not to have engaged in the purchase of electric energy with respect to Station Power service hereunder. “Net Output” of a Facility during any calendar month means:
 - a) with respect to the self-supply of Station Power, the gross energy output from the Facility less the Station Power requirements of such Facility during that calendar month; or
 - b) with respect to the remote self-supply of Station Power, the aggregate of the gross energy output from the Facility requiring Station Power service plus the energy scheduled for remote self-supply to such Facility, less the Station Power requirements of such Facility during that calendar month.

IV. TRANSMISSION SERVICE CHARGES FOR STATION POWER SUPPLY

- 1) **General** - The provision of Station Power by a Generator shall be subject to the charges and other terms and conditions of Transmission Service specified in this Schedule 20; *provided that*, Generator shall have the option to meet such Station Power requirements using either Firm Point-to-Point or Network Integration Transmission Service.
- 2) **Firm Point-to-Point Transmission Service** – If a Generator elects to meet its Station Power requirements by using Firm Point-to-Point Transmission Service under Part II of the Tariff, the following provisions shall apply:
 - a) *Application:* Generator must submit to the Transmission Provider an Application for Firm Point-to-Point Transmission Service under Part II of the Tariff, characterizing the particular Facility as a Point of Delivery.

- b) *Other Conditions Precedent:* The provision of Firm Point-to-Point Transmission Service for Station Power shall be subject to the conditions precedent under Part II of the Tariff, including those conditions contained in executed or unexecuted Service Agreements and Interconnection and Operating Agreements, any required technical arrangements, and any necessary System Impact Studies and Facilities Studies, and shall be subject to the scheduling and timing requirements of Attachment J.
- c) *Charges:* Generator shall be subject to payment of the charges for Firm Point-to-Point Transmission Service set forth in Schedule 7, together with redispatch charges, ISO costs, and all other charges and costs applicable to Firm Point-to-Point Transmission Service under Part II of the Tariff.

3) **Network Integration Transmission Service** – If a Generator elects to meet its Station Power requirements by using Network Integration Transmission Service under Part III of the Tariff, the following provisions shall apply:

- a) *Application:* Generator must submit to the Transmission Provider an Application for Network Integration Transmission Service under Part III of the Tariff, characterizing the particular Facility as a Point of Delivery and identifying its Station Power requirements as Network Load of that Facility.
- b) *Other Conditions Precedent:* The provision of Network Integration Transmission Service for Station Power as Network Load shall be subject to the conditions precedent under Part III of the Tariff, including those conditions contained in executed or unexecuted Service Agreements and Interconnection and Operating Agreements, any required technical arrangements, and any necessary System Impact Studies and Facility Studies, and shall be subject to the scheduling and timing requirements of Attachment J.

- c) *Resources:* Station Power that is procured as Network Load must be supplied from designated Network Resources.
- d) *Charges:* A Generator that procures Station Power for its Facility as Network Load shall be subject to payment of the applicable monthly Demand Charge for Network Integration Transmission Service (Schedule 9), together with redispatch charges, ISO costs, and all other charges and costs applicable to Network Integration Transmission Service under Part III of the Tariff.

V. RETAIL PURCHASE OF STATION POWER

Nothing in this Schedule 20 is intended to: 1) preclude a Generator from purchasing Station Power pursuant to an applicable retail rate or tariff; or 2) supercede otherwise applicable jurisdiction of a state regulatory commission, except in the event of a conflict between Federal and state tariff provisions, in which case the Federal tariff provisions will control.

VI. RECEIPT OF ENERGY IN EXCESS OF STATION POWER NEEDS

A Facility that creates an energy imbalance, where a difference occurs between the scheduled and the actual delivery of energy in meeting its Station Power requirements, shall be required to pay applicable Energy Imbalance charges.

VII. METERING REQUIREMENTS

Generator shall be responsible for making all appropriate metering arrangements for Station Power transmission service requirements to enable the Transmission Provider to implement Schedule 20. The Generator shall also be responsible for timely submission of accurate, complete and verified metering information to the applicable Transmission Owner and the Transmission Provider, which shall have the right to audit such submissions.

**ORIGINAL SHEETS NO. 1033 THROUGH 1050
RESERVED FOR FUTURE USE**