



CITY COUNCIL
SPECIAL MEETING AGENDA
July 15, 2016

Marc D. Tall, Mayor
Ronald J. Beauchamp, Mayor Pro-Tem
Patricia A. Baribeau, Council Member
Ralph B. Blasier, Council Member
Michael R. Sattem, Council Member

James V. O'Toole, City Manager
Robert S. Richards, CMC City Clerk
Ralph B. K. Peterson, City

City Council Chambers located at: City Hall – 410 Ludington Street – Room C101 – Escanaba MI 49829

The Council has adopted a policy to use a Consent Agenda, when appropriate. All items with an asterisk (*) are considered routine by the City Council and will be enacted by one motion. There will be no separate discussion of these items unless a Council Member or citizen so requests, in which event, the item will be removed from the General Order of Business and considered in its normal sequence on the Agenda.

Special Meeting

Friday, July 15, 2016, at 12:15 p.m.

CALL TO ORDER

ROLL CALL

APPROVAL/ADJUSTMENTS TO THE AGENDA

CONFLICT OF INTEREST DECLARATION(S)

BRIEF PUBLIC COMMENT(S)

NEW BUSINESS

- 1. Approval – Electrical Distribution System General Liability Insurance Purchase – Electric Department**
Explanation: Administration is seeking Council approval to purchase ATC required general liability insurance for our electrical distribution system from Marsh USA, Inc. of Milwaukee, WI, in an amount not to exceed \$115,000. The cost of the insurance is not budgeted in the current fiscal year budget, however, funds are available from the electric fund balance.

BOARD, COMMISSION, AND COMMITTEE REPORTS

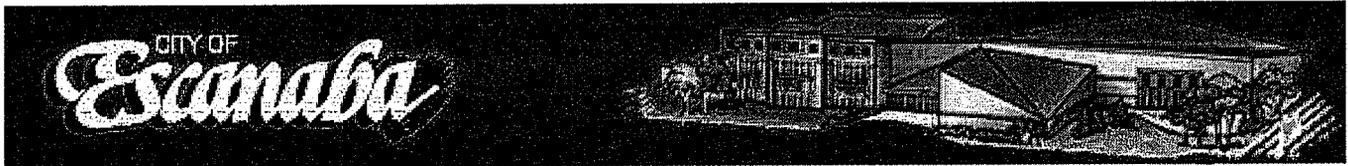
GENERAL PUBLIC COMMENT

ANNOUNCEMENTS

ADJOURNMENT

Respectfully Submitted

James V. O'Toole
City Manager



COUNTY OF DELTA

STATE OF MICHIGAN

NOTICE OF SPECIAL CITY COUNCIL MEETING

PLEASE TAKE NOTICE that a special meeting will be conducted by the Escanaba City Council on July 15, 2016; 12:15 p.m. City Hall, Room C101, 410 Ludington Street, Escanaba, Michigan. The purpose of the meeting will be to purchase general liability insurance as part of the City ATC agreement, and/or act on any other items to be brought up by Council.

**July 15, 2016; 12:15 p.m.,
City Hall, Room C101, 410 Ludington Street**

This notice is given in accordance with Act 267 of the 1976 Public Acts of State of Michigan and Chapter II, Section 5, of the Escanaba City Charter.

The City of Escanaba will provide necessary, reasonable auxiliary aids and services, such as signers for the hearing impaired and audio tapes of printed materials being considered at the meeting, to individuals with disabilities at the meeting/hearing upon five (5) days notice to the City of Escanaba. Individuals with disabilities requiring auxiliary aids or services should contact the City of Escanaba by writing or calling the below named City Clerk.

Public notice will be given regarding any changes of the above meeting.

James V. O'Toole, City Manager
(906) 786-9402

or

Robert S. Richards, CMC
(906) 786-1194
410 Ludington Street
Escanaba, MI 49829

RSR/bms
Posted 7/14/2016 10:46 AM



Memorandum

To: Jim O'Toole, City Manager
From: Melissa Becotte, City Controller
Date: 7/14/2016
Re: Power Plant DTIA/Electric Distribution Insurance

The City of Escanaba has a Distribution to Transmission Interconnection Agreement with ATC. This agreement requires the City to maintain a \$5,000,000 general liability and auto liability insurance policy listing ATC as additional insured. MMRMA cannot comply with the insurance requirements in the agreement so we are forced to purchase a separate policy.

In accordance with our GTIA, City had paid for a 6 month policy extension in December 2015 at a cost of \$45,660. When the plant was sold in February, that policy was cancelled and the City received a refund of \$20,283. At that time, I did not realize we had another agreement with ATC.

I have attached a copy of the previous Marsh policy (through ACE) for the period of 12/5/14 – 12/5/15 as well as the extension endorsements and the cancellations for your review. I don't have the new policy yet as Marsh is currently putting it together.

Unfortunately, this means that we will have a large charge to the electric fund that was not budgeted. I anticipate this policy will cost approximately \$105,000. Once I get the quote from Marsh, I will forward it to you.

In the mean time, ATC needs this insurance in place immediately. Due to the time sensitivity of this, I would ask that council be convened for a special meeting to approve the purchase of this policy.



ace group

Schedule of Underlying Insurance

NAMED INSURED City of Escanaba	POLICY NUMBER XOO G27320387	POLICY PERIOD 12/05/2014 to 12/05/2015
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Commercial General Liability	Limits of Insurance	
Company	General Aggregate	\$ <u>2,000,000</u>
ACE Westchester Fire Insurance Company	Products - Completed Operations Aggregate	\$ <u>2,000,000</u>
Policy Number PMG G24917204 004	Personal and Advertising Injury	\$ <u>1,000,000</u>
Policy Period 12/05/2014 to 12/05/2015	Each Occurrence	\$ <u>1,000,000</u>

Automobile Liability	Limits of Insurance	
Company	Bodily Injury and Property Damage	
ACE Westchester Fire Insurance Company	Combined Single Limit	
Policy Number PMU H08526102 004	\$ <u>1,000,000</u> Each Accident	
Policy Period 12/05/2014 to 12/05/2015		

Employers Liability	Limits of Insurance	
Company	Bodily Injury by Accident	
TBD	\$ <u>1,000,000</u> Each Accident	
Policy Number TBD	Bodily Injury By Disease	
	\$ <u>1,000,000</u> Each Policy	
	\$ <u>1,000,000</u> Each Employee	
Policy Period 12/05/2014 to 12/05/2015		

In any jurisdiction, state, or province where the amount of Employers Liability Insurance provided by the Underlying Insurer(s) is by law "Unlimited", the underlying Employers Liability limit(s) shown in the above schedule do not apply and no coverage shall be provided for Employers Liability under this policy.

1e month renewal

AMENDATORY ENDORSEMENT

Named Insured City of Escanaba			Endorsement Number 21
Policy Symbol XOO	Policy Number G27320387	Policy Period 12/05/2014 to 12/05/2015	Effective Date of Endorsement 12/05/2015
Issued By (Name of Insurance Company) ACE Property and Casualty Insurance Company			

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

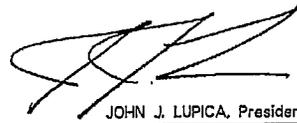
This endorsement modifies insurance provided under the following:

**COMMERCIAL UMBRELLA LIABILITY POLICY
ACE CATASTROPHE LIABILITY PLUS POLICY
EXCESS LIABILITY POLICY
EXCESS LIABILITY CATASTROPHE POLICY**

Effective 12/05/2015, it is hereby agreed and understood the above captioned policy has been extended to 06/05/2015.

An additional premium of \$29,879.00 applies to this endorsement.

All other terms and conditions in the policy remain unchanged.



JOHN J. LUPICA, President

Authorized Signature

6 month renewal

General Endorsement

General Policy Information

Named Insured: City of Escanaba

Policy Symbol: PMG

Policy Number: G24917204 004

Endorsement Number: 1

Effective date of Endorsement: 12/05/2015

Policy Period: 12/04/2015 to 06/05/2016

Issued by:

This Endorsement changes the policy – Please read it carefully

This endorsement modifies insurance provided under the following:

Commercial General Liability _____ COVERAGE FORM

Endorsement Information

In consideration of an additional premium of \$15,781 it is agreed this policy is extended to 06/05/2016 on a pro rata basis.

All other terms and conditions of this policy remain unchanged.



JOHN J. LUPICA, President

Authorized Agent





Cancelled at plant sale
CANCELLATION REQUEST / POLICY RELEASE

DATE (MM/DD/YYYY)
02/06/16

PRODUCER Marsh USA 411 E. Wisconsin Ave. Milwaukee, WI 53202	PHONE (A/C, No, Ext):	COMPANY NAME AND ADDRESS ACE Property and Casualty Insurance Company P.O. Box 1000 436 Walnut Street Philadelphia, PA 19106	NAIC CODE:
CODE:	SUB CODE:	POLICY TYPE * General Liability	
AGENCY CUSTOMER ID:		CANCELLED POLICY INFORMATION	
INSURED NAME AND ADDRESS City of Escanaba 410 Ludington Street Escanaba, MI 49829		POLICY NUMBER PMGG24917204004	
		EFFECTIVE DATE AND HOUR OF CANCELLATION 02/02/2016	TIME 12:01 <input checked="" type="checkbox"/> AM <input type="checkbox"/> PM
		POLICY TERM 12/05/2014	EXPIRATION DATE 06/05/2016

CANCELLATION REQUEST (Policy attached) POLICY RELEASE (Complete Statement Section Below)

POLICY RELEASE STATEMENT

The undersigned agrees that:

The above referenced policy is lost, destroyed or being retained.
 No claims of any type will be made against the Insurance Company, its agents or its representatives, under this policy for losses which occur after the date of cancellation shown above.
 Any premium adjustment will be made in accordance with the terms and conditions of the policy.

WITNESS	DATE	SIGNATURE OF NAMED INSURED	DATE
WITNESS	DATE	SIGNATURE OF NAMED INSURED	DATE
<input type="checkbox"/> LIENHOLDER	<input type="checkbox"/> MORTGAGEE	<input type="checkbox"/> LOSS PAYEE	AUTHORIZED SIGNATURE (Not applicable in NH per RSA 412:5 1)
			TITLE
			DATE
<input type="checkbox"/> LIENHOLDER	<input type="checkbox"/> MORTGAGEE	<input type="checkbox"/> LOSS PAYEE	AUTHORIZED SIGNATURE (Not applicable in NH per RSA 412:5 1)
			TITLE
			DATE

This representation is true and accurate, and I understand that any misrepresentation may be deemed a fraudulent act.

FOR AGENCY / COMPANY USE

REASON FOR CANCELLATION		METHOD OF CANCELLATION	
<input type="checkbox"/> NOT TAKEN	<input checked="" type="checkbox"/> OTHER (Identify) Plant was sold	<input type="checkbox"/> FLAT	FULL TERM PREMIUM \$ 47,281
<input type="checkbox"/> REQUESTED BY INSURED		<input type="checkbox"/> SHORT RATE	
<input type="checkbox"/> REWRITTEN (Complete below)		<input checked="" type="checkbox"/> PRO RATA	UNEARNED FACTOR
COMPANY		<input type="checkbox"/> PREMIUM CALCULATION SUBJECT TO AUDIT	RETURN PREMIUM \$
POLICY NUMBER	EFFECTIVE DATE		

REMARKS (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

New York Only: If you do not keep your auto insurance in force during the entire registration period, your motor vehicle registration will be suspended. If your vehicle is still uninsured after 90 days, your driver's license will be suspended. To avoid these penalties, you must surrender your registration certificate and plates before your insurance expires. By law, we must report the termination of auto insurance coverage to the Department of Motor Vehicles.

NAME AND ADDRESS	REQUEST / RELEASE DISTRIBUTION						
	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td><input type="checkbox"/> INSURED</td> <td><input type="checkbox"/> LOSS PAYEE</td> </tr> <tr> <td><input type="checkbox"/> MORTGAGEE</td> <td><input type="checkbox"/> LIENHOLDER</td> </tr> <tr> <td><input type="checkbox"/> COMPANY</td> <td><input type="checkbox"/> FINANCE COMPANY</td> </tr> </table>	<input type="checkbox"/> INSURED	<input type="checkbox"/> LOSS PAYEE	<input type="checkbox"/> MORTGAGEE	<input type="checkbox"/> LIENHOLDER	<input type="checkbox"/> COMPANY	<input type="checkbox"/> FINANCE COMPANY
<input type="checkbox"/> INSURED	<input type="checkbox"/> LOSS PAYEE						
<input type="checkbox"/> MORTGAGEE	<input type="checkbox"/> LIENHOLDER						
<input type="checkbox"/> COMPANY	<input type="checkbox"/> FINANCE COMPANY						
	PRODUCER'S SIGNATURE						
	DATE						



CANCELLATION REQUEST / POLICY RELEASE

DATE (MM/DD/YYYY)
02/06/16

PRODUCER Marsh USA 411 E. Wisconsin Ave. Milwaukee, WI 53202		PHONE (A/C, No, Ext):	COMPANY NAME AND ADDRESS ACE Property and Casualty Insurance Company P.O. Box 1000 436 Walnut Street Philadelphia, PA 19106		NAIC CODE:
CODE:	SUB CODE:	POLICY TYPE <input checked="" type="checkbox"/> Excess Liability			
AGENCY CUSTOMER ID:		CANCELLED POLICY INFORMATION			
INSURED NAME AND ADDRESS City of Escanaba 410 Ludington Street Escanaba, MI 49829		POLICY NUMBER XOOG27319567			
		EFFECTIVE DATE AND HOUR OF CANCELLATION	CANCELLATION DATE 02/02/2016	TIME 12:01	<input checked="" type="checkbox"/> AM <input type="checkbox"/> PM
		POLICY TERM	EFFECTIVE DATE 12/05/2014	EXPIRATION DATE 06/05/2016	

 CANCELLATION REQUEST (Policy attached)
 POLICY RELEASE (Complete Statement Section Below)

POLICY RELEASE STATEMENT

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 Any premium adjustment will be made in accordance with the terms and conditions of the policy.

WITNESS	DATE	SIGNATURE OF NAMED INSURED	DATE		
WITNESS	DATE	SIGNATURE OF NAMED INSURED	DATE		
<input type="checkbox"/> LIENHOLDER	<input type="checkbox"/> MORTGAGEE	<input type="checkbox"/> LOSS PAYEE	AUTHORIZED SIGNATURE (Not applicable in NH per RSA 412:5 I)	TITLE	DATE
<input type="checkbox"/> LIENHOLDER	<input type="checkbox"/> MORTGAGEE	<input type="checkbox"/> LOSS PAYEE	AUTHORIZED SIGNATURE (Not applicable in NH per RSA 412:5 I)	TITLE	DATE

This representation is true and accurate, and I understand that any misrepresentation may be deemed a fraudulent act.

FOR AGENCY / COMPANY USE

REASON FOR CANCELLATION <input type="checkbox"/> NOT TAKEN <input type="checkbox"/> REQUESTED BY INSURED <input type="checkbox"/> REWRITTEN (Complete below) COMPANY		<input checked="" type="checkbox"/> OTHER (Identify) Plant was sold	METHOD OF CANCELLATION <input type="checkbox"/> FLAT <input type="checkbox"/> SHORT RATE <input checked="" type="checkbox"/> PRO RATA <input type="checkbox"/> PREMIUM CALCULATION SUBJECT TO AUDIT		FULL TERM PREMIUM \$ 89,638 UNEARNED FACTOR RETURN PREMIUM \$
POLICY NUMBER	EFFECTIVE DATE	REMARKS (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)			

New York Only: If you do not keep your auto insurance in force during the entire registration period, your motor vehicle registration will be suspended. If your vehicle is still uninsured after 90 days, your driver's license will be suspended. To avoid these penalties, you must surrender your registration certificate and plates before your insurance expires. By law, we must report the termination of auto insurance coverage to the Department of Motor Vehicles.

