

D2. Parallel Generation - Purchase by UPPCO

PG-4

EFFECTIVE IN

All territory served.

AVAILABILITY

To customers contracting for electric service who satisfy the requirements of "qualifying facility" status under Part 292 of the Federal Energy Regulatory Commission's regulations under the Public Utility Regulatory Policies Act of 1978, generating electrical energy with total customer owned generating capacity of 1 MW AC or less, and desiring to sell electrical energy to the Company. To qualify for this service, a seller shall execute a standard Power Purchase Agreement with the Company. Customers with generation capacity greater than 1 MW may negotiate with the Company for rates other than specified in this rate schedule. Customers with generation capacity of 150 KW or less have the option of selling energy to the Company under the Pg-2 tariff or the Pg-1M tariff for customers with generator ratings that do not exceed 20 KW. Customers may take service under PG-3 if the requirements are met for methane digesters.

Service hereunder shall be restricted to the Company's purchase of energy or energy and capacity from the seller's generating facilities up to the Contract Capacity specified in the Power Purchase Agreement which may be operated in parallel with the Company's system. Power delivered to the Company shall not offset or be substituted for power contracted for, or which may be contracted for, under any other schedule of the Company. If a seller requires supplemental, back-up, or standby services, the seller shall enter into a separate service agreement with the Company in accordance with the Company's applicable electric rates and Service Regulations approved by the Michigan Public Service Commission.

MONTHLY RATES

Customer Charge:

For total customer owned generating capacity of under 200 KW: Standard applicable rate schedule Customer Charge.

For total customer owned generating capacity of 200 KW and greater:

	Secondary	Primary	Transmission
Monthly:	\$250.00	\$325.00	\$750.00
Daily:	\$8.2192	\$10.6849	\$24.6575

Charges for Deliveries from Company

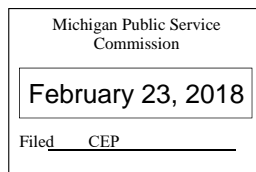
Deliveries from the Company to the customer shall be billed in accordance with the standard applicable rate schedules of the Company.

Energy and Capacity Rate

Energy - For all energy supplied by the customer, the customer shall receive an energy payment equal to one of the rate options below, as selected by the customer and applicable for the term of the special offer contract:

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UPPER PENINSULA POWER COMPANY

MPSC Vol No 8-ELECTRIC

1st Revised Sheet No. D-72.71
Replaces Original Sheet No. D-72.71

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<u>Rate Option</u>	<u>Energy Rate \$/kWh</u>
1. As Available Rate	Actual MISO Day Ahead Locational Marginal Price (LMP) at the Company's UPPCO.INTEGRATED load node, adjusted to reflect reduced line losses according to the distribution line voltage level at the project interconnection point, less the Administrative Fee of \$0.001/kWh.

2. LMP Energy Rate Forecast*	MISO Real Time Locational Marginal Price (LMP) at the Company's UPPCO.INTEGRATED load node, adjusted to reflect reduced line losses according to the distribution line voltage level at the project interconnection point, less the Administrative Fee of \$0.001/kWh.
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Contract Term	5 Years		10 Years		15 Years		20 Years	
	On-Peak	Off-Peak	On-Peak	Off-Peak	On-Peak	Off-Peak	On-Peak	Off-Peak
	\$.04422	\$.03127	\$.04729	\$.03374	\$.04948	\$.03549	\$.05057	\$.03636

Capacity -

Capacity value for intermittent resources is based on MISO zonal resource credits (ZRCs). Capacity value paid to QFs does not depend on whether the Company actually obtains ZRCs for such capacity, only that the Company could obtain ZRCs for the QF capacity. Capacity value paid to a QF is in units of \$/ZRC-Month. MISO ZRCs are equal to the project's nameplate capacity (in MW AC) modified by the MISO effective load carrying capacity (ELCC) calculation.

The MISO ELCC calculation method shall be set for the term of the QF contract according to the MISO Business Practices Manual (BPM) calculation method effective at the time of the QF contract execution.

The currently effective ELCC calculation is provided in MISO BPM-011-r16 § 4.2.3, which recognizes capacity based on accumulated, historical performance.

The current resource planning period is the planning year which runs from June 1st of each year through May 31st of the following year. If no historical generation data is available for the first year of generation a QF shall be assigned the MISO class average capacity credits by technology.

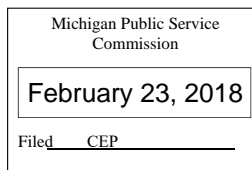
Payments shall be reduced by any applicable monthly Interconnection Cost.

