

ATC'S TRANSMISSION SERVICE BILLING PROCEDURE MICHIGAN'S RETAIL CHOICE PROGRAM

Overview:

American Transmission owns and operates more than 9,400 miles of transmission lines and more than 510 substations located in Wisconsin, Michigan, and portions of Illinois and Minnesota. American Transmission is a transmission-owning member of the MidContinent Independent System Operator, Inc. ("MISO"). Transmission service is provided over American Transmission's transmission facilities pursuant to the MISO Tariff. MISO exercises operational control of American Transmission's transmission facilities, but American Transmission provides the day-to-day operation and control of its transmission facilities. In addition, American Transmission serves as MISO's billing agent with respect to charges for MISO's Network Integrated Transmission Service (NITS)¹ in the American Transmission service area.

As relevant here, MISO's Tariff includes an Attachment T ("Retail Terms and Conditions") that sets forth specific guidance pertaining to: (1) Network Load calculation for Network Customers that serve load under the Michigan Customer Choice and Electricity Reliability Act program, pursuant to Michigan Public Act 141 of 2002, as amended ("Michigan Retail Choice"); and (2) commensurate adjustments to existing Network Customers' Load Ratio Share calculations.

American Transmission has drafted this billing procedure to provide additional information to: (1) Alternative Electric Suppliers (AES) that conduct business in portions of American Transmission's service area that are subject to Michigan's Retail Choice; and (2) incumbent Load-Serving Entities (LSE) that are MISO NITS customers in portions of American Transmission's service area that are subject to Michigan's Retail Choice. Each such entity will be billed by American Transmission in American Transmission's capacity as MISO's billing agent for NITS charges. To confirm, this document is only provided for informational purposes. To the extent that terms or conditions of the MISO Tariff and/or the terms or conditions of any Service Agreement conflict with the procedures set forth herein, the terms and conditions of the MISO Tariff and/or the Service Agreement will control.

Service Prerequisites:

1. The AES must be licensed by the Michigan Public Service Commission (MPSC) pursuant to relevant regulations promulgated in association with Michigan's Retail Choice program;
2. The AES must have executed a Network Integration Transmission Service Agreement (NITSA) and Network Operating Agreement (NOA) with MISO. Alternatively, the AES may have executed a Firm Point to Point Transmission Service Agreement with MISO;

¹ Capitalized terms not expressly defined herein shall have the meaning ascribed to them in the MISO Tariff.

3. The AES must establish applicable Points of Delivery for each incumbent Load Serving Entity (LSE) affected by the AES; and
4. The AES must make a MISO OASIS reservation for service to its customer(s).

MISO Tariff References:

1.446 Network Customer: An entity receiving Transmission Service pursuant to the terms of the Transmission Provider's Network Integration Transmission Service under Module B of this Tariff.

1.448 Network Load: The Load that a Network Customer designates for Network Integration Transmission Service under Module B of this Tariff. The Network Customer's Network Load includes all Load served by the output of any Network Resources designated by the Network Customer. A Network Customer may elect to designate less than its total Load as Network Load but may not designate only part of a Load at a discrete Point of Delivery. Where an Eligible Customer has elected not to designate a particular Load at discrete Points of Delivery as Network Load, the Eligible Customer is responsible for making separate arrangements under Module B of this Tariff for any Point to Point Transmission Service that may be necessary for such non-designated Load. Network Loads under Schedule 9 – Michigan of this Tariff for the Transmission System (Michigan) must be directly interconnected with the Transmission System (Michigan) or through the distribution facilities in the Transmission System (Michigan).

34.2(a) Network Load Calculation for Michigan Customer Choice Program: Network Customers who serve load under the Michigan Customer Choice and Electric reliability Act program (such program being pursuant to Michigan Act No. 141 (2002) as amended from time to time) ("the participants"), shall have transmission service for such load billed using a Load Ratio Share that is calculated in each service month. The monthly Network Load shall be the product of the Network Customer's maximum scheduled hourly demand times eighty-five percent (85%).