NAME AND ADDRESS	REQUEST / RELEASE DISTRIBUTION			
	<input type="checkbox"/> INSURED <input type="checkbox"/> MORTGAGEE <input type="checkbox"/> COMPANY	<input type="checkbox"/> LOSS PAYEE <input type="checkbox"/> LIENHOLDER <input type="checkbox"/> FINANCE COMPANY	PRODUCER'S SIGNATURE	

**DISTRIBUTION-TRANSMISSION
INTERCONNECTION AGREEMENT**

by and between

AMERICAN TRANSMISSION COMPANY LLC

as Transmission Owner

and

ESCANABA MUNICIPAL ELECTRIC UTILITY

as Local Distribution Company

Dated as of _____, 2008

*Local Distribution Company Insurance
Requirements are found on the
last page # 2.*

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EXHIBIT 10.	Insurance

INTERCONNECTION AGREEMENT

This Interconnection Agreement (“Agreement”) is entered into as of the ___ day of _____, 2008 by and between the American Transmission Company LLC, a Wisconsin limited liability company (“Transmission Owner”), having a place of business at N19 W23993 Ridgeview Parkway W., Waukesha, Wisconsin 53188 and Escanaba Municipal Electric Utility (“Local Distribution Company or LDC”), a Michigan municipality acting as an electric utility, and having a place of business at 1711 Sheridan Road, Escanaba, MI 49829. Transmission Owner and Local Distribution Company are individually referred to herein as a “Party” and collectively as “Parties.”

WHEREAS, Local Distribution Company will own and/or operate existing and/or new Distribution System facilities from present and/or new locations; and

WHEREAS the existing Distribution System facilities currently are connected to the Transmission System and Local Distribution Company will continue to connect the existing Interconnection Equipment to the Transmission System on the terms set forth herein; and

WHEREAS, Transmission Owner requires access to parts of Local Distribution Company’s assets, and Local Distribution Company requires access to parts of Transmission Owner’s assets; and

WHEREAS, Transmission Owner is willing to continue to own and/or operate the Transmission System in accordance with Good Utility Practice; and

WHEREAS, the Parties have agreed to execute this mutually acceptable Interconnection Agreement in order to provide interconnection of the Local Distribution Company with the Transmission Owner and to define the continuing rights, responsibilities, and obligations of the Parties with respect to the use of certain of their own and the other Party’s property, assets, and facilities.

NOW, THEREFORE, in consideration of their respective commitments set forth herein, and intending to be legally bound hereby, the Parties covenant and agree as follows:

Article 1. Definitions

Wherever used in this Agreement with initial capitalization, the following terms shall have the meanings specified or referred to in this Article 1.

- 1.1. Agreement means this Interconnection Agreement between Local Distribution Company and Transmission Owner, including all attachments hereto, as the same may be amended, supplemented, or modified in accordance with its terms.

- 1.2. Balancing Authority Area shall mean an electric system, bounded by interconnection metering and telemetry, capable of controlling generation to maintain its interchange schedule with other Balancing Authority Areas and contributing to frequency regulation and which has received certification by NERC or a regional reliability council of NERC
- 1.3. Balancing Authority Area Operator shall mean the entity that has the ability and the obligation to operate the Balancing Authority Area to ensure that the aggregate electrical demand and energy requirements of the load is met at all times, taking into account scheduled and reasonably expected unscheduled outages of system elements.
- 1.4. Black Start Capability shall mean a generating unit that is capable of starting without an outside electrical supply.
- 1.5. Black Start Plan shall mean a plan utilizing Black Start Capability designed and implemented by the Transmission Owner in conjunction with its interconnected generation and distribution customers, Balancing Authority Area Operators, other electric systems, its Security Coordinator and RRO, to energize portions of the Transmission System which are de-energized as a result of a widespread system disturbance.
- 1.6 Common Facilities shall mean substation assets at jointly occupied sites which benefit both the Local Distribution Company and the Transmission Owner, but which are owned by either the Local Distribution Company or the Transmission Owner (the "Owning Utility"). Common Facilities include, but are not limited to, perimeter fencing and other barriers, control house(s) and other structures and associated foundations, grading and surfacing, fire protection equipment, station power facilities, battery banks, lighting, lightning masts, and grounding to the extent located on the substation properties identified in Exhibit 1.
- 1.7 Confidential Information shall have the meaning set forth in Section 20.1 hereof.
- 1.8 Dispute shall have the meaning set forth under Section 26.1 hereof.
- 1.9 Distribution System shall mean the equipment and facilities and the Interconnection Equipment owned by the Local Distribution Company and used to deliver power and energy to end users including transformers, switches, and feeders with an operating voltage of less than 50 kilovolts or such other facilities as may be designated by the applicable regulatory agency. Such facilities are identified in Exhibit 1.
- 1.10 Distribution Transformer shall mean an electrical transformer which has its secondary low side windings rated at Nominal Voltage of 50 kV or less or such

other facilities as may be designated by the MPSC or other applicable regulatory agency. Such facilities are identified in Exhibit 1.

- 1.11 Due Diligence shall mean the exercise of good faith efforts to perform a required act on a timely basis and in accordance with Good Utility Practice using the necessary technical and personnel resources.
- 1.12 Easements shall have the meaning set forth under Section 9.2 hereof.
- 1.13 Effective Date shall mean the date of receipt of required regulatory authorization, including without limitation acceptance by FERC under Section 205 of the Federal Power Act.
- 1.14 Eligible Customer shall have the same meaning as that term is defined under the OATT on file with the FERC.
- 1.15 Emergency means a condition or situation that in the reasonable good faith determination of the affected Party based on Good Utility Practice contributes to an existing or imminent physical threat of danger to life or a significant threat to health, property or the environment.
- 1.16 FERC shall mean the Federal Energy Regulatory Commission or its successor federal agency.
- 1.17 Force Majeure shall have the meaning set forth under Article 15 hereof.
- 1.18 Forced Outage shall mean in the case of the Distribution System, taking the Distribution System, in whole or in part, out of service by reason of an Emergency or Network Security Condition, unanticipated failure or other cause beyond the reasonable control of Local Distribution Company, when such removal from service was not scheduled in accordance with Section 3.7.2, and, in the case of the Transmission System, taking the Transmission System, in whole or in part, out of service by reason of an Emergency or Network Security Condition, unanticipated failure, or other cause beyond the reasonable control of Transmission Owner when such removal from service was not scheduled in accordance with Section 3.7.2.
- 1.19 Good Utility Practice shall mean the practices, methods and acts engaged in or approved by a significant portion of the electric utility industry during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition. Good Utility Practice is not intended to be limited to the optimum practice, method, or act to the exclusion of all others, but rather includes all acceptable practices, methods, or acts generally accepted in the region.

- 1.20 Governmental Authority shall mean any foreign, federal, state, local or other governmental regulatory or administrative agency, court, commission, department, board, or other governmental subdivision, legislature, rulemaking board, tribunal, arbitrating body, or other governmental authority; provided such entity possesses valid jurisdictional authority to regulate the Parties and the terms and conditions of this Agreement.
- 1.21 Interconnection Equipment shall mean all the equipment that is necessary for the interconnection of the Distribution System to the Transmission System as set forth in Exhibit 1 hereto as it may be revised from time to time.
- 1.22 Interconnection Point(s) shall mean the point(s) at which the Distribution System is connected to the Transmission System, as set forth in Exhibit 1 hereto as it may be revised from time to time
- 1.23 Interconnection Service shall mean the services provided by the Transmission Owner for the interconnection of the Distribution System with the Transmission System. Interconnection Service does not include the right to transmission service on the Transmission System, which service shall be obtained in accordance with the provisions of the OATT.
- 1.24 Interconnection Standards shall be those standards provided by the Transmission Owner to the Local Distribution Company to establish and maintain interconnected operation in compliance with standards of NERC, RRO, applicable state or federal regulations or by mutual agreement of the Parties.
- 1.25 Interest Rate shall mean the interest rate calculated in accordance with the methodology specified for interest on refunds in the FERC regulations at 18 C.F.R. § 35.19a(a)(2)(iii).
- 1.26 Knowledge shall mean actual knowledge of the corporate officers or managers of the specified Person charged with responsibility for the particular function as of the Effective Date of this Agreement, or, with respect to any certificate delivered pursuant to this Agreement, the date of delivery of the certificate.
- 1.27 Local Distribution Company shall mean Escanaba Municipal Electric Utility.
- 1.28 Local Distribution Company's Site Representative shall be that person or persons identified as the point of contact for day-to-day operations of the Distribution System, as identified in Exhibit 2.
- 1.29 MISO shall the Midwest Independent Transmission System Operator, Inc., or any successor organization.

- 1.30 MPSC shall mean the Michigan Public Service Commission.
- 1.31 NERC shall mean the North American Electric Reliability Council or its successor.
- 1.32 Network Security shall mean the ability of the Transmission System to withstand sudden disturbances such as unforeseen conditions, electric short circuits or unanticipated loss of system elements consistent with reliability principles used to design, plan, operate, and assess the actual or projected reliability of an electric system that are established by any Governmental Authority, NERC or RRO and which are implemented by Transmission Owner or required of Transmission Owner in compliance with Security Coordinator directives.
- 1.33 Network Security Condition shall mean a condition or situation in which, in the reasonable good faith determination of Transmission Owner, Network Security is not satisfied or is threatened.
- 1.34 Nominal Voltage shall mean an accepted standard voltage level offered by the Transmission Owner, at various points on the Transmission System, including but not limited to 69 kV, 115 kV, 138 kV, 161 kV, 230 kV, and 345 kV.
- 1.35 Normal System Condition shall mean any operating conditions of the Transmission System other than an Emergency or Network Security Condition.
- 1.36 Open Access Transmission Tariff or OATT shall mean the MISO open access transmission tariff on file with the FERC under which transmission service is provided using Transmission Owner's Transmission System.
- 1.37 Owning Utility shall have the meaning set forth under 1.6.
- 1.38 Party or Parties shall have the meaning set forth in the introductory paragraph of this Agreement.
- 1.39 Person shall mean any individual, partnership, limited liability company, joint venture, corporation, trust, unincorporated organization, or governmental entity or any department or agency thereof.
- 1.40 Planned Outage shall mean action by (i) Local Distribution Company to take its equipment, facilities or systems out of service, partially or completely, to perform work on specific components that is scheduled in advance and has a predetermined start date and duration pursuant to the procedures set forth in Section 3.7.4, or (ii) Transmission Owner to take its equipment, facilities and systems out of service, partially or completely, to perform work on specific components that is scheduled in advance and has a predetermined start date and

duration pursuant to the procedures set forth in Section 3.7.4. Planned Outage shall not include the construction of new facilities or system elements, the modification of existing facilities or system elements addressed in Article 8, which includes, but is not limited to, activities associated with the construction of third party facilities or with the modifications required to accommodate third party facilities.

- 1.41 Protective Relay is a device which detects abnormal power system conditions and, in response, initiates automatic control action.
- 1.42 Protective Relay System is a group of Protective Relays and associated sensing devices and communications equipment that detects system abnormalities and performs automatic control action to mitigate or reduce adverse effects of such abnormalities.
- 1.43 Qualified Personnel shall mean individuals trained for their positions pursuant to Good Utility Practice.
- 1.44 Release shall mean, spill, leak, discharge, dispose of, pump, pour, emit, empty, inject, leach, dump, or allow to escape into or through the environment.
- 1.45 Revenue Quality Metering System shall mean a system which includes current and voltage instrument transformers, secondary wiring, test switches, meter transducer(s), meter and loss compensation as set forth in Article 5.
- 1.46 RRO – Regional Reliability Organization shall mean the regional reliability organization authorized by NERC and approved by FERC with delegated authority to establish and enforce Reliability Requirements and to engage in other reliability-related functions associated with the operation of the Parties' respective systems. The RRO to which each Party to this Agreement is presently subject is set forth in Exhibit 1 Appendix F.
- 1.47 RTU - Remote Terminal Units shall mean a device connected by a communication system to one or more master computers with appropriate software placed at various locations to collect data and perform remote control. It may also perform intelligent autonomous control of electrical systems and report the results back to the master computer(s).
- 1.48 Security Coordinator shall mean a NERC-approved entity that provides the security assessment and emergency operations coordination for one or more Balancing Authority Areas or Transmission Owners and which has operational authority under NERC standards over the Transmission Owner.

- 1.49 Supervisory Control and Data Acquisition (SCADA) shall mean a system that provides data acquisition, supervisory control and alarm display and control from remote field locations to control centers.
- 1.50 Term shall have the meaning set forth in Section 22.1 hereof.
- 1.51 Transmission Owner shall mean American Transmission Company LLC (“ATCLLC”) and its successors and assigns.
- 1.52 Transmission Owner’s Site Representative shall be that person or persons identified as the point of contact of day-to-day operations of the Transmission System, as identified in Exhibit 2.
- 1.53 Transmission System shall mean all facilities of Transmission Owner through which Transmission Owner provides transmission service under the OATT.
- 1.54 Transmission System Operations Center(s) shall mean the electric Transmission System control center(s) that is/are responsible for monitoring and controlling the Transmission System in real time.

Article 2. Operational Requirements

- 2.1 Subject to the terms and conditions of this Agreement, Transmission Owner shall provide Local Distribution Company Interconnection Service for each Interconnection Point identified in Exhibit 1, from the Effective Date for the Term of this Agreement.
- 2.2 The Interconnection Points between the Transmission System and Distribution System, including the locations thereof and all associated equipment are described and shown on Exhibit 1 hereto. The Parties shall amend Exhibit 1 to reflect additions to or modifications of any Interconnection Points or any such equipment.
- 2.3 Exhibit 2 shall denote Local Distribution Company’s Site Representatives and Transmission Owner’s Site Representatives, as may be modified from time to time by the respective Parties.
- 2.4 Interconnection Standards.
- 2.4.1 The Interconnection Point(s) shall be established and maintained in accordance with Good Utility Practice and the applicable NERC, Federal, State, RRO and MISO standards and policies for Transmission Owner service to Local Distribution Company.

- 2.4.2 Reactive Power. Transmission Owner and Local Distribution Company recognize and agree that Local Distribution Company and MISO have a mutual responsibility for maintaining voltage at the Interconnection Point. MISO is responsible for maintaining Transmission System voltage and reasonably compensating for reactive power losses resulting from transmission service. Local Distribution Company is responsible for controlling Distribution System voltage and reasonably compensating for Distribution System reactive power losses and reactive power consumed by retail customers. The Parties agree to cooperate in the installation and management of reactive power resources connected to their respective systems.
- 2.5 (a) The Local Distribution Company shall comply with Transmission Owner's reasonable operating requirements or switching procedures. Such operating requirements or switching procedures may be set forth in Exhibit 4.
- (b) The Transmission Owner shall comply with Local Distribution Company's reasonable operating requirements or switching procedures. Such operating requirements or switching procedures may be set forth in Exhibit 4.
- 2.6 Local Distribution Company shall be required to comply in all respects with the requests, orders, directives and requirements of Transmission Owner or MISO, including those issued in its role of implementing the directives of the Security Coordinator. Any such requests, orders, directives or requirements of Transmission Owner or MISO must be (a) issued pursuant to Good Utility Practice, (b) not unduly discriminatory, (c) otherwise in accordance with applicable tariffs or applicable federal, state or local laws, and (d) reasonably necessary to maintain the integrity of the Transmission System.
- 2.7 The Transmission Owner shall verbally notify the Local Distribution Company if the Transmission Owner is unable to comply with Section 2.4 at any time during the Term of the Agreement. If the failure to comply is due to the Local Distribution Company, the Transmission Owner will verbally notify the Local Distribution Company to correct such condition as soon as possible.
- 2.8 Load Shedding
- 2.8.1 Local Distribution Company shall comply, as part of a Balancing Authority Area program, with installation of automatic underfrequency load shedding equipment and maintain compliance with the standards set forth in NERC and RRO operating standards and policies.

