

UNITED STATES OF AMERICA
BEFORE THE
ATOMIC ENERGY COMMISSION

10-9-74

In the Matter of)
) Docket Nos. 50-329A
CONSUMERS POWER COMPANY) and 50-330A
(Midland Plant, Units 1 and 2))

CONSUMERS POWER COMPANY'S
PROPOSED FINDINGS OF FACT AND
CONCLUSIONS OF LAW AND REQUESTS
PURSUANT THERETO

Pursuant to Section 2.754(a) of the Commission's Rules of Practice, 10 C.F.R. Part 2, Consumers Power Company ("Consumers Power") hereby files its proposed findings of fact and conclusions of law in the above-captioned proceeding. Consumers Power also hereby files its brief in support of these proposed findings and conclusions.

In accordance with the Board's previous directives, we are supplying the Board and opposing counsel with a two-volume appendix to the brief containing copies of Michigan statutory and case law materials referenced in the brief and copies of other referenced materials not readily available, such as FPC decisions. Because of its extensive size, the two-volume appendix is not being formally filed with the Commission -- a procedure which we are authorized to state is agreeable to all parties.

Finally, pursuant to Section 2.743(i) of the Rules, Consumers Power respectfully requests the Board to take official notice of two documents attached hereto; each is a legally-binding document executed by one or more parties to

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this proceeding subsequent to the close of the record. We request that the letter of intent signed by John N. Keen, on behalf of the MMCP Pool, dated August 29, 1974, and the attached agreement be designated Exhibit 12,023; and that interconnection agreement between Consumers Power Company and the City of Holland, Michigan, dated June 1, 1974 be designated Exhibit 12,024.

Respectfully submitted,

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Consumers Power Company
212 West Michigan Avenue
Jackson, Michigan 49201

October 8, 1974

August 29, 1974

Mr. W. Jack Mosley
Vice President
Consumers Power Company
212 W. Michigan Avenue
Jackson, MI 49201

Letter of Intent: From Michigan Municipal Cooperative Power Pool

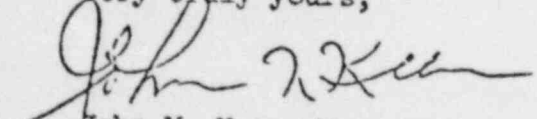
Dear Mr. Mosley:

An agreement has been reached between the MMCPP and Consumers Power Company for the provision of transmission service by Consumers Power Company over its system to facilitate the transfer of a block of 20 megawatts of capacity served at a 100% load factor from The Detroit Edison Company to the MMCPP.

Due to the short time between this date and September 1, 1974, it is impractical to hold special formal meetings of the boards and commissions of the various parties involved in the MMCPP to take the necessary actions for signatures on such agreement. Therefore, this letter is binding upon the MMCPP under the terms of the attached agreement between the MMCPP Members and Consumers Power Company until such time as the formal action can be taken by the various boards and commissions.

Wolverine Electric Cooperative, Inc., being the authorized agent for the MMCPP, all invoices, statements and related correspondence should be addressed to Wolverine Electric Cooperative, 302 S. Warren Avenue, Big Rapids, Michigan to the attention of John N. Keen, Manager. All due payments will be made to the Consumers Power Company by Wolverine Electric Cooperative, Inc., acting as the agent for the MMCPP.

Very truly yours,


John N. Keen, Manager

SUPPLEMENTAL AGREEMENT NO. 2 TO
INTERCONNECTION AGREEMENT BETWEEN
CONSUMERS POWER COMPANY
AND

NORTHERN MICHIGAN ELECTRIC COOPERATIVE, INC.,
WOLVERINE ELECTRIC COOPERATIVE, INC.,
CITY OF GRAND HAVEN, MICHIGAN, AND
CITY OF TRAVERSE CITY, MICHIGAN

SUPPLEMENTAL AGREEMENT NO. 2, made and entered into as of the 1st day of September, 1974 between CONSUMERS POWER COMPANY, a Michigan corporation, hereinafter called "Consumers Power," as first party, and NORTHERN MICHIGAN ELECTRIC COOPERATIVE, INC., WOLVERINE ELECTRIC COOPERATIVE, INC., the CITY OF GRAND HAVEN, MICHIGAN, and the CITY OF TRAVERSE CITY, MICHIGAN, hereinafter collectively called the "MMCPP Members," as second party.