34.2(b) Existing Network Customers' Load Ratio Share Adjustment: The Load Ratio Share of Network Customers taking service prior to January 1, 2002, shall be adjusted to the extent that the participants referred to in Section 34.2(a) replace the power sales service of such pre-existing Network Customers and contract for either Long-Term Firm Point-To-Point Transmission Service under Part II of this Tariff or Network Integration Transmission Service under Part III of this Tariff. For the purposes of determining the Load Ratio Share of Network Customers taking service prior to January 1, 2002, Network Load shall be adjusted monthly. The adjustment shall be equal to the sum of the participants' Network Loads, as determined in Section 34.2(a), and such participants' Long-Term Firm Point-To-Point Transmission Service capacity reservations that supplanted the Network Customer's Network Load.

Service Requisites and Billing Methods:

The AES shall notify American Transmission 15 Business Days in advance of the intended commencement of service pursuant to Michigan's Retail Choice Program. Such notice may be by electronic means, addressed to ATC_Settlements@atcllc.com. The notice shall identify each affected incumbent LSE; Point(s) of Delivery; and, provide an approximation of its maximum hourly demand. Service requests commencing on dates other than the beginning of the calendar month will be accommodated by American Transmission.

Within one business day of the conclusion of each calendar month ("Business Day 1"), the AES or designated Meter Data Management Agent (MDMA) and the incumbent LSE shall report the following Network Load data to American Transmission at ATC_Settlements@atcllc.com:

1. The AES's measured hourly demand for its Network Load, inclusive of distribution losses, for each American Transmission zone (2B – Wisconsin Public Service Corporation; 2D – Wisconsin Energy Corporation; and 2E – Upper Peninsula Power Company) where service is rendered by the AES during the month; and,
2. The incumbent LSE's measured hourly demand for its Network Load, inclusive of distribution losses, for the month excluding the AES's demand.

American Transmission will "gross up" the hourly demand values provided for the AES and the incumbent LSE to include the American Transmission System-Wide Transmission Loss Percentage.

American Transmission will render a bill to the AES for NITS on, or before Business Day 5 of the month, in accordance with Attachment T of MISO's Tariff utilizing the data that corresponds to Item No. 1 above. The AES's bill will be the product of 85% of the AES's maximum hourly demand during the relevant month attributable to that portion of American Transmission's service area that is subject to Michigan's Retail Choice Program, which has been grossed up to include the ATC System-Wide Transmission Loss Percentage, and multiplied by the current Schedule 9-ATC rate. ATC shall simultaneously issue a corresponding credit totaling the amount billed to the AES to the affected incumbent LSE(s), on a pro-rata basis. The incumbent LSE may use the billing credit to offset the NITS invoice billed to them on Business Day 1, with payment due within 7 calendar days.

American Transmission will promptly provide MISO with each AES and incumbent LSE demand, coincident with the applicable American Transmission zone peak, for the purposes of enabling MISO to bill such entities for all applicable services other than NITS rendered under its Tariff.

American Transmission will combine the hourly demand values corresponding to Items No. 1 and No. 2 above at the time of the American Transmission Coincidental Peak hour for the relevant month, to derive each affected incumbent LSE's Load Ratio Share for the next applicable calendar year NITS (Schedule 9) billing cycle.

Transmission Settlements Credit Exposure Calculation Process:

To ensure the values used for the transmission credit exposure calculation performed by MISO are correct for all affected entities, American Transmission will provide to MISO:

1. Each incumbent LSE's annual Load Ratio Share values by Jan 31 of the calendar year to which it relates.
2. All AES/incumbent LSE credits/billings related to Retail Choice before the month end following each applicable quarter. Any mid-quarter fluctuations deemed as material, viewed on a case-by-case basis, will be communicated to MISO for transmission credit exposure calculation adjustments.

All communications to MISO related to this area will include the impacted incumbent LSE/AES for transparency purposes.