2.8.2 The Local Distribution Company shall install and/or maintain under-voltage load shedding equipment where the need has been determined by mutual agreement to be the least-cost resolution to a network reliability problem involving the potential for voltage collapse or cascade tripping of transmission facilities, or other wide area transmission service interruptions. The equipment selection and location shall be determined by mutual agreement of the Parties, as required by RRO.

2.8.3 If directed to do so by the Security Coordinator, MISO or the Transmission Owner, the Local Distribution Company shall shed load to maintain the reliability and integrity of the Transmission System.

2.9 Not a Reservation for Transmission Service.

2.9.1 Local Distribution Company, or an Eligible Customer under the OATT, shall be responsible for making arrangements under the OATT for transmission and any ancillary services associated with the delivery of capacity and/or energy purchased or produced by the Local Distribution Company, which services shall not be provided under this Agreement.

2.9.2 Local Distribution Company and Transmission Owner make no guarantees to the other under this Agreement with respect to transmission service that is available under the OATT or any other tariff under which transmission service may be available in the region. Nothing in this Agreement shall constitute an express or implied representation or warranty with respect to the current or future availability of transmission service.

2.10 Local Distribution Company, or its agent, shall have and maintain an appropriate agreement with a Balancing Authority Area with responsibility for the load served via the Interconnection Point and notify Transmission Owner of such agreement.

Article 3. Operation and Maintenance

3.1 The Parties agree to coordinate the operation of their electrical systems at the Interconnection Points in compliance with Good Utility Practice to prevent or minimize detrimental impacts on either Party's system. The Parties agree to operate their respective systems in synchronism at the Interconnection Points that are operated closed.

3.2 Each Party shall operate any equipment that might reasonably be expected to have an impact on the operations of the other Party in a safe and efficient manner and in accordance with all applicable federal, state, and local laws, and Good Utility Practice, and otherwise in accordance with the terms of this Agreement. Each Party shall comply with the reasonable requests, orders, directives and requirements of the other Party, which are authorized under this Agreement.

- 3.3 (a) Without limiting the generality of Section 3.1, Local Distribution Company shall own, operate and maintain its Distribution System in a manner consistent with Good Utility Practice to prevent degradation of voltage or services of the Transmission System. The Local Distribution Company shall be responsible for the costs to repair or replace the Distribution System and Local Distribution Company's Interconnection Equipment.
- (b) Without limiting the generality of Section 3.1, Transmission Owner shall own, operate and maintain its Transmission System in a manner consistent with Good Utility Practice to prevent degradation of voltage or services of Local Distribution Company's Distribution System. The Transmission Owner shall be responsible for the costs to repair or replace the Transmission System and Transmission Owner's Interconnection Equipment.
- 3.4 (a) Except during an Emergency, Local Distribution Company shall not, without prior Transmission Owner authorization, operate any Transmission Owner circuit, including transformer, line or bus elements. Local Distribution Company shall retain the right to operate Transmission Owner equipment, during an Emergency for imminent personnel safety threat, to maintain the integrity of the Transmission System, to prevent damage to equipment and to maintain the integrity of the Distribution System. When practical, prior to operation of such equipment, Local Distribution Company shall provide notice to the Transmission Owner. The Local Distribution Company shall not operate any Transmission System circuit if upon notice the Transmission Owner expressly refused to grant permission to the Local Distribution Company. Within five (5) working days of such Emergency, Local Distribution Company shall provide written explanation of such Emergency to the Transmission Owner.
- (b) Except during an Emergency, Transmission Owner shall not, without prior Local Distribution Company authorization, operate any Local Distribution Company circuit, including transformer, line or bus elements. Transmission Owner shall retain the right to operate Local Distribution Company equipment, during an Emergency for imminent personnel safety threat, to maintain the integrity of the Transmission System, to prevent damage to equipment and to maintain the integrity of the Transmission System. When practical, prior to operation of such equipment, Transmission Owner shall provide notice to the Local Distribution Company. The Transmission Owner shall not operate any Distribution System circuit if upon notice the Local Distribution Company expressly refused to grant permission to the Transmission Owner. Within five (5)

working days of such Emergency, Transmission Owner shall provide written explanation of such Emergency to the Local Distribution Company.

- 3.5 Local Distribution Company and Transmission Owner shall design, install, test, calibrate, set, and maintain their respective Protective Relay equipment in accordance with Good Utility Practice, applicable federal, state or local laws and this Agreement, as set forth in Article 6 hereof.
- 3.6 (a) If Transmission Owner reasonably determines that (i) any of Local Distribution Company's Interconnection Equipment fails to perform in a manner consistent with Good Utility Practice or this Agreement, or (ii) Local Distribution Company has failed to perform proper testing or maintenance of its Interconnection Equipment in accordance with Good Utility Practice or this Agreement, Transmission Owner shall give Local Distribution Company written notice to take corrective action. Such written notice shall be provided by Transmission Owner to Local Distribution Company's Site Representative as soon as practicable upon such determination. If Local Distribution Company fails to initiate corrective action promptly, and in no event later than seven (7) days after the delivery of such notification, and if in Transmission Owner's reasonable judgment leaving Local Distribution Company's Distribution System connected with Transmission System would create an Emergency or Network Security Condition, Transmission Owner may, with as much prior verbal notification to Local Distribution Company and Balancing Authority Area Operator as practicable, open only the Interconnection Point(s) needing corrective action connecting the Local Distribution Company and Transmission Owner until appropriate corrective actions have been completed by Local Distribution Company, as verified by Transmission Owner. Transmission Owner's judgment with regard to an interruption of service under this paragraph shall be made pursuant to Good Utility Practice and subject to Section 3.1 hereto. In the case of such interruption, Transmission Owner shall immediately confer with Local Distribution Company regarding the conditions causing such interruption and its recommendation concerning timely correction thereof. Both Parties shall act promptly to correct the condition leading to such interruption and to restore the connection.
- (b) If Local Distribution Company reasonably determines that (i) any of Transmission Owner's Interconnection Equipment fails to perform in a manner consistent with Good Utility Practice or this Agreement, or (ii) Transmission Owner has failed to perform proper testing or maintenance of its Interconnection Equipment in accordance with Good Utility Practice or this Agreement, Local Distribution Company shall give Transmission Owner written notice to take corrective action. Such written notice shall be

provided by Local Distribution Company to Transmission Owner's Site Representative as soon as practicable upon such determination. If Transmission Owner fails to initiate corrective action promptly, and in no event later than seven (7) days after the delivery of such notification, and if in Local Distribution Company's reasonable judgment leaving Transmission System connected with Local Distribution Company's Distribution System would create an Emergency, Local Distribution Company may, with as much prior verbal notification to Transmission Owner and Balancing Authority Area Operator as practicable, open only the Interconnection Point(s) needing corrective action connecting the Transmission Owner and Local Distribution Company until appropriate corrective actions have been completed by Transmission Owner, as verified by Local Distribution Company. Local Distribution Company's judgment with regard to an interruption of service under this paragraph shall be made pursuant to Good Utility Practice. In the case of such interruption, Local Distribution Company shall immediately confer with Transmission Owner regarding the conditions causing such interruption and its recommendation concerning timely correction thereof. Both Parties shall act promptly to correct the condition leading to such interruption and to restore the connection.

3.7 Outages.

- 3.7.1 Outage Authority and Coordination. In accordance with Good Utility Practice, each Party may, in close cooperation with the other, remove from service its system elements that may impact the other Party's system as necessary to perform maintenance or testing or to replace installed equipment. Absent the existence of an Emergency, the Party scheduling a removal of a system element from service will use good faith efforts to schedule such removal on a date mutually acceptable to both Parties, in accordance with Good Utility Practice.
- 3.7.2 The Parties shall coordinate inspections, Planned Outages, and maintenance of their respective equipment, facilities and systems so as to minimize the impact on the availability, reliability and security of both Parties' systems and operations when the outage is likely to have a materially adverse impact on the other Party's system. Subject to the confidentiality provisions of Article 20, on or before October 1 of each year during the Term hereof, the Parties shall exchange non-binding Planned Outage schedules, which shall be developed and followed in accordance with Good Utility Practice, for the following one-year period for the Distribution System and the Transmission System. The Parties shall communicate the outage schedules as promptly as possible, provided that in no event shall such schedule be provided less than fifteen (15) days

prior to a Planned Outage. The Parties shall keep each other updated regarding any changes to such schedules.

- 3.7.3 Forced Outage. In the event of a Forced Outage of a system element of the Distribution System adversely affecting the Transmission System, the Local Distribution Company will use Good Utility Practice to promptly restore that system element to service. In the event of a Forced Outage of a system element of the Transmission System adversely affecting the Local Distribution Company's Distribution System, the Transmission Owner will use Good Utility Practice to promptly restore that system element to service.
- 3.7.4 Planned Outage. In the event of a Planned Outage of a system element of the Distribution System adversely affecting the Transmission System, the Local Distribution Company will act in accordance with Good Utility Practice to promptly restore that system element to service in accordance with its schedule for the work that necessitated the Planned Outage. In the event of a Planned Outage of a system element of the Transmission System adversely affecting the Local Distribution Company's Distribution System, the Transmission Owner will act in accordance with Good Utility Practice to promptly restore that system element to service in accordance with its schedule for the work that necessitated the Planned Outage.
- 3.8 The Parties shall use best efforts consistent with Good Utility Practice to coordinate operations in the event of any Forced or Planned Outage.
- 3.9 Black Start Plan Participation. In accordance with Good Utility Practice, Local Distribution Company agrees to participate in Transmission Owner's Black Start Plan for the Distribution System and the Transmission System, as well as any verification testing.
- 3.10 Maintenance of Common Facilities. Notwithstanding its obligation to comply with Good Utility Practice, as identified elsewhere in this Agreement, the Owning Utility shall perform the following maintenance activities with respect to Common Facilities: (1) maintain the integrity of the perimeter fencing including code-required signage; (2) maintain the functionality of yard lighting; (3) keep the control house secure and weatherproofed and take reasonable efforts to control rodents therein; (4) perform periodic cleaning in order to minimize equipment damage due to dirt and grit; (5) weatherize control house(s) in the spring and fall in order to maintain proper ventilation and adequate heat and so as to not negatively impact the serviceability of equipment; (6) weed treat the substation yard annually and maintain adequate stone to control step and touch potentials to safe levels; (7) test station batteries annually using a resistance/impedance tester or by equivalent test as indicated by the maintenance staff of the non-Owning Utility and evaluate test results using industry practice, replacing weak cells in a

timely fashion; (8) replace batteries on the basis of the battery life as indicated by the manufacturer; (9) keep station access drives in drivable condition and free of snow and ice, this access shall include the maintenance of a path to the control house(s) and around the perimeter of the equipment where possible.

In consideration of the performance of the maintenance activities described in the preceding paragraph, on or before October 1 of each year during the Term hereof the Owing Utility shall provide the non-Owing Utility an estimate of maintenance costs for the following year. The Owing Utility shall bill the non-Owing Utility annually on December 1 for its proportionate share of the costs associated with the Common Facilities, pro-rated for the first year of this Agreement. The proportionate share shall be based on the ratio of the identifiable gross Transmission System assets to the Transmission System and Distribution System assets, excluding all Common Facilities. The maintenance costs shall include:

1. The cost to maintain the Common Facilities;
2. The depreciation ("return of") applicable to the Common Facilities; and
3. A "return on" the unrecovered Owing Utility funds invested in the Common Facilities.

Article 4. Supervisory Control and Data Acquisition, SCADA

4.1 Interconnection Points containing SCADA and communications equipment installed prior to the Effective Date, shall be considered to satisfy the terms and conditions of this Article. For those Interconnection Points that existed prior to Effective Date that did not contain SCADA and communications equipment, and for new Interconnection Points installed after Effective Date, where SCADA and communications equipment is necessary for the Transmission Owner to perform monitoring, state estimation and contingency analysis, the Local Distribution Company shall install, and operate such equipment. The Parties, or an entity acting on behalf of a Party, shall share equally in the ownership and all costs of the equipment and its installation, unless mutually agreed otherwise. Each Interconnection Point or other mutually agreeable location with SCADA and communications equipment shall have one dedicated communications path to the Local Distribution Company's Balancing Authority Area Operator's control center for the RTU data. The cost of the dedicated communications path and general use station phone shall be shared on an equal basis. Additional data paths and communications equipment requested, either emanating from the substation or the Balancing Authority Area Operator's control center, will be at the expense of the requestor. This data and status information may be real time or with a time delay acceptable to the Transmission Owner. The method of providing this data and control will be via an industry standard protocol such as ICCP or other method agreed to by the Parties. Such data may include, but not be limited to

megawatts, megavars, voltage, amperes, device status and communication system status.

- 4.2 The Transmission Owner reserves the right at its expense, to require, for new, or modified Local Distribution Company Interconnection Points, to install a Transmission Owner's RTU or to request the installation of a dual port RTU to provide data and control directly to the Transmission Owner within the Local Distribution Company's substation. The Local Distribution Company will assist in furnishing desired inputs and outputs for the Transmission Owner's RTU.
- 4.3 The operating metering system shall consist of instantaneous values of MW, MVAR, voltage and current (amperes). Amperes may be measured directly or calculated based on measured values.
 - 4.3.1 Values shall be inputted to a Remote Terminal Unit (RTU) or comparable communication device for communication with the Party having Balancing Authority Area responsibility.
 - 4.3.2 Transducers may utilize the voltage transformers and current transformer secondary circuits also utilized by the revenue metering equipment for a particular interconnection. In such case, the performance criteria listed in Exhibit 8, Revenue Metering section of this document for the voltage transformers and the current transformers would apply. Relaying class voltage transformers and or current transformers are not to be utilized unless mutually agreed between all the owners of the metering equipment and the Balancing Authority Area Operator.
 - 4.3.3 Transducers shall have maximum 0.3% inaccuracy. Transducers shall be field calibrated at least once every ten (10) years, or as necessary and documentation shall be retained showing the calibration results until three (3) years after the last calibration.
- 4.4 To the extent new SCADA and associated communications equipment is to be installed, the Local Distribution Company shall install or facilitate installation of SCADA and associated communications equipment as soon as practicable, provided that installation shall be accomplished within a time period of no more than 180 days following notice by Transmission Owner or prior to installation of any new Interconnection Points.