WITNESSETH:

WHEREAS, the parties hereto have entered into an existing Interconnection Agreement dated as of September 1, 1973 for and with respect to the carrying out of various interconnection services and transactions, which Interconnection Agreement was amended by Supplemental Agreement No. 1 thereto entered into as of the 27th day of November, 1973 (said Interconnection Agreement, as so amended, being herein called the 1973 Interconnection Agreement); and

WHEREAS, concurrently herewith the MCPP Members have entered into a separate agreement with The Detroit Edison Company dated September 1, 1974 whereby the MCPP Members have purchased 20 megawatts of capacity and energy from The Detroit Edison Company; and

WHEREAS, the MCPP Members have requested Consumers Power to provide transmission service over its system to facilitate the transfer of said 20 megawatts of capacity and energy from The Detroit Edison Company to the MCPP Members; and

WHEREAS, the parties hereto desire to further amend the said 1973 Interconnection Agreement as hereinafter provided in order to provide for such transmission service in regard to said 20 megawatts of capacity and energy;

NOW, THEREFORE, the parties hereto agree as follows:

1. The following new Section 4A is hereby inserted between Sections 4 and 5 of the 1973 Interconnection Agreement:

"4A. Transmission Service

If at any time the parties hereto mutually agree upon conditions, rates and charges for a particular transmission service transaction, such agreement shall be reduced to writing and made a part hereof as a Supplement to this Agreement. Unless otherwise expressly agreed upon in such agreement, neither party shall be required to construct any additional transmission facilities as a consequence of such agreement."

2. A new Supplement F - Conditions, Rates and Charges for Transmission of 20 Megawatts of Capacity and Energy from The Detroit Edison Company to the MMCP Members, attached hereto as Appendix I, is hereby agreed upon and made a part of the 1973 Interconnection Agreement.

3. This Supplemental Agreement No. 2 shall be effective as of the date that said 20 megawatts of capacity and energy is first delivered by The Detroit Edison Company to Consumers Power for transmission to the MMCP Members. As soon as practicable after the occurrence of said date, the parties hereto, as a matter of record, shall exchange letters confirming their mutual acceptance of said date as the effective date of this Supplemental Agreement No. 2.

4. The 1973 Interconnection Agreement as hereinabove modified and supplemented is made subject to the jurisdiction of any governmental regulatory authority or authorities having jurisdiction in the premises.

5. Except as herein otherwise specifically provided, the 1973 Interconnection Agreement shall remain unchanged and in full force and effect.

IN WITNESS WHEREOF, the parties hereto have executed this Supplemental Agreement No. 2 as of the day and year first above written.

CONSUMERS POWER COMPANY

By _____
Vice President

NORTHERN MICHIGAN ELECTRIC COOPERATIVE, INC.

By _____
President

WOLVERINE ELECTRIC COOPERATIVE, INC.

By _____
President

CITY OF GRAND HAVEN, MICHIGAN

By _____
Its Clerk

By _____
Its Mayor

CITY OF TRAVERSE CITY, MICHIGAN

By _____
Its Clerk

By _____
Its Mayor

SUPPLEMENT F TO
THE INTERCONNECTION AGREEMENT,
DATED AS OF SEPTEMBER 1, 1973, BETWEEN
CONSUMERS POWER AND THE MMCPP MEMBERS

Conditions, Rates and Charges for Transmission
of 20 Megawatts of Capacity and Energy
from The Detroit Edison Company to the MMCPP Members

1. Consumers Power shall provide transmission service to facilitate the transfer of 20 megawatts of capacity and energy from The Detroit Edison Company to the MMCPP Members in accordance with the conditions, rates and charges specified in this Supplement F and in accordance with the other provisions of this Agreement.
2. This Supplement F shall extend for an initial term of two (2) years commencing on the date on which said 20 megawatts of capacity and energy is first delivered by The Detroit Edison Company to Consumers Power for transmission to the MMCPP Members, and from month to month thereafter until terminated by mutual consent or by either party giving the other at least ninety days' written notice of its desire to terminate the same at the expiration of said initial term or at the expiration of any monthly period thereafter. As soon as practicable after the occurrence of said date on which said 20 megawatts of capacity and energy is first delivered by The Detroit Edison Company to Consumers Power for transmission to the MMCPP Members, the parties hereto, as a matter of record, shall exchange letters confirming their mutual acceptance of said date as the effective date of this Supplement F.
3. Consumers Power reserves the right to discontinue or reduce transmission service provided hereunder without notice if any condition arises which shall, in the sole judgment of Consumers Power, require such discontinuation or reduction to preserve the integrity of, or prevent or limit any instability on,

Consumers Power's system. In addition, if The Detroit Edison Company discontinues or reduces its delivery of the capacity and energy described in Paragraph 1 hereof to Consumers Power, Consumers Power shall make