Capacity Payment

Year	Capacity Payment
2017	\$2,100/ZRC-Month
2018	\$2,500/ZRC-Month
2018 and After	\$3,000/ZRC-Month

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Renewable Premium: At the Company's sole discretion, a premium to be paid on a per kWh basis may be applied to generators that generate a renewable credit that is transferred to the Company. Customers retain the right to refuse a renewable premium and keep the renewable credits or tags. Premiums are to be set when the contract is signed and will not change during the contract period.

Distribution Loss Factors: The following factors shall be applied to the on-peak and off-peak energy factors and capacity payments to reflect system losses:

Customers metered at a transmission voltage of 50,000 volts or higher:	1.0350
Customers metered at a primary voltage of 4,160 volts - 50,000 volts:	1.0550
Customers metered at a secondary voltage of less than 4,160 volts:	1.0322

ON-PEAK HOURS

Hours Ending 0800 through 2300 Eastern Prevailing Time Monday through Friday excluding NERC holidays.

OFF-PEAK HOURS

All hours not listed as on-peak hours.

HOLIDAYS

The days of the year which are considered holidays are: New Year's Day, Memorial Day, Fourth of July, Labor Day, Thanksgiving Day, Christmas Day.

MINIMUM CHARGE

The monthly minimum charge shall be the customer charge.

R SERVICE COMPATIBILITY

R The customer must generate electric power at the same characteristics, voltage,
R current and frequency, and number of phases as the customer receives service
R from the Company and will be subject to the same electric service rules as are
R the general service customers of the Company.

R CONTRACT

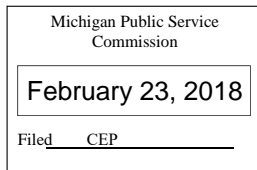
R The Company will require a contract specifying technical and operating aspects
R of parallel generation. Customers have the right to appeal to the Michigan
R Public Service Commission if they believe the contract required by the Company
R is unreasonable.

R EXECUTION OF STANDARD CONTRACT

R In Order to execute the Standard Contract, the Seller must complete all of the
R general project information requested in the applicable Standard Contract. When
R all information required in the Standard Contract has been received in writing
R from the Seller, the Company will use best efforts to respond within 15 business
R days with a draft Standard Contract.

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R The Seller may request in writing that the Company prepare a final draft Standard
 R Contract. The Company will use best efforts to respond to the request within 15
 R business days. In connection with such a request, the Seller must provide the
 R Company with any additional or clarified project information that the Company
 R reasonably determines to be necessary for the preparation of a final draft Standard
 R Contract. When both parties are in full agreement as to all terms and conditions of
 R the draft Standard Contract, the Company will prepare and forward to the Seller a
 R final executable version of the agreement within 15 business days.

PRO-RATION OF DEMAND COST FOR AUTHORIZED MAINTENANCE

For customers billed on rates with demand charges, the demand charges other than "Customer Demand" shall be prorated if the maintenance schedule of the customer owned generation facility has been approved in advance in writing by the Company. Said pro-ration shall be based on the number of authorized days of scheduled maintenance. The customer shall pay the demand rate for the higher than normal demands due to the generation outage only for the days of authorized maintenance.

SPECIAL RULES

1. The Company shall install appropriate metering facilities to record all flows of energy necessary to bill the customer in accordance with the charges and credits of this rate schedule.
2. The customer shall furnish, install, and wire the necessary service entrance equipment, meter sockets, meter enclosure cabinets, or meter connection cabinets that may be required by the Company to properly meter usage and sales to the Company.
3. The requirements for interconnecting a generator with the Company's facilities are contained in the Michigan Public Service Commission's Electric Interconnection Standards Rules (R460.601 - 460.656) and the Company's Michigan Utility Generator Interconnection Requirements, copies of which will be provided to customers upon request. All requirements must be met prior to commencing service.
4. Customer will secure and maintain liability insurance that provides protection against claims for damages resulting from (1) bodily injury, including wrongful death, and (2) property damage arising out of the customer's ownership and/or operation of the facility. The limits of the policy will be at least one million dollars (or the level shown in the Michigan Electric Interconnection and Net Metering Standards, R 460.615 - R 460.628, Rule 624) per occurrence or prove financial responsibility by another method acceptable to and approved in writing by the Company.
 The Failure of the customer or the Company to enforce the minimum levels of insurance does not relieve the customer from maintain such levels of insurance or relieve the customer of any liability. The customer will provide the Company with a certificate of insurance containing a minimum 30-day notice of cancellation prior to execution of this agreement.
 Each of the parties will indemnify and save harmless the other party against any and all damages to persons or property occasioned, without the negligence of such other party, by the maintenance and operation by such parties of their respective lines and other electrical equipment.

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