Article 5. Revenue Metering

- 5.1 Local Distribution Company shall own, operate, test and maintain or contract for the metering equipment at the Interconnection Points with Transmission Owner, as required by this Article 5. Transmission Owner and Local Distribution Company agree that, as to all Interconnection Points in existence as of the Effective Date, no new or different metering equipment or arrangements shall be required. For existing Interconnection Points where low-side metering exists without loss compensation, Parties will agree to loss compensation factors. To the extent existing metering equipment is replaced and when new metering equipment is installed at Interconnection Points in existence as of the Effective Date, such replacements or installations shall meet the standards set in Section 5.2. Local Distribution Company shall install metering equipment that meets the standards set forth in Section 5.2 at all new Interconnection Points.
- 5.2 Revenue Quality Metering System shall consist of all instrument transformers (current and voltage), secondary wiring, test switches, meter(s) required to determine the metering values for record for any given metering point.
- 5.2.1 Metering shall be form 9, 3 element for 4 wire systems and form 5, 2 element for 3 wire systems.
- 5.2.2 Meters shall measure, at a minimum, megawatt hours and megavar hours and have bi-directional capability, where applicable. All measured values shall have individual outputs where applicable and a minimum 35-day interval data recording capability for each measured value.
- 5.2.3 Revenue-quality loss-compensated metering shall be acceptable if the metering facilities and the Interconnection Point are not at the same physical location. The metering shall account for line, load losses up to the Interconnection Point and no-load losses of the power transformer.
- 5.2.4 The Party that owns the metering equipment shall maintain records that demonstrate compliance with all meter tests and maintenance conducted in accordance with Good Utility Practice for the life of the Interconnection Point. The non-owning Party shall have reasonable access to the records.
- 5.2.5 For installations where the metering is performed using loss compensation, the factory certified test results of the power transformer if available including load, no-load losses and calculated meter loss calculations shall be recorded in a written record. The non-owning Party shall have reasonable access to the records.
- 5.2.6 Records showing instrument transformers' factory certified or utility test shop test results showing compliance with applicable metering test

standards shall be maintained by the meter owner. The non-owning Party shall have reasonable access to the records.

- 5.2.7 Records showing meters' factory certified, utility test shop test results showing compliance with applicable metering test standards shall be maintained by the meter owner. The non-owning Party shall have reasonable access to the records.
- 5.2.8 Metering equipment shall be tested by the Party owning said equipment at suitable intervals as specified by the Parties from time to time, such intervals not to exceed 4 years. The accuracy shall be maintained in accordance with applicable regulatory standards. At the request of either Party, special tests shall be made. If any special meter test discloses the metering device to be registering within acceptable limits of accuracy as specified herein, then the Party requesting such special meter test shall bear the expense thereof. Otherwise, the expense of such test shall be borne by the owner. Representatives of either Party shall be afforded opportunity to be present at all routine or special tests and upon occasions when any readings for purposes of settlements hereunder are taken from meters not producing an automatic record.
- 5.2.9 If, as a result of any test, any meter shall be found to be registering more than one (1) per cent above or below one hundred (100) percent of accuracy, the account between the Parties hereto shall be corrected, for a period equal to one-half of the elapsed time since the last prior test, according to the percentage of inaccuracy so found, except that if the meter shall have become defective or inaccurate at a reasonably ascertainable time since the last prior test of such meter, the correction shall extend back to such time. No meter shall be left in service if found to be more than one (1) per cent above or below one hundred (100) percent of accuracy. Should metering equipment at any time fail to register, the energy delivered shall be determined from the best available data. All meters shall be kept under seal, such seals to be broken only when the meters are to be tested or adjusted.
- 5.2.10 Test switches shall be installed to allow independent testing and/or replacement of each meter and transducer utilizing the secondary circuit; so as not to interrupt the operation of other devices utilizing the secondary circuit.
- 5.2.11 In substations where an RTU or other remote data collecting and telecommunication device is present, meters shall have form C, 3-wire outputs with programmable values determined by the Balancing Authority Area Operator for bi-directional MWHs and MVARs.

- 5.2.12 In interconnecting substations where the electrical energy is resold to another local distribution customer other than the one interconnecting with the Transmission Owner, revenue meters shall also be equipped with modem, to be connected to a cellular or land phone circuit.
- 5.2.13 In the event of an interconnection meter needing replacement or repair a representative from the non-owning party shall be given a reasonable opportunity to be present during such repair or replacement.

Article 6. Protective Relaying and Control

- 6.1 Transmission Owner shall have the right, using Good Utility Practice, to review and approve all new Protective Relaying logic equipment, including equipment settings, protective relay schemes, drawings, and functionality associated with each Interconnection Point. Local Distribution Company shall have the right, using Good Utility Practice, to review all new Protective Relaying logic equipment, including equipment settings, protective relay schemes, drawings, and functionality associated with each Interconnection Point. Protective Relaying logic equipment and schemes installed before the Effective Date shall be considered to satisfy the terms and conditions of this Article 6. When existing equipment or schemes installed prior to the Effective Date, are replaced or when new equipment or schemes are installed per this Article 6 or in association with new Interconnection Points, then such replacement or installation shall be performed in accordance with the terms and conditions of this Article 6.
- 6.2 To the extent that there is generation on the Distribution System which, in the reasonable judgment of either Party, may contribute material amounts of current to a fault on the Transmission System, the Local Distribution Company shall have and enforce standards to ensure the provision, installation and maintenance of relays, circuit breakers, and all other devices necessary to promptly remove any fault contribution of such generation to any short circuit occurring on the Transmission System and not otherwise isolated by the Transmission Owner equipment. Such protective equipment shall include, without limitation, a disconnecting device or switch with load interrupting capability to be located between the generation and the Transmission System at an accessible, secure, and satisfactory site selected upon mutual agreement of the Parties. Transmission Owner shall not be responsible for protection of such generation.
- 6.3 Any Protective Relay System which causes any Transmission Owner protective device or Local Distribution Company protective or switching device connected to a Transmission Owner bus to operate shall be maintained and tested in accordance with the provisions of this Article 6.
- 6.4 Transmission Owner shall, in accordance with Good Utility Practice, own, operate, maintain and test those Protective Relays, current transformers, and

potential transformers listed in Exhibit 1 that provide protection for the Transmission System. Local Distribution Company shall, in accordance with Good Utility Practice, own, operate, maintain, and test any remaining Protective Relays governed by this Article 6. The Parties shall maintain, and, as necessary, upgrade their respective Protective Relay Systems in accordance with Good Utility Practice, and shall provide the other Party with access to copies of operation and maintenance manuals and test records for all relay equipment.

- 6.5 The Parties shall test their respective relays associated with the Interconnection Points for correct calibration and operation in accordance with Good Utility Practice. Complete functional testing of the relay protection schemes shall be performed at the same time. Parties shall coordinate design, installation, operation, and testing of Protective Relay schemes to insure that such relays operate in a coordinated manner so as to not cause adverse operating conditions on the other Party's system.
- 6.6 Local Distribution Company shall be responsible for Protective Relay maintenance, calibration and functional testing of relay systems that protect Local Distribution Company's equipment associated with the Interconnection Points and that protect Transmission Owner from Local Distribution Company's Interconnection Equipment to the extent such calibration and testing are consistent with Good Utility Practice. All such maintenance and testing must be performed by Qualified Personnel selected by the Local Distribution Company. In addition, Local Distribution Company shall allow Transmission Owner to conduct regularly scheduled, visual inspection of all Protective Relaying and associated maintenance records. Related maintenance and operational records shall be maintained by the Local Distribution Company in accordance with Good Utility Practice. Upon completion of all Protective Relay calibration testing and relay functional testing, Local Distribution Company shall make available copies of all test reports and related records for review by Transmission Owner. Local Distribution Company shall review all test reports and document that Protective Relay System's tests and settings, as shown on such test reports, have been done in accordance with the equipment's specifications and Good Utility Practice.
- 6.6 (a) As Transmission Owner's system protection requirements change and as system protection technology advances, Transmission Owner will upgrade its Protective Relaying System in accordance with Good Utility Practice. If these upgrades affect the serviceability and acceptability of the Protective Relaying Systems on the Interconnection Equipment which may be installed, owned, and operated by Local Distribution Company, the Local Distribution Company must upgrade its Protective Relaying Systems as necessary to bring them into compatibility with and to the same technological standards as that installed by Transmission Owner at the expense of the Local Distribution Company. Transmission Owner shall

give Local Distribution Company notice of such upgrade as soon as practicable prior to the anticipated date of such upgrade.

- (b) As Local Distribution Company's system protection requirements change and as technology advances, Local Distribution Company will upgrade its Protective Relaying System in accordance with Good Utility Practice. If these upgrades affect the serviceability and acceptability of the Protective Relaying Systems on the Interconnection Equipment which may be installed, owned, and operated by Transmission Owner, Transmission Owner must upgrade its Protective Relaying Systems as necessary to bring them into compatibility with and to the same technological standards as that installed by Local Distribution Company at the expense of the Transmission Owner. Local Distribution Company shall give Transmission Owner notice of such upgrade as soon as practicable prior to the anticipated date of such upgrade.
- (c) Exhibit 1 shall be updated by the Parties to reflect any changes in Protective Relaying Systems as they are made.

- 6.7 Local Distribution Company shall provide the necessary space to install or expand relay panels for substation system protection if requested by Transmission Owner. Any incremental costs required to accommodate such request shall be the responsibility of the Transmission Owner.
- 6.8 Transmission Owner shall provide the necessary space to install or expand relay panels for substation system protection if requested by Local Distribution Company. Any incremental costs required to accommodate such request shall be the responsibility of the Local Distribution Company.

Article 7. Planning and Obligation to Serve

- 7.1 Adequacy Obligation. Subject to applicable regulatory approvals, including adherence to least-cost planning requirements and principles, and subject to the oversight and direction of the MISO (or any successor regional transmission organization) where applicable, the Transmission Owner shall have a public utility duty to operate, maintain, plan and construct its Transmission System so that the system is adequate:
 - (a) (i) to support effective competition in energy markets without favoring any market participant;
 - (ii) to deliver on a reliable basis the reasonable, projected needs of all loads on the electric distribution systems connected to and dependent upon the Transmission Owner's facilities for delivery of reliable, low-cost and competitively-priced electricity to such distribution systems; and
 - (iii) to provide needed support to the distribution systems interconnected to

the Transmission System, where a transmission addition is the least-cost electric solution to an improvement need, including but not limited to, the reliability needs of the distribution systems that are owned by initial investors in the Transmission Owner or their members; and

- (b) to receive energy from both existing and new generating facilities connected to and dependent upon Transmission Owner's transmission of such energy.

In meeting these obligations, the Transmission Owner shall treat the needs of each electric distribution system interconnected to the Transmission system, the electric loads on each system and interconnected generation facilities, in a nondiscriminatory manner. The costs of additions to the Transmission System to meet this adequacy obligation shall not be directly assigned or charged to a distribution system, to end users or to generation facilities separately, except in circumstances where approved or required by the appropriate regulatory agency.

- 7.2 The Local Distribution Company and the Transmission Owner shall discuss, at appropriate intervals, the needs of the Local Distribution Company and the plans of the Transmission Owner that could affect the Local Distribution Company. The Parties agree to cooperate and coordinate as necessary on planning and construction of projects which affect the Local Distribution Company.
- 7.3 If the Parties agree upon the need for any such project, they shall cooperate and coordinate in seeking all necessary regulatory approval for such project. Transmission Owner shall coordinate and cooperate with Local Distribution Company with respect to all communications and commitments to municipal, county, and state agencies involved in such project.
- 7.4 If Local Distribution Company proposes construction of a transmission project and Transmission Owner does not agree that such project is needed, Local Distribution Company shall have the right to petition the MPSC or other applicable regulatory agency for a declaratory ruling on whether the proposed project is needed pursuant to Transmission Owner's public-utility duty to plan and construct a reliable, adequate system. The Parties agree that the MPSC ruling will be binding upon them.
- 7.5 Load Growth and Reliability Needs. Transmission Owner is obligated to plan and install any Transmission System components that may be necessary, as determined by a least-cost process in accordance with Section 7.1 and consistent with the established and consistently applied reliability criteria of the Parties, to accommodate Local Distribution Company's planned load growth and planned reliability improvements. Transmission Owner will construct new interconnections to Local Distribution Company facilities in accordance with Transmission Owner's planning criteria, other agreements in effect between the Parties, and Good Utility Practice. Transmission Owner shall bear the responsibility for such planning and installing in accordance with this Article 7. Transmission Owner's obligations

under this Section shall include the planning and installation of any new Interconnection Points that may be necessary to accommodate Local Distribution Company's planned load growth and planned reliability improvements. Recovery of the cost of such additions shall be in accordance with Section 7.1.

7.6 To facilitate planning and construction discussions under Section 7.2, the Local Distribution Company, or its designated representative, shall annually submit the following information, on a best efforts basis, to the Transmission Owner:

(a) No later than November 1 of each year, the most recent actual summer and winter peak demands in megawatts (MW) and megavars (MVAR) for each Interconnection Point with the Transmission System, coincident with the Local Distribution Company's peak demand for these seasons, and

(b) No later than February 1 of each year:

(i) Monthly peak demand forecasts (MW and MVAR) for each Local Distribution Company Interconnection Point to the Transmission System for the next ten (10) years; and

(ii) Planned facility connections (new Interconnection Points) to the Transmission System for the next ten (10) years.

Article 8. New Construction and Modification

8.1 Subject to this Article 8, Transmission Owner may construct additional Transmission System elements or modify the existing Transmission System and Local Distribution Company may construct additional Distribution System elements or modify the existing Distribution System. All such modifications and construction provided for herein, shall be conducted in accordance with Good Utility Practice and all applicable NERC and RRO standards. Each Party shall only be responsible for the costs to modify its own system elements and the costs to construct new elements of its system and shall not be responsible for the costs which may be imposed on the other party as a result of such modification or new construction. However, during the period while such modification or new construction is under way, the Party modifying system elements or constructing new system elements shall maintain the transmission, distribution and communications capabilities of the other Party using Good Utility Practice to avoid or minimize any adverse impact on the other Party. The Parties shall look to the operating history of the Local Distribution Company in the relevant geographic area prior to January 1, 2001, where available, in determining what constitutes Good Utility Practice.

8.2 Notwithstanding the foregoing, no modifications to, or new construction of, facilities, or access thereto, including but not limited to rights-of-way, fences, and

gates, shall be made by either Party which might reasonably be expected to have a material effect upon the other Party with respect to operations or performance under this Agreement, without (a) prior written notification as set forth in this Article 8, and (b) providing the other Party with sufficient information regarding the work prior to commencement to enable such Party to evaluate the impact of the proposed work on its operations. The information provided must be of sufficient detail to satisfy reasonable Transmission Owner or Local Distribution Company review and operational requirements. Each Party shall use reasonable efforts to minimize any adverse impact on the other Party.

- 8.3 If any Party intends to install any new facilities, equipment, systems, or circuits or any modifications to existing or future facilities, equipment, systems or circuits that could reasonably be expected to have a material effect upon the operation of the other Party, the Party desiring to perform said work shall, in addition to the requirements of Section 8.2, provide the other Party with drawings, plans, specifications and other necessary documentation for review at least 60 days prior to the start of the construction of any such installation. This notice period shall not apply to modifications or new installations made to resolve or prevent pending Emergency or Network Security Conditions.
- 8.4 The Party reviewing any drawings, plans, specifications, or other necessary documentation for review shall promptly review the same and provide any comments to the performing Party no later than 30 days prior to the start of the construction of any installation. The performing Party shall incorporate all requested modifications to the extent required to maintain Good Utility Practice and compliance with this Agreement.
- 8.5 Within 180 days following placing in-service of any modification or construction subject to this Article 8, the Party initiating the work shall provide "as built" drawings, plans and related technical data to the other Party. Approval or review of any document referenced herein shall not relieve the initiating party of its responsibility for the design or construction of any proposed facility, nor shall it subject the other Party to any liability, except with respect to the confidentiality provisions of Article 20.
- 8.6 Each Party shall, at its own expense, have the right to inspect or observe all maintenance activities, equipment tests, installation work, construction work, and modification work to the facilities of the other Party that could have a material effect upon the facilities or operations of the first Party.

