

SCHEDULE 9 - Michigan

Network Integration Transmission Service

The Transmission Customer shall compensate the Transmission Provider for Network Integration Transmission Service at the applicable charges set forth below in addition to other applicable charges specified in the Tariff. The monthly rates are calculated using the formulas included in Attachment O, pages 1 and 2 except as provided in Sections 2 and 3. The rates will be recalculated each June 1 based on the prior full calendar or fiscal year. The initial rates will be calculated based on a prior full calendar or fiscal year period. However, if the initial rates are to take effect between January 1 and June 1 of a year, then the calendar or fiscal year used in determining the rates shall be the calendar year preceding the last calendar or fiscal year. These initial rates then would be recalculated effective on June 1 based on the prior full calendar or fiscal year.

(1) Zonal Rate:¹ The Transmission Customer in the Transmission System (Michigan) taking Network Integration Transmission Service shall pay the firm monthly zonal rate for the zone based upon where the load is physically located.

Each month, the Transmission Customer shall pay the Transmission Provider the product of the applicable firm monthly zonal rate multiplied by the Transmission Customer's monthly Network Load determined in accordance with Section 34.2. If a Transmission Customer has load in separate zones, the customer shall pay the rate for each zone in which its load is located (*i.e.* the rate for each zone shall be multiplied by the customer's monthly Network Load in that zone and the sum of the calculation for each applicable zone shall be the total charges paid by the

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

(2) Zone Specific Rates and Revenue Requirements: The formula in Attachment O shall be used to establish rates for each zone unless the Commission allows a modification to the formula, a new formula, or different rates to be used for a zone or zones. In such event, the rates for the affected zone or zones shall reflect the Commission accepted changes. However, in consideration of the historic non-pancaked usage of the Transmission System (Michigan), zonal

rates for service under this Tariff shall not include the costs of, or foregone revenues associated with, any facilities outside of the Transmission System (Michigan) absent a showing by an applicant or the Commission that such costs or foregone revenues should be borne by Transmission Customers of the Transmission System (Michigan) and are “in the public interest” as applied to such customers (as the term “in the public interest” has been interpreted by the Commission and the courts).

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

¹ After the Transition Period, the zonal rate structure may be revised in accordance with Appendix C, Section II, Paragraph A.1 of the ISO Agreement pursuant to a filing made by the ISO and the Transmission Owners.