

SCHEDULE 7 - MICHIGAN

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

Transmission Service

This Schedule 7 - Michigan shall apply to Long-Term and Short-Term Firm Point-To-Point Transmission Service between Point(s) or Receipt¹ and Point(s) of Delivery² that are both on the Transmission System (Michigan). For this service, the Transmission Customer shall compensate the Transmission Provider each month for Reserved Capacity at the sum of the applicable charges set forth below in addition to other applicable charges specified in the Tariff. All effective rates under this schedule shall be posted on the Transmission Provider's OASIS. The rates are calculated using the formula included in Attachment O, pages 1 and 2 except as provided in Sections 4 and 5. The rates will be recalculated each June 1 based on the prior full calendar or fiscal year. The initial rates will be calculated based on a prior full calendar or fiscal year period. However, if the initial rates are to take effect between January 1 and June 1 of a year, then the calendar year used in deriving the rates shall be the calendar or fiscal year preceding the last calendar or fiscal year. These initial rates then would be recalculated effective on June 1 based on the prior full calendar or fiscal year.

(1) Zonal Rates:³ The Transmission Customer shall pay the zonal rate (per kW of reserved capacity) based upon the zone where the load is located for Transmission System (Michigan) Firm Point-To-Point Transmission Service where both the generation source and the load are located within the Transmission System (Michigan). The zonal rates shall be calculated in accordance with Attachment O, p. 2 of 2, lines 2-16.

The zones are as follows:

- Zone 1: International Transmission Company (includes Michigan Public Power Agency)
- Zone 2: Michigan Joint Zone (includes Michigan Electric Transmission Company, LLC, Michigan Public Power Agency, Wolverine Power Supply Cooperative, Inc., Michigan South Central Power Agency, Grand Haven Board of Light and Power, Zeeland Board of Public Works, and Traverse City Light and Power)

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

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

(3) **Discounts:** Any offer of a discount made by the Transmission Provider in conjunction with its provision of Transmission Service must be announced to all Eligible Customers solely by posting on the OASIS.

(4) **Resales:** The rates and rules governing charges and discounts stated above shall not apply to resales of transmission service, compensation for which shall be governed by Section 23.1 of the Tariff.

(5) **Zone Specific Rates and Revenue Requirements:** The formula in Attachment O shall be used to establish rates for each zone unless the Commission allows a modification to the formula, a new formula, or different rates to be used for a zone or zones. In such event, the rates

for the affected zone or zones shall reflect the Commission accepted changes and be included in the calculation of the single system-wide rates in accordance with Attachment O, p. 2 of 2, lines 23-44. The zonal rates shall be adjusted by the Transmission Provider to reflect those charges collected under Schedule 26 of this Tariff. The calculation of the single system-wide rates will also include the zonal rates for any Coordinating Owner. However, in consideration of the historic non-pancaked usage of the Transmission System (Michigan), zonal rates for service under this Tariff shall not include the costs of, or foregone revenues associated with, any facilities outside of the Transmission System (Michigan) absent a showing by an applicant or the Commission that such costs or foregone revenues should be borne by Transmission Customers of the Transmission System (Michigan) and are “in the public interest” as applied to such customers (as the term “in the public interest” has been interpreted by the Commission and the courts).

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

- ¹ For this Schedule 7 - Michigan, Point(s) of Receipt means: Point(s) of interconnection on the Transmission Provider's Michigan Transmission System including any interface between the Michigan Transmission System and the Transmission System or other transmission system interconnected with the Michigan Transmission System where capacity and energy will be made available to the Transmission Provider by the Delivering Party under Module B of the Tariff. The Point(s) of Receipt shall be specified in the Service Agreement for Long-Term Firm Point-To-Point Transmission Service.
- ² For this Schedule 7 - Michigan, Point(s) of Delivery means: Point(s) on the Transmission Provider's Michigan Transmission System excluding any interface between the Michigan Transmission System and the Transmission System or other transmission system interconnected with the Michigan Transmission System where capacity and energy transmitted by the Transmission Provider will be made available to the Receiving Party under Module B of the Tariff. The Point(s) of Delivery shall be specified in the Service Agreement for Long-Term Firm Point-To-Point Transmission Service.
- ³ After the Transition Period, the zonal rate structure may be revised in accordance with Appendix C, Section II, Paragraph 1 of the ISO Agreement pursuant to a filing made by the ISO.