Article 9. Access to Facilities

- 9.1 The Parties hereby agree to provide each other access to facilities, properties, equipment and records as may be necessary and appropriate to enable each Party to maintain its respective facilities, equipment and property in a manner consistent

with Good Utility Practice. Such access shall be provided in a manner so as not to unreasonably interfere with the ongoing business operations, rights, and obligations of either Party.

- 9.2 Without limiting the generality of Section 9.1, except for distribution systems interconnected with the Transmission System prior to the Effective Date, Transmission Owner shall have access to all of its equipment, systems, and facilities located on Local Distribution Company's property through easements granted to Transmission Owner and substantially in the form of Exhibit 7 ("Easements"), and Local Distribution Company shall have access to all its equipment, systems and facilities located on Transmission Owner's property through similar Easements. Each Party shall furnish at no cost to the other Party any necessary access, easements, licenses, and/or rights of way upon, over, under, and across lands owned or controlled by either Party and/or its affiliated interests for the construction and operation of necessary lines, substations, and other equipment to accomplish interconnection of the facilities with the Transmission System under this Agreement and shall, at all reasonable times, give the other Party, or its agents, free access to such lines, substations, and equipment. An accessible, protected and satisfactory site selected upon mutual agreement by the Parties and located on the Local Distribution Company's premises shall be provided by and at the Local Distribution Company's expense for installation of metering devices, unless Transmission Owner elects to install meters on poles or other locations controlled by it. Local Distribution Company grants to Transmission Owner at all reasonable times and with reasonable supervision, the right of free ingress and egress to Local Distribution Company's premises for the purpose of installing, testing, reading, inspecting, repairing, operating, altering, or removing any of Transmission Owner's property located on Local Distribution Company's premises or for other purposes necessary to enable Transmission Owner to receive electric energy, suspend the receipt thereof, or determine Local Distribution Company's compliance with this Agreement.
- 9.3 Each Party shall provide the other Party keys, access codes or other access methods necessary to gain unassisted access to the other Party's facilities to exercise rights under this Agreement. Access shall only be granted to Qualified Personnel.
- 9.4 Neither Party shall make changes to the site topography or accesses, including but not limited to grading or drainage, that could reasonably be expected to have a material adverse effect upon the other Party's facilities or common use drainage or pollution controls systems without the prior written consent of the other Party, such consent not to be unreasonably withheld.

Article 10. Notifications and Reporting

- 10.1 Unless otherwise provided, any notice required to be given by either Party to the other Party in connection with this Agreement shall be given in writing: (a) personally; (b) by facsimile transmission (if sender thereafter sends such notice to recipient by any of the other methods provided in this Section 10.1; (c) by registered or certified U.S. mail, return receipt requested, postage prepaid; or (d) by reputable overnight carrier, with acknowledged receipt of delivery; or (e) any other method mutually agreed by the Parties in writing. Notice shall be deemed given on the date of receipt personally. Notice sent by facsimile shall be deemed given on the date the transmission is confirmed by sender's facsimile machine, so long as the facsimile is sent on a business day during normal business hours of the recipient. Otherwise, the notice shall be deemed given on the next succeeding business day. Notice provided by mail or overnight courier shall be deemed given at the date of acceptance or refusal of acceptance shown on such receipt.
- 10.2 Notice to the Transmission Owner shall be to the Transmission Owner's Site Representative, at the address identified in Exhibit 2. Notice to the Local Distribution Company shall be to the Local Distribution Company's Site Representative, at the address identified in Exhibit 2
- 10.3 Each Party shall provide prompt notice describing the nature and extent of the condition, the impact on operations, and all corrective action, to the other Party of any Emergency or Network Security Condition which may be reasonably anticipated to affect the other Party's equipment, facilities or operations. Either Party may take reasonable and necessary action, both on its own and the other Party's system, equipment, and facilities, to prevent, avoid or mitigate injury, danger, damage or loss to its own equipment and facilities, or to expedite restoration of service; provided however, that the Party taking such action shall give the other Party prior notice, if at all possible, before taking any action on the other Party's system, equipment, or facilities.
- 10.4 In the event of an Emergency or Network Security Condition contemplated by Section 10.3, each Party shall provide the other with such information, documents, and data necessary for operation of the Transmission System and Distribution System, including, without limitation, such information which is to be supplied to any Governmental Authority, NERC, RRO, or Transmission System Operations Center or Balancing Authority Area Operator.
- 10.5 In order to continue interconnection of the Distribution System and Transmission System, each Party shall promptly provide the other Party with all relevant information, documents, or data regarding the Distribution System and the Transmission System that would be expected to affect the Distribution System or Transmission System, and which is reasonably requested by NERC, RRO, or any Governmental Authority.

- 10.6 For routine maintenance and inspection activities that do not require major equipment or system outages and have no material impact on the other Party, the Party performing the same shall provide the other Party with at least twenty-four (24) hours' prior notice, if practicable. For routine maintenance and inspection activities that will require major equipment or system outages, the Party performing the same shall provide the other Party with not less than seventy-two (72) hours' prior notice, if practicable; provided that the provisions of Section 3.7.2 remain applicable to the outages, and said notice is in addition to, and does not substitute for, the requirements of Section 3.7.
- 10.7 Transmission Owner shall notify Local Distribution Company prior to entering Local Distribution Company's facilities for routine measurements, inspections and meter reads in accordance with the requirements of Section 10.6. Local Distribution Company shall notify Transmission Owner prior to entering Transmission Owner's facilities, including switchyards, for routine maintenance, operations, measurements, inspections and meter reads, in accordance with the requirements of Section 10.6.
- 10.8 Each Party shall provide prompt verbal notice to the other Party of any system alarm that applies to the other Party's equipment, unless the system alarm is automatically sent to the other Party.
- 10.9 Upon request, each Party shall provide a report or a copy of the data from a system events recorder or digital fault recorder that applies to the other Party's equipment.
- 10.10 Each Party agrees to immediately notify the other Party verbally, and then in writing, of any labor dispute or anticipated labor dispute of which its management has actual knowledge that might reasonably be expected to affect the operations of the other Party with respect to this Agreement.

Article 11. Safety

- 11.1 Each Party agrees that all work performed by either Party that may reasonably be expected to affect the other Party shall be performed in accordance with Good Utility Practice and all applicable laws, regulations, safety standards, practices and procedures and other requirements pertaining to the safety of persons or property, (including, but not limited to those of the Occupational Safety and Health Administration, the National Electrical Safety Code and those developed or accepted by Transmission Owner and Local Distribution Company for use on their respective systems) and Good Utility Practice when entering or working in the other Party's property or facilities or switching area. A Party performing work within the boundaries of the other Party's facilities must abide by the safety rules applicable to the site.

- 11.2 Each Party shall be solely responsible for the safety and supervision of its own employees, agents, representatives, and subcontractors.
- 11.3 Transmission Owner shall immediately report any injuries that occur while working on the Local Distribution Company's property or facilities or switching area to appropriate agencies and the Local Distribution Company's Site Representative. Local Distribution Company shall immediately report any injuries that occur while working on the Transmission Owner's property or facilities or switching area to appropriate agencies and the Transmission Owner's Site Representative. Each Party will provide the other with its clearing/tagging/lockout procedures. For clearances requested or initiated by the Local Distribution Company on the Local Distribution Company's equipment that utilizes the Transmission Owner's equipment as an isolation device, Local Distribution Company procedures shall govern. For clearances requested or initiated by the Transmission Owner on the Transmission Owner's equipment that utilizes the Local Distribution Company's equipment as an isolation device, Transmission Owner procedures shall govern.

Article 12. Environmental Compliance and Procedures

- 12.1. Each Party shall notify the other Party, verbally, immediately upon discovery of any Release of any hazardous substance by it on the property or facilities of the other Party, or which may migrate to, or adversely impact the property, facilities or operations of, the other Party and shall promptly furnish to the other Party copies of any reports filed with any governmental agencies addressing such events. Such verbal notification shall be followed by written notification within twenty-four (24) hours. The Party responsible for the Release of any hazardous substance on the property or facilities of the other Party, or which may migrate to, or adversely impact the property, facilities or operations of, the other Party shall be responsible for the reasonable cost of performing any and all remediation or abatement activity and submitting all reports or filings required by environmental laws. Advance written notification (except in emergency situations, in which verbal, followed by written notification, shall be provided as soon as practicable) shall be provided by any Party performing any remediation or abatement activity on the property or facilities of the other Party, or which may adversely impact the property, facilities, or operations of, the other Party. Except in emergency situations, such remediation or abatement activity shall be performed only with the consent of the Party owning the affected property or facilities. The Parties agree to coordinate, to the extent necessary, the preparation of site plans, reports or filings required by law or regulation, including but not limited to Spill Prevention, Control and Countermeasures (SPCC) and Stormwater Pollution Prevention Plans (SWPP) required by any regulatory agency of competent jurisdiction.

Article 13. Billings and Payment

- 13.1 Any invoices payable under this Agreement shall be provided to the other Party under this Agreement during the preceding month shall be prepared within a reasonable time after the first day of each month. Each invoice shall delineate the month in which services were provided, shall fully describe the services rendered and shall be itemized to reflect the services performed or provided. The invoice shall be paid within sixty (60) days of the invoice date. .
- 13.2 Any payments required to be made by Local Distribution Company under this Agreement shall be made to Transmission Owner at the following address:

American Transmission Company LLC
N19 W23993 Ridgeview Parkway W.
P.O. Box 47
Waukesha, WI 53187-0047
Fax: (262) 506-6710
Attention: Manager – Interconnection Services

Any payments required to be made by Transmission Owner under this Agreement shall be made to Local Distribution Company at the following address:

Escanaba Municipal Electric Utility
1711 Sheridan Road
Escanaba, MI 49829
Fax: (906) 786-0791
Attention: Superintendent

- 13.3 The rate of interest on any amount not paid when due shall be equal to the Interest Rate in effect at the time such amount became due. Interest on delinquent amounts shall be calculated from the due date of the bill to the date of the payment. When payments are made by mail, bills shall be considered as having been paid on the date of receipt by the other Party. Nothing contained in this Article is intended to limit either Party's remedies under Article 21 of this Agreement.
- 13.4 Payment of an invoice shall not relieve the paying Party from any responsibilities or obligations it has under this Agreement, nor shall such payment constitute a waiver of any claims arising hereunder.
- 13.5 If all or part of any bill is disputed by a Party, that Party shall promptly pay the amount that is not disputed and provide the other Party a reasonably detailed written explanation of the basis for the Dispute pursuant to Article 26. The disputed amount shall be paid into an independent escrow account pending resolution of the Dispute, at which time the prevailing Party shall be entitled to

receive the disputed amount, as finally determined to be payable, along with interest accrued at the Interest Rate through the date on which payment is made, within ten (10) business days of such resolution.

- 13.6 Neither Party shall be responsible for the other Party's costs of collecting amounts due under this Agreement, including attorney fees and expenses and the expenses of arbitration.

Article 14. Applicable Regulations and Interpretation

- 14.1 Each Party's performance under this Agreement is subject to the condition that all requisite governmental and regulatory approvals for such performance are obtained in form and substance satisfactory to the other Party in its reasonable judgment. Each Party shall exercise Due Diligence and shall act in good faith to secure all appropriate approvals in a timely fashion.
- 14.2 This Agreement is made subject to present or future state or federal laws, regulations, or orders properly issued by state or federal bodies having jurisdiction. This Agreement shall be interpreted pursuant to the laws of the State of Michigan, without regard to any conflicts of law principles, the Federal Power Act, and the regulatory agency or agencies having jurisdiction over the particular matter.

Article 15. Force Majeure

- 15.1 General. Except for the obligation to make any payments under this Agreement, neither Party shall be considered to be in default or breach of this Agreement or liable in damages or otherwise responsible to the other Party for any delay in or failure to carry out any of its obligations under this Agreement if, and only to the extent that, the Party is unable to perform or is prevented from performing by an event of Force Majeure. Notwithstanding the foregoing sentence, neither Party may claim Force Majeure for any delay or failure to perform or carry out any provision of this Agreement to the extent that such Party has been negligent or engaged in intentional misconduct and such negligence or intentional misconduct substantially and directly caused that Party's delay or failure to perform or carry out its duties and obligations under this Agreement.
- 15.2 Force Majeure Defined. The term Force Majeure means those events beyond the reasonable control of, and without the fault or negligence of, the Party claiming Force Majeure which, through the exercise of Good Utility Practice, that Party could not have avoided and which, by exercise of Due Diligence, that Party is unable to overcome. Such events include, but are not limited to, the following, to the extent they conform to the foregoing criteria: labor disputes (including a strike) flood; lightning strikes; earthquake; storm, ice, fire; epidemic; war; invasion; riot; civil disturbance; sabotage or vandalism; explosion; insurrection;

military or usurped power; action of any court or Governmental Authority, or any civil or military authority de facto or de jure; act of God or the public enemy; or any other event or cause of a similar nature beyond a Party's reasonable control. Mere economic hardship does not constitute Force Majeure.

15.3 Procedures. A Party claiming Force Majeure must:

15.3.1 Give written notice to the other Party of the occurrence of a Force Majeure event no later than three (3) business days after learning of the occurrence of such an event;

15.3.2 Use Due Diligence to resume performance or the provision of service hereunder as soon as practicable;

15.3.3 Take all commercially reasonable actions to correct or cure the Force Majeure event;

15.3.4 Exercise all reasonable efforts to mitigate or limit damages to the other Party; except that neither party shall be required to settle any strike, walkout, lockout or other labor dispute on terms which, in the sole judgment of the Party involved in the dispute, are contrary to its interest; and

15.3.5 Provide prompt written notice to the other Party of the cessation of the adverse effect of the Force Majeure event on its ability to perform its obligations under this Agreement.

Article 16. Limitation of Liability

16.1 With respect to claims by and between the Parties under this Agreement, notwithstanding any other provision of this Agreement, liability of each Party shall be limited to direct actual damages, and all other damages at law or in equity are waived. Under no circumstances shall either Party or its affiliates, directors, officers, employees and agents, or any of them, be liable to the other Party, whether in tort, contract or other basis in law or equity for any special, indirect, punitive, exemplary or consequential damages, including, but not limited to, loss of profits or revenue on work not performed, for loss of use of or under-utilization of the other Party's facilities, loss of use of revenues, attorneys' fees, litigation costs, or loss of anticipated profits, resulting from either Party's performance or non-performance of an obligation imposed on it by this Agreement. The limitations on damages specified in this section are without regard to the cause or causes related thereto, including the negligence of any Party, whether such negligence be sole, joint or concurrent, or active or passive. The Parties expressly acknowledge and agree that this limitation shall apply to any claims for indemnification under Article 17 of this Agreement. The provisions of this section shall survive the termination or expiration of this Agreement.

Article 17. Indemnification

17.1 RESERVED.

17.2 Local Distribution Company's Indemnification. Subject to the provisions of Article 16, Local Distribution Company shall indemnify, hold harmless and defend Transmission Owner, and its officers, directors, employees, affiliates, managers, members, trustees, shareholders, agents, contractors, subcontractors, affiliates' employees, invitees and successors, from and against any and all claims, demands, suits, obligations, payments, liabilities, costs, losses, judgments, damages and expenses (including the reasonable costs and expenses of any and all actions, suits, proceedings, assessments, judgments, settlements, and compromises relating thereto, reasonable attorneys' and expert fees and reasonable disbursements in connection therewith) for damage to property, or injury to, or death of, any individual, including Transmission Owner's employees and affiliates' employees, Local Distribution Company's employees, or any other third parties, to the extent caused wholly or in part by any act or omission, negligent or otherwise, by Local Distribution Company or its officers, directors, employees, agents, contractors, subcontractors and invitees arising out of or connected with Local Distribution Company's performance or breach of this Agreement, or the exercise by Local Distribution Company of its rights hereunder; provided, however, that the provisions of this Section shall not apply if any such injury, death or damage is held to have been caused by the negligence or intentional wrongdoing of Transmission Owner, its agents or employees.

17.3 Transmission Owner's Indemnification. Subject to the provisions of Article 16, Transmission Owner shall indemnify, hold harmless and defend Local Distribution Company, its parent and its officers, directors, employees, affiliates, managers, members, trustees, shareholders, agents, contractors, subcontractors, invitees and successors, from and against any and all claims, demands, suits, obligations, payments, liabilities, costs, losses, judgments, damages and expenses (including the reasonable costs and expenses of any and all actions, suits, proceedings, assessments, judgments, settlements, and compromises relating thereto, reasonable attorneys' and expert fees and reasonable disbursements in connection therewith) for damage to property, or injury to, or death of any individual, including Local Distribution Company's employees and affiliates' employees, Transmission Owner's employees, or any other third parties, to the extent caused wholly or in part by any act or omission, negligent or otherwise, by Transmission Owner or its officers, directors, employees, agents, contractors, subcontractors and invitees arising out of or connected with Transmission Owner's performance or breach of this Agreement, or the exercise by Transmission Owner of its rights hereunder; provided, however, that the provisions of this Section shall not apply if any such injury, death or damage is held to have been caused by the negligence or intentional wrongdoing of Local

Distribution Company, its agents or employees.

- 17.4 Indemnification Procedures. Any Party seeking indemnification under this Agreement shall give the other Party notice of such claim as soon as practicable but in any event on or before the sixth (6th) month after the Party's actual knowledge of such claim or action. Such notice shall describe the claim in reasonable detail, and shall indicate the amount (estimated if necessary) of the claim that has been, or may be sustained by, said Party. To the extent that the other Party will have been actually and materially prejudiced as a result of the failure to provide such notice, such notice will be a condition precedent to any liability of the other Party under the provisions for indemnification contained in this Agreement. Neither Party may settle or compromise any claim for which indemnification is sought under this Agreement without the prior consent of the other Party; provided, however, said consent shall not be unreasonably withheld or delayed. Each Party's indemnification obligation will survive expiration, cancellation or early termination of this Agreement.

Article 18. Insurance

- 18.1 (a) The Parties agree to maintain, at their own cost and expense, general and automobile liability, worker's compensation, and other forms of insurance relating to their operations for the life of this Agreement in the manner, and amounts, at a minimum, as set forth in Exhibit 10 hereto.
- (b) Where a Party has more than \$50 million in assets it may, at its option, self insure all or part of the insurances required in this Article; provided, however, the self-insuring Party agrees that all other provisions of this Article, including, but not limited to, waiver of subrogation, waiver of rights of recourse, and additional insured status, which provide or are intended to provide protection for the other Party and its affiliated and associated companies under this Agreement, shall remain enforceable. A Party's election to self-insure shall not impair, limit, or in any manner result in a reduction of rights and/or benefits otherwise available to the other Party and its affiliated and associated companies through formal insurance policies and endorsements as specified in the above parts of this Article. The self-insuring Party agrees that all amounts of self-insurance, retentions and/or deductibles are the responsibility of and shall be borne by the self-insuring Party.
- (c) Within fifteen (15) days of the Effective Date, and each anniversary of the Effective Date, during the term of this Agreement, (including any extensions), each Party shall provide to the other Party, properly executed and current certificates of insurance with respect to all insurance policies required to be maintained by such Party under this Agreement.

Certificates of insurance shall provide the following information:

- (i) Name of insurance company, policy number and expiration date;
 - (ii) The coverage required and the limits on each, including the amount of deductibles or self-insured retentions, which shall be for the account of the Party maintaining such policy;
 - (iii) A statement indicating that the other Party shall receive at least thirty (30) days prior written notice of cancellation or expiration of a policy, or reduction of liability limits with respect to a policy; and
 - (iv) A statement identifying and indicating that additional insureds have been named as required by this Agreement.
- (d) At a Party's request, in addition to the foregoing certifications, the other Party shall deliver to the first Party a copy of applicable sections of each insurance policy.
- (e) Each Party shall have the right to inspect the original policies of insurance applicable to this Agreement at the other Party's place of business during regular business hours.
- (f) If any insurance is written on a "claims made" basis, the respective Party shall maintain the coverage for a minimum of seven years after the termination of this Agreement.
- (g) To the extent permitted by the insurer and commercially reasonable, each Party shall obtain waivers of subrogation in favor of the other Party from any insurer providing coverage that is required to be maintained under this Article 18, except for the Workers Compensation coverage required under Exhibit 10. A Party shall not be required to obtain a waiver of subrogation if the other Party is not able to obtain a waiver of subrogation from its insurance carrier.

Article 19. Several Obligations

- 19.1 Except where specifically stated in this Agreement to be otherwise, the duties, obligations and liabilities of the Parties are intended to be several and not joint or collective. Nothing contained in this Agreement shall ever be construed to create an association, trust, partnership, or joint venture or to impose a trust or partnership duty, obligation or liability or agency relationship on or with regard to either Party. Each Party shall be individually and severally liable for its own obligations under this Agreement.

Article 20. Confidentiality

- 20.1 (a) "Confidential Information" shall mean any confidential, proprietary or

trade secret information of a plan, specification, pattern, procedure, design, device, list concept, policy or compilation relating to the present or planned business of a Party, which is designated in good faith as Confidential by the Party supplying the information, whether conveyed orally, electronically, in writing, through inspection or otherwise. Confidential Information shall include, without limitation, all information relating to a Party's technology, research and development, business affairs, and pricing, customer-specific load data that constitutes a trade secret, and any information supplied by either of the Parties to the other prior to the execution of this Agreement.

- (b) General. Each Party will hold in confidence any and all Confidential Information unless (1) compelled to disclose such information by judicial or administrative process or other provisions of law or as otherwise provided for in this Agreement, or (2) to meet obligations imposed by FERC or by a state or other federal entity or by membership in NERC MISO or RRO (including other Transmission Owners). Information required to be disclosed under (b)(1) or (b)(2) above, does not, by itself, cause any information provided by Local Distribution Company to Transmission Owner to lose its confidentiality. To the extent it is necessary for either Party to release or disclose such information to a third party in order to perform that Party's obligations herein, such Party shall advise said third party of the confidentiality provisions of this Agreement and use its best efforts to require said third party to agree in writing to comply with such provisions. Transmission Owner will develop and file with FERC standards of conduct relating to the sharing of market-related Confidential Information with and by Transmission Owner employees.
- (c) Term: During the term of this Agreement, and for a period of three (3) years after the expiration or termination of this Agreement, except as otherwise provided in this Article 20, each Party shall hold in confidence and shall not disclose to any person Confidential Information.
- (d) Standard of Care: Each Party shall use at least the same standard of care to protect Confidential Information it receives as that it uses to protect its own Confidential Information from unauthorized disclosure, publication or dissemination.

20.2 Scope: Confidential Information shall not include information that the receiving Party can demonstrate: (1) is generally available to the public other than as a result of disclosure by the receiving Party (2) was in the lawful possession of the receiving Party on a non-confidential basis prior to receiving it from the disclosing Party; or (3) was supplied to the receiving Party without restriction by a third party, who, to the knowledge of the receiving Party, after due inquiry was under no obligation to the disclosing party to keep such information confidential;

(4) was independently developed by the receiving party without reference to Confidential Information of the Disclosing Party; (5) is, or becomes, publicly known, through no wrongful act or omission of the receiving Party or breach of this Agreement; or (6) is required, in accordance with Section 20.1(b) of this Agreement, to be disclosed by any federal or state government or agency or is otherwise required to be disclosed by law or subpoena, or is necessary in any legal proceeding establishing rights and obligations under this Agreement. Information designated as Confidential Information will no longer be deemed confidential if the Party that designated the information as confidential notifies the other Party that it no longer is confidential.

- 20.3 Order of Disclosure: If a court or a government agency or entity with the right power, and apparent authority to do so requests or requires either Party, by subpoena, oral deposition, interrogatories, requests for production of documents, administrative order, or otherwise, to disclose Confidential Information, that Party shall provide the other Party with prompt notice of such request(s) or requirement(s) so that the other Party may seek an appropriate protective order or waive compliance with the terms of this Agreement. The notifying Party shall have no obligation to oppose or object to any attempt to obtain such production except to the extent requested to do so by the disclosing Party and at the disclosing Party's expense. If either Party desires to object or oppose such production, it must do so at its own expense. The disclosing Party may request a protective order to prevent any confidential information from being made public. Notwithstanding the absence of a protective order or waiver, the Party may disclose such Confidential Information which, in the opinion of its counsel, the Party is legally compelled to disclose. Each Party will use reasonable effort to obtain reliable assurance that confidential treatment will be accorded any Confidential Information so furnished.
- 20.4 Use of Information or Documentation. Each Party may utilize information or documentation furnished by the disclosing Party and subject to Section 20.1 in any proceeding under Article 26 or in an administrative agency or court of competent jurisdiction addressing any dispute arising under this Agreement, subject to a confidentiality agreement with all participants (including, if applicable, any arbitrator) or a protective order.
- 20.5 Remedies Regarding Confidentiality. The Parties agree that monetary damages by themselves will be inadequate to compensate a Party for the other Party's breach of its obligations under Article 20. Each Party accordingly agrees that the other Party is entitled to equitable relief, by way of injunction or otherwise, if it breaches or threatens to breach its obligations under Article 20.

Article 21. Breach, Default and Remedies

21.1 General. A breach of this Agreement (“Breach”) shall occur upon the failure by a Party to perform or observe a material term or condition of this Agreement. A default of this Agreement (“Default”) shall occur upon the failure of a Party in Breach of this Agreement to cure such Breach in accordance with Section 21.4.

21.2 Events of Breach. A Breach of this Agreement shall include:

- (a) The failure to pay any amount when due;
- (b) The failure to comply with any material term or condition of this Agreement, including but not limited to any material Breach of a representation, warranty or covenant made in this Agreement;
- (c) A Party’s abandonment of its work or the facilities contemplated in this Agreement;
- (d) If a Party: (1) becomes insolvent; (2) files a voluntary petition in bankruptcy under any provision of any federal or state bankruptcy law or shall consent to the filing of any bankruptcy or reorganization petition against it under any similar law; (3) makes a general assignment for the benefit of its creditors; or (4) consents to the appointment of a receiver, trustee or liquidator;
- (e) Assignment of this Agreement in a manner inconsistent with the terms of this Agreement;
- (f) Failure of either Party to provide such access rights, or a Party’s attempt to revoke or terminate such access rights, as provided under this Agreement; or
- (g) Failure of either Party to provide information or data to the other Party as required under this Agreement, provided the Party entitled to the information or data under this Agreement requires such information or data to satisfy its obligations under this Agreement.

21.3 Continued Operation. Except as specifically provided in this Agreement, in the event of a Breach or Default by either Party, the Parties shall continue to operate and maintain, as applicable, facilities and appurtenances that are reasonably necessary for the Transmission Owner to operate and maintain the Transmission System, or for the Local Distribution Company to operate and maintain the Distribution System, in a safe and reliable manner.

21.4 Cure and Default. Upon the occurrence of an event of Breach, the non-Breaching Party, when it becomes aware of the Breach, shall give written notice of the Breach to the Breaching Party and to any other person a Party to this Agreement identifies in writing to the other Party in advance. Such notice shall set forth, in reasonable detail, the nature of the Breach, and where known and applicable, the steps necessary to cure such Breach. Upon receiving written notice of the Breach hereunder, the Breaching Party shall have thirty (30) days, to cure such Breach. If the Breach is such that it cannot be cured within thirty (30) days, the Breaching Party will commence in good faith all steps as are reasonable and appropriate to cure the Breach within such thirty (30) day time period and thereafter diligently pursue such action to completion. In the event the Breaching Party fails to cure the Breach, or to commence reasonable and appropriate steps to cure the Breach,

within thirty (30) days of becoming aware of the Breach, the Breaching Party will be in Default of the Agreement. In the event of a Default, the non-Defaulting Party has the right to seek to terminate the Agreement or take whatever action at law or equity as may be permitted under this Agreement. Any termination under this Agreement shall not take effect until FERC either authorizes the termination of this Agreement or accepts written notice of its termination.

- 21.5 Right to Compel Performance. Notwithstanding the foregoing, upon the occurrence of an event of Default, the non-Defaulting Party shall be entitled to Commence an action to require the Defaulting Party to remedy such Default and specifically perform its duties and obligations hereunder in accordance with the terms and conditions hereof, and exercise such other rights and remedies as it may have in equity or at law.

Article 22. Term

- 22.1 Term. This Agreement shall become effective as of the Effective Date and shall continue in full force and effect until a mutually agreed termination date or as long as any Interconnection Point is connected to the Transmission System, unless modified by written agreement of the parties (such period, the "Term").

- 22.2 Termination on Default. This Agreement may be terminated upon a Party's Default in accordance with the provisions of Article 21.

- 22.3 Material Adverse Change.

(a) In the event of a material change in law or regulation that adversely affects, or may reasonably be expected to adversely affect, either Party's performance under this Agreement, including but not limited to the following:

(i) this Agreement is not accepted for filing by the FERC without material modification or condition;

(ii) NERC, MISO or RRO prevents, in whole or in part, either Party from performing any provision of this Agreement in accordance with its terms;
or

(iii) the FERC, the United States Congress, any state, or any federal or state regulatory agency or commission implements any change in any law, regulation, rule or practice which materially affects or is reasonably expected to materially affect either Party's ability to perform under this Agreement,

the Parties will negotiate in good faith any amendment or amendments to the Agreement necessary to adapt the terms of this Agreement to such change in

law or regulation, and the Transmission Owner shall file such amendment or amendments with FERC.

(b) If the Parties are unable to reach agreement on any such amendments, then the Parties shall continue to perform under this Agreement to the maximum extent possible, taking all reasonable steps to mitigate any adverse effect on each other resulting from the Event. If the Parties are unable to reach agreement on any such amendments, Transmission Owner shall have the right to make a unilateral filing with FERC to modify this Agreement pursuant to Section 205 of the Federal Power Act and Local Distribution Customer shall have the right to make a unilateral filing with FERC to modify this Agreement pursuant to Section 206 of the Federal Power Act. Each Party shall have the right to protest any such filing by the other Party and to participate fully in any proceeding before FERC.

22.4 Regulatory Filing. The Transmission Owner shall file this Agreement with FERC as a rate schedule within the meaning of 18 C.F.R. Part 35. Local Distribution Company agrees to reasonably cooperate with the Transmission Owner with respect to such filing and to provide any information, including the rendering of testimony reasonably requested by the Transmission Owner, needed to comply with applicable regulatory requirements.

22.5 Survival. The applicable provisions of this Agreement shall continue in effect during dispute resolution (as provided for in Article 26); and after expiration, cancellation or termination hereof to the extent necessary to provide for final billings, billing adjustments and the determination and enforcement of liability and indemnification obligations arising from acts or events that occurred while this Agreement was in effect.

Article 23. Amendment

23.1 Section 205 and 206 Rights. Notwithstanding any other provision in this Agreement to the contrary any Party may unilaterally make application to FERC under Section 205 or 206 of the Federal Power Act and/or pursuant to FERC's rules and regulations promulgated thereunder for a change in any rate, term, condition, charge, classification of service, rule or regulation under or related to this Agreement.

23.2 Amendments. Except as provided for in Section 23.1 above, this Agreement may only be modified, amended, changed or supplemented in writing signed by both Parties.

Article 24. Assignment/Change in Corporate Identity

- 24.1 Transmission Owner Assignment Rights. Transmission Owner may not assign this Agreement or any of its rights, interests, or obligations hereunder without the prior written consent of Local Distribution Company, which consent shall not be unreasonably withheld; provided however, that Transmission Owner may assign this Agreement or any of its rights or obligations hereunder without the prior written consent of Local Distribution Company and may assign this Agreement to any entity(ies) in connection with a merger, consolidation, or reorganization, provided that the surviving entity(ies) or assignee owns the Transmission System, agrees in writing to be bound by all the obligations and duties of Transmission Owner provided for in this Agreement.
- 24.2 Local Distribution Company Assignment Rights. Local Distribution Company may not assign this Agreement or any of its rights, interests or obligations hereunder without the prior written consent of Transmission Owner, which consent shall not be unreasonably withheld; provided however, that Local Distribution Company may, without the consent of Transmission Owner, and by providing prior reasonable notice under the circumstances to Transmission Owner, assign, this Agreement to any entity(ies) in connection with a merger, consolidation, or reorganization, provided that the surviving entity(ies) or assignee owns the Local Distribution Company, agrees in writing to be bound by all the obligations and duties of Local Distribution Company provided for in this Agreement.
- 24.3 Assigning Party to Remain Responsible. Any assignments authorized as provided for in this Article will not operate to relieve the Party assigning this Agreement or any of its rights, interests or obligations hereunder of the responsibility of full compliance with the requirements of this Agreement unless (a) the other Party consents, such consent not to be unreasonably withheld, and (b) the assignee agrees in writing to be bound by all of the obligations and duties of the assigning Party provided for in this Agreement.
- 24.4 This Agreement and all of the provisions hereof are binding upon, and inure to the benefit of, the Parties and their respective successors and permitted assigns.

Article 25. Subcontractors

- 25.1 Nothing in this Agreement shall prevent the Parties from utilizing the services of subcontractors as they deem appropriate; provided, however, the parties agree that, where applicable, all said subcontractors shall comply with the terms and conditions of this Agreement.
- 25.2 Except as provided herein, the creation of any subcontract relationship shall not relieve the hiring Party of any of its obligations under this Agreement. Each Party shall be fully responsible to the other Party for the acts and/or omissions of any subcontractor it hires as if no subcontract had been made. Any obligation

imposed by this Agreement upon the Parties, where applicable, shall be equally binding upon and shall be construed as having application to any subcontractor.

- 25.3 No subcontractor is intended to be or shall be deemed a third-party beneficiary of this Agreement.
- 25.4 The obligations under this Article 25 shall not be limited in any way by any limitation on subcontractor's insurance.
- 25.5 Each Party shall require its subcontractors to comply with all federal and state laws regarding insurance requirements and shall maintain standard and ordinary insurance coverages.

Article 26. Dispute Resolution

- 26.1 Any claim or dispute which either Party may have against the other arising out of or relating to this Agreement or the breach, termination or validity thereof (any such claim or dispute, a "Dispute") shall be submitted in writing to the other Party not later than the latter of sixty (60) days after the circumstances that gave rise to the claim or dispute have taken place or sixty (60) days of discovery of such circumstances. The submission of any Dispute shall be made to either the Local Distribution Company's Site Representative or the Transmission Owner's Site Representative, and shall include a concise statement of the question or issue in dispute, together with a statement listing the relevant facts and documentation that support the claim. In the event Transmission Owner's Site Representative and Local Distribution Company's Site Representative are unable in good faith to satisfactorily resolve their disagreement within thirty (30) days from the receipt of notice of the Dispute, either Party may by written notice to the other refer the Dispute to their respective senior management.
- 26.2 If any Dispute arising hereunder is not resolved within thirty (30) days after notice thereof to the other Party, the Parties shall follow the Dispute Resolution procedures in Exhibit 9 hereto.

Article 27. Miscellaneous Provisions

- 27.1 This Agreement shall constitute the entire agreement between the Parties hereto relating to the subject matter hereof. In all other respects, special contracts or superseding rate schedules shall govern Transmission Owner's transmission service to Local Distribution Company.
- 27.2 No failure or delay on the part of Transmission Owner or Local Distribution Company in exercising any of its rights under this Agreement, no partial exercise by either Party of any of its rights under this Agreement, and no course of dealing between the Parties shall constitute a waiver of the rights of either Party under this

Agreement. Any waiver shall be effective only by a written instrument signed by the Party granting such waiver, and such shall not operate as a waiver of, or estoppel with respect to, any subsequent failure to comply therewith.

- 27.3 Nothing in this Agreement, express or implied, is intended to confer on any other person except the Parties hereto any rights, interests, obligations or remedies hereunder.
- 27.4 In the event that any clause or provision of this Agreement or any part hereof shall be held to be invalid, void, or unenforceable by any court or Governmental Authority of competent jurisdiction, said holding or action shall be strictly construed and shall not affect the validity or effect of any other provision hereof, and the Parties shall endeavor in good faith to replace such invalid or unenforceable provisions with a valid and enforceable provision which achieves the purposes intended by the parties to the greatest extent permitted by law.
- 27.5 The Parties hereto agree to execute and deliver promptly, at the expense of the Party requesting such action, any and all other and further instruments, documents and information which may be reasonably requested in order to effectuate the transactions contemplated hereby. The Parties agree to cooperate and assist each other in acquiring any regulatory approval necessary to effectuate this Agreement.
- 27.6 The Article and Section headings herein are inserted for convenience only and are not to be construed as part of the terms hereof or used in the interpretation of this Agreement.
- 27.7 In the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the Parties and no presumption or burden of proof shall arise favoring or disfavoring any Party by virtue of authorship of any of the provisions of this Agreement. Any reference to any federal, state, local, or foreign statute or law shall be deemed also to refer to all rules and regulations promulgated thereunder, unless the context requires otherwise. The word "including" in this Agreement shall mean including without limitation.
- 27.8 This Agreement may be executed in one or more counterparts, each of which shall be deemed an original.
- 27.9 Each Party shall act as an independent contractor with respect to the provision of services hereunder.
- 27.10 Nothing in this Agreement addresses, or is intended to address, the interconnection service, and standards governing such service, provided by Transmission Owner to interconnect the generating facilities of the Local

Distribution Company or to any generating facilities of any entity affiliated with the Local Distribution Company.

27.11 Affiliate Status of Parties. For purposes of this Agreement, neither Party shall be considered an affiliate of the other.

27.12 Mutual Agreement. Whenever the Parties are called upon to review, approve or mutually agree regarding any provision of this Agreement, such review, approval or mutual agreement shall not be unreasonably withheld or delayed.

IN WITNESS WHEREOF, Transmission Owner and Local Distribution Company have caused this instrument to be executed by their duly authorized representatives as of the day and year first above written.

Escanaba Municipal Electric Utility

By: _____
Name: _____
Title: _____

American Transmission Company LLC, by its corporate manager
ATC Management Inc.

By: _____
Name: Carol Chinn
Title: Chief Operating Officer

Exhibit 1.

Identification of the Interconnection Points and Equipment

ATTACHMENT A (TEXT DESCRIPTION and ONE-LINE DIAGRAM OF INTERCONNECTION STATIONS WITH INTERCONNECTION POINTS IDENTIFIED)

ATTACHMENT B (INTERCONNECTION ASSET OWNERSHIP NEAR POINT OF INTERCONNECTION)
(See Attachment A One Line drawing)

ATTACHMENT C (SITE LAYOUT DRAWING SHOWING TRANSMISSION OWNER'S STATION TO CUSTOMER OWNED EQUIPMENT)
(N/A)

ATTACHMENT D (LISTING OF MAJOR INTERCONNECTION STATION EQUIPMENT WITH RATINGS, MAY BE INCLUDED IN ONE-LINE ATTACHMENT A)
(See Attachment A One Line drawing)

ATTACHMENT E (RELAYING, METERING AND SCADA ONE-LINE)
(See Attachment A One Line drawing)

ATTACHMENT F (LISTING OF PARTIES' RRO AFFILIATION)

ATTACHMENT G (LISTING OF POINTS OF BALANCING AUTHORITY METERING)

ATTACHMENT A - POINTS OF INTERCONNECTION

A.1 Escanaba Point of Interconnection. Transmission Owner (“ATCLLC”) and Local Distribution Company (“LDC”) are interconnected at the LDC-owned 69 kV line conductor dead-end on the ATCLLC structure at Escanaba Steam Plant substation, where the ATC-owned 69 kV line (a/k/a Escanaba1) between ATCLLC’s Delta substation and Escanaba’s Escanaba Steam Plant substation is terminated.

A.1.1 Facilities Provided by ATCLLC. ATCLLC will own, operate, and maintain the following.

- a. The interconnected transmission line (a/k/a Escanaba1) termination, line relay protective facilities, and associated equipment at the Escanaba Steam Plant substation
- b. The 69 kV CCVT, 69 kV wave trap, three - 69 kV PT’s and three - 69 kV surge arrestors located in the Escanaba Steam Plant SS.

A.1.2 Facilities Provided by Escanaba. Escanaba will own, operate, and maintain the following.

- a. All facilities at the Escanaba Steam Plant substation, except as noted in Section A.1 above.

A.1.3 Common Facilities. ATC LLC and LDC do not share ownership of any facilities – Common Facilities – at the Escanaba Steam Plant substation.

A.1.4 Substation Land. LDC owns the Escanaba Steam Plant substation land.

A.2 Escanaba Point of Interconnection. Transmission Owner (“ATCLLC”) and Local Distribution Company (“LDC”) are interconnected at the LDC-owned 69 kV line conductor dead-end on the ATCLLC-owned structure at Delta substation where the LDC-owned 69 kV line (a/k/a Escanaba2) between Delta substation and LDC’s Escanaba Steam Plant substation , with a tap to Escanaba’s West Side Tap substation is terminated.

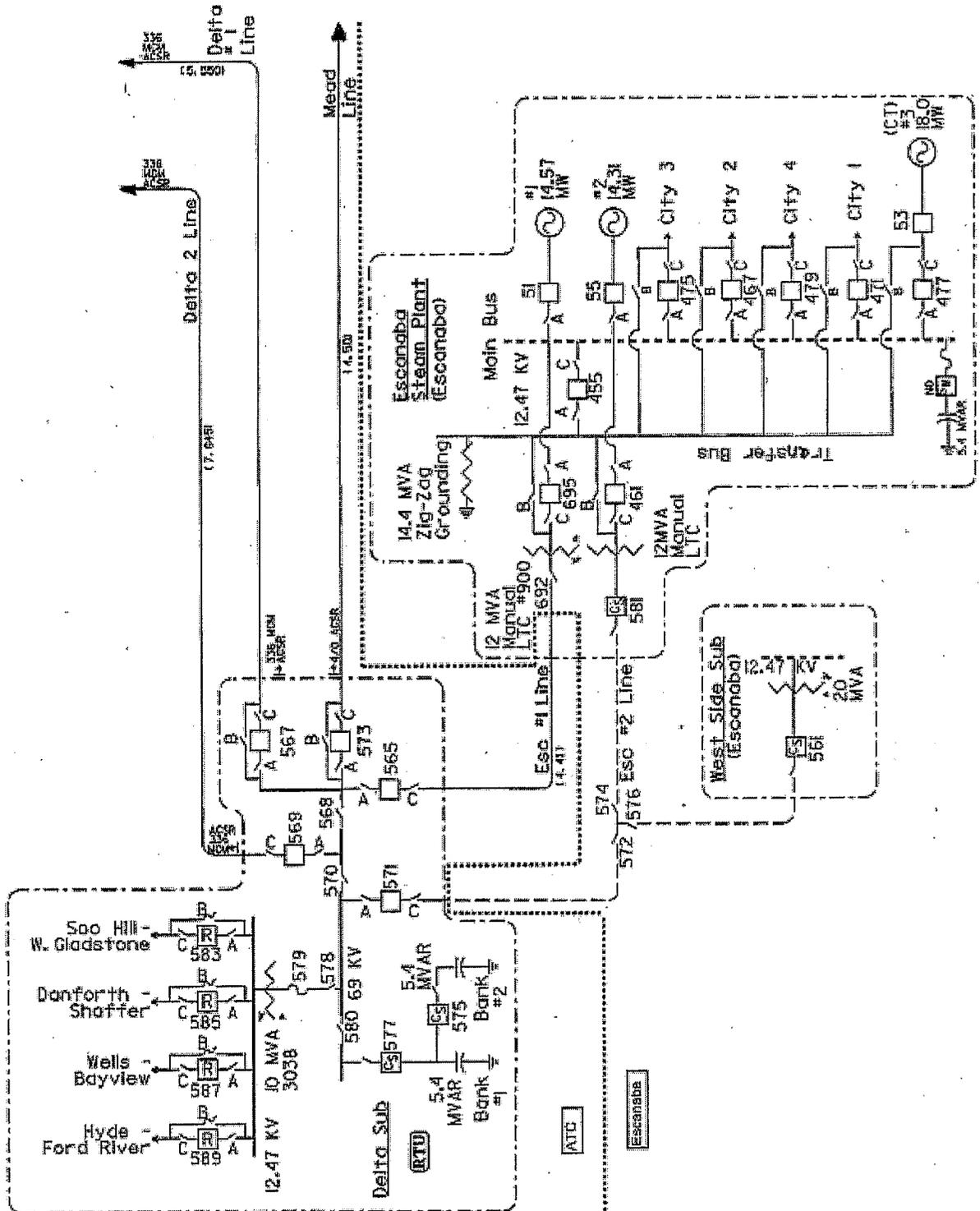
A.2.1 Facilities Provided by ATCLLC. ATCLLC will own, operate, and maintain the following.

- a. All facilities at the Delta substation.

A.2.2 Facilities Provided by Escanaba. Escanaba will own, operate, and maintain the following.

- a. The Delta-Escanaba 69 kV transmission line (a/k/a Escanaba2) and associated equipment outside of the Delta substation,
- b. All facilities at the Escanaba Steam Plant and West Side Tap substations.

**ATTACHMENT A (ONE-LINE DIAGRAM OF INTERCONNECTION STATION
WITH INTERCONNECTION POINTS IDENTIFIED)**



ATTACHMENT F (LISTING OF PARTIES' RRO AFFILIATION)

American Transmission Company LLC has RRO affiliations with:

- 1) Midwest Reliability Organization
- 2) Reliability *First* Corporation

Escanaba Municipal Electric Utility has an RRO affiliation with:

- 1) Midwest Reliability Organization

ATTACHMENT G POINTS OF BALANCING AUTHORITY AREA METERING

Delta – Escanaba #1. The metering is owned by Upper Peninsula Power Company (“UPPCO”) and located at the Escanaba Steam Plant substation on the LDC-owned 69kV bus. LDC owns the 69 kV bus voltage transformers used for the BAA metering. The UPPCO-owned metering current transformers are installed on and sum the power flow through LDC-owned breaker 695 at the Escanaba Steam Plant substation. From there, it is interchange between UPPCO and LDC. UPPCO owns all instrumentation cables between the instrument transformers and the meter.

Delta – Escanaba #2. The metering is owned by Transmission Owner and located at the Delta substation on the Transmission Owner-owned 69kV bus. The Transmission Owner-owned metering current transformers are installed on and sum the power flow through ATCLLC-owned breaker 571 at Delta substation. From there, it is interchange between Upper Peninsula Power Company and Escanaba. Transmission Owner owns all instrumentation cables between the instrument transformers and the meter.

Exhibit 2.
**Contact Information For Local Distribution Company's Site
Representatives and Transmission Owner's Site Representatives**

Local Distribution Company's Contact List

Emergency Contact	(906) 786-2321	
	(906) 786-3742	
	(906) 553-8018 (Control Room Cell phone)	
Alternate Emergency Contact	(906) 786-5911 (Escanaba Public Safety Dept.)	
Escanaba Municipal Electric Utility		
General Information	(906) 786-0061	Fax (906) 786-0791
1711 Sheridan Road		
Escanaba, MI 49829		

Transmission Owner's Contact List

Pewaukee Control Center	(262) 544-7008	Fax (262) 506-6708
Cottage Grove Control Center	(800) 937-3762	Fax (608) 877-8138
	(608) 877-8264	
Pewaukee Manager System Control	(262) 506-6886	
Cottage Grove Manager System Control	(608) 877-8172	
ATC General Information	(866) 899-3204	
N19 W23993 Ridgeview Parkway West		
P.O. Box 47		
Waukesha, WI 53187-0047		

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Exhibit 3.

[Reserved.]

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Exhibit 4.
Technical Specifications and Operating Guides

[Reserved.]

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**Exhibit 5
Maintenance Costs**

[Reserved.]

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Exhibit 6

[Reserved.]

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Exhibit 7.

[Reserved]

Exhibit 8 - Metering Specifications

Performance criteria:

1. Meters shall meet or exceed the latest version of ANSI C12.16 (Standard for Solid State Electricity Meters) specifications for solid state metering.
2. Current transformers used for metering shall meet or exceed an accuracy class of 0.3%. Secondary connected burdens shall not exceed rated burden of any current transformer. Current transformers shall comply with most current applicable ANSI Standards including C57.13 (IEEE Standard Requirements for Instrument Transformers) and C12.11 (Instrument Transformers for Revenue Metering 10KV BIL through 350 KV BIL). Local Distribution Company shall comply with manufacturer's accuracy and burden class information on the nameplate of each device.
3. Voltage transformers used for metering shall meet or exceed an accuracy class of 0.3%. Secondary connected burdens shall not exceed rated burden of any voltage transformer. Voltage transformers shall comply with most current applicable ANSI Standards including C57.13 (IEEE Standard Requirements for Instrument Transformers), C12.11 (Instrument Transformers for Revenue Metering 10KV BIL through 350 KV BIL), and C93.1 (Power Line Coupling Carrier Capacitors and Coupling Capacitor Voltage Transformers (CCVT)). Local Distribution Company shall comply with manufacturer's accuracy and burden class information on the nameplate of each device.

Exhibit 9 - Dispute Resolution Procedures

SECTION 1.1 When Required.

Any dispute subject to this Exhibit that has not been resolved through the informal or mediation procedures specified herein shall be resolved by arbitration in accordance with the procedures specified herein; provided, however, that unless all parties agree to arbitrate, (a) any dispute subject to the jurisdiction of any regulatory authority shall only be heard by such regulatory authority, and (b) any dispute wherein one party seeks an injunction or other equitable relief shall be heard only by a court having jurisdiction over the matter.

SECTION 1.2 Initiation.

(a) A party to a dispute that wishes to commence arbitration proceedings shall send a written demand for arbitration to an officer or managing or general agent (or other agent authorized by appointment or law to receive service of process) of the other parties to the dispute. The demand for arbitration shall state each claim for which arbitration is being demanded, the relief being sought, a brief summary of the grounds for such relief, and the basis for the claim, and shall identify all other parties to the dispute.

(b) Any party receiving such notice may, if the proviso in Section 1.1 is applicable, notify the parties to the dispute within 14 days of receiving the demand for arbitration, that it intends to have the matter heard by a regulatory or judicial authority and shall thereafter have a further 60 days in which to make the necessary filing to commence proceedings at such regulatory or judicial authority. If the filing necessary to commence proceedings before such regulatory or judicial authority is not made within the foregoing 60-day period, then the party seeking to invoke jurisdiction of a regulatory authority shall be deemed to have consented to arbitration, and the dispute shall revert to arbitration.

SECTION 1.3 Selection of Arbitrator.

The parties agree that arbitration initiated under this Agreement shall be conducted (i) for members of ATC LLC under the Provisions of the ATC LLC Operating Agreement or (ii) for nonmembers of ATC LLC before a single neutral arbitrator appointed by the parties. If the parties under § (ii) are unable to agree on an arbitrator, such arbitrator shall be appointed from a panel of knowledgeable arbitrators provided to the parties by the American Arbitration Association. The selection of the arbitrator and the arbitration process shall then proceed according to the Commercial Dispute Rules of the American Arbitration Association.

SECTION 1.4 Procedures.

The parties shall compile and make available to the arbitrator and the parties standard procedures for the arbitration of disputes, either from the standard procedures of the ATCLLC Operating Agreement or from the American Arbitration Association, as mutually agreed by the Parties, or as the arbitrator deems appropriate. Upon selection of the arbitrator, arbitration shall go forward in accordance with applicable procedures.

SECTION 1.5 Summary Disposition and Interim Measures.

(a) The procedures for arbitration of a dispute shall provide a means for summary disposition of a demand for arbitration, or response to a demand for arbitration, that in the reasoned opinion of the arbitrator does not have a good faith basis either in law or fact. If the arbitrator determines that a demand for arbitration, or response to a demand for arbitration, does not have a good faith basis either in law or fact, the arbitrator shall have discretion to award the costs of the time, expenses, and other charges of the arbitrator to the prevailing party.

(b) The procedures for the arbitration of a dispute shall provide a means for summary disposition without discovery if there is no dispute as to any material fact, or with such limited discovery as the arbitrator shall determine is reasonably likely to lead to the prompt resolution of any disputed issues of material fact.

(c) The procedures for arbitration of a dispute shall permit any party to a dispute to request the arbitrator to render a written interim decision requiring that any action or decision that is the subject of a dispute not be put into effect, or imposing such other interim measures as the arbitrator deem necessary or appropriate. The arbitrator may grant or deny, in whole or in part, a request for such a written interim decision. The Parties' shall be bound by any such written decision pending the outcome of the arbitration proceeding.

SECTION 1.6 Discovery of Facts.

(a) The arbitration procedures for the resolution of a dispute shall include adequate provision for the discovery of relevant facts, including the taking of testimony under oath, production of documents and things, and inspection of land and tangible items. The nature and extent of such discovery shall be determined as provided herein and shall take into account (i) the complexity of the dispute, (ii) the extent to which facts are disputed, and (iii) the amount of money in controversy.

(b) The arbitrator shall be responsible for establishing the timing, amount, and means of discovery, and for resolving discovery and other pre-hearing disputes. If a dispute involves contested issues of fact, promptly after the selection of the arbitrator, the arbitrator shall convene a meeting of the parties for the purpose of establishing a schedule and plan of discovery and other pre-hearing actions.

SECTION 1.7 Evidentiary Hearing.

The procedures established by the arbitrator shall provide for an evidentiary hearing, with provision for the cross-examination of witnesses, unless all parties consent to the resolution of the matter on the basis of a written record. The forms and methods for taking evidence shall be as agreed by the parties, or if the parties cannot agree, as established by the arbitrator. The arbitrator may require such written or other submissions from the parties as shall be deemed appropriate, including submission of the direct testimony of witnesses in written form. The arbitrator may exclude any evidence

that is irrelevant, immaterial, or unduly repetitious, and, except to the extent hereinafter otherwise provided, shall exclude any material which is covered by the attorney-client privilege, the accountant-client privilege, other evidentiary privileges, or the attorney-work product doctrine. Any party or parties may arrange for the preparation of a record of the hearing and, except to the extent otherwise provided, shall pay the costs thereof. Such party or parties shall have no obligation to provide, or to agree to the provision of, a copy of the record of the hearing to any party that does not pay a proportionate share of the cost of the record. At the request of any party, the arbitrator shall determine a fair and equitable allocation of the cost of the preparation of a record between or among the parties to the proceeding who are willing to share such costs.

SECTION 1.8 Confidentiality.

(a) Any information requested from another party in the course of an arbitration proceeding, and not otherwise available to the receiving party, including any such information contained in documents or other means of recording information created during the course of the proceeding, may be designated "Confidential" by the producing party to the extent that such information is of a proprietary nature. The party designating documents or other information as "Confidential" shall have 20 days from the request for such material to submit a request to the arbitrator to establish such requirements for the protection of such documents or other information designated as "Confidential" as may be reasonable and necessary to protect the confidentiality and commercial value of such information and the rights of the parties. Prior to the decision of the arbitrator on a request for confidential treatment, documents or other information designated as "Confidential" need not be produced. "Confidential" information shall not be used by the arbitrator, or anyone working for or on behalf of any of the foregoing, for any purpose other than the arbitration proceeding, and shall not be disclosed in any form to any Person not involved in the arbitration proceeding without the prior written consent of the party producing the information, or as permitted by the arbitrator or as required by law.

(b) Any Person receiving a request or demand for disclosure, whether by compulsory process, discovery request, or otherwise, of documents or information obtained in the course of an arbitration proceeding that have been designated "Confidential" and that are subject to a non-disclosure requirement under this Exhibit, or that are subject to a decision of the arbitrator, shall immediately inform the Person from which the information was obtained, and shall take all reasonable steps to afford the Person from which the information was obtained an opportunity to protect the information from disclosure. Any person disclosing information in violation of this Exhibit or requirements established by the arbitrator shall be deemed to waive any right to introduce or otherwise use such information in any judicial, regulatory, or other legal or dispute resolution proceeding, including the proceeding in which the information was obtained.

(c) Nothing in this Exhibit shall preclude any Person from using documents or information properly and previously obtained outside of an arbitration proceeding, or

otherwise public, for any legitimate purpose, notwithstanding that the information was also obtained in the course of the arbitration proceeding.

SECTION 1.9 Timetable.

Promptly after the selection of the arbitrator, the arbitrator shall set a date for resolution of the dispute, which shall be not later than eight months (or such earlier date as may be agreed to by the parties) from the date of the selection of the arbitrator, with other dates, including the dates for an evidentiary hearing, or other final submissions of evidence, set in light of this date. The date for the evidentiary hearing, or other final submission of evidence, shall not be changed absent extraordinary circumstances. The arbitrator shall have the power to impose sanctions for dilatory tactics or undue delay in completing the arbitration proceedings.

SECTION 1.10 Decisions.

The arbitrator shall issue either an oral decision that is transcribed or a written decision, which may, at the arbitrator's discretion, include findings of fact. The arbitration decision shall be based on the evidence in the record; the relevant agreements between the parties and applicable federal and state legal standards, including the FPA and any applicable state and FERC regulations and decisions and, (iv) relevant decisions in previous arbitration proceedings under this Agreement. All decisions of the arbitrator shall be subject to any applicable confidentiality provisions, and shall be made available on request, to the parties and to federal and state regulatory authorities. Any arbitration decision that affects matters subject to the jurisdiction of the FERC under section 205 or section 206 of the FPA shall be filed with the FERC and any arbitration decision that affect matters subject to the jurisdiction of a state authority shall be filed with that authority.

SECTION 1.11 Costs.

Unless the arbitrator shall decide otherwise, the costs of the time, expenses, and other charges of the arbitrator shall be borne by the parties to the dispute, with each side on an arbitrated issue bearing one-half of such costs, and each party to an arbitration proceeding shall bear its own costs and fees. The arbitrator may require all of the costs of the time, expenses, and other charges of the arbitrator, plus all or a portion of the costs of arbitration, attorneys' fees, and the costs of mediation, if any, to be paid by any party that substantially loses on an issue determined by the arbitrator to have been raised without a substantial basis.

SECTION 1.12 Enforcement.

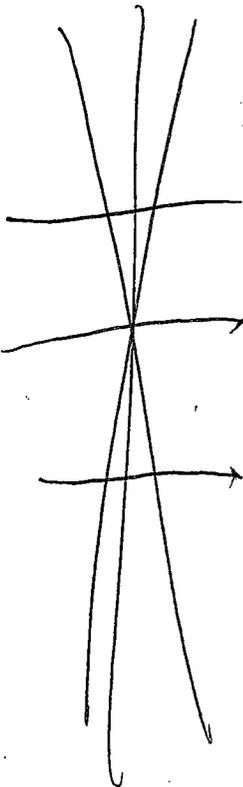
The decision of the arbitrator shall be final, binding and not appealable, except to the extent reviewable by FERC (as permitted or required by law) or as provided in Chapter 788 of the Wisconsin Statutes. Any party may petition any state or federal court having jurisdiction to enter judgment upon the arbitration award. All references to Circuit Court refer to the Circuit Court of Delta County, Michigan. All references to County refer to Delta County, Michigan.

SECTION 1.13 Regulatory Jurisdiction.

If a party fails to invoke regulatory jurisdiction of a dispute involving matters subject to FERC or state regulatory jurisdiction within 60 days in accordance with Section 1.2 of this Exhibit, the party shall be deemed to have waived its right to invoke such jurisdiction; provided, however, that this waiver only applies to the party and does not affect any right that the FERC or state regulatory authority may have to act on its own. If such party nonetheless invokes FERC or applicable state regulatory jurisdiction following the arbitration proceedings provided for herein, that party shall be responsible for all attorneys' fees incurred by other parties to the dispute and the Company, whether or not the FERC or state regulatory authority concludes that such party has waived its right to invoke FERC or state regulatory jurisdiction.

Exhibit 10 – Insurance

1. Transmission Owner – Forms, Manner And Amounts Of Insurance:
 - a. Workers’ Compensation Insurance in accordance with all applicable state, federal and maritime law, including Employer’s Liability Insurance in the amount of \$1,000,000 per accident;
 - b. Commercial General Liability Insurance, including Contractual Liability Coverage for liabilities assumed under this Agreement, and Personal Injury Coverage in the amount of \$25,000,000 per occurrence for bodily injury and property damage. Where the Parties agree that it is mutually advantageous, Transmission Owner shall include Local Distribution Company as an additional insured;
 - c. Automobile Liability Insurance for all owned, non-owned, and hired vehicles with bodily injury limits of no less than \$5,000,000 per person, \$5,000,000 per accident; and property damage limits of no less than \$5,000,000 per accident. Where the Parties agree that it is mutually advantageous, Transmission Owner shall include Local Distribution Company as an additional insured;

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2. Local Distribution Company - Forms, Manner And Amounts Of Insurance:
 - a. Workers’ Compensation Insurance in accordance with all applicable state, federal and maritime law, including Employer’s Liability Insurance in the amount of \$ _ [Self-Insured – See Article 18.1(a) & 18.1(b)] _ per accident;
 - b. Commercial General Liability Insurance, including Contractual Liability Coverage for liabilities assumed under this Agreement, and Personal Injury Coverage in the amount of \$ 5,000,000 per occurrence for bodily injury and property damage. The Local Distribution Company’s policy shall include American Transmission Company LLC and ATC Management Inc., as additional insureds;
 - c. Automobile Liability Insurance for all owned, non-owned, and hired vehicles with combined bodily injury property damage limits of no less than \$ 5,000,000 per occurrence. The Local Distribution Company’s policy shall include American Transmission Company LLC and ATC Management Inc., as additional insureds;
 - d. Local Distribution Company’s insurance is primary and non-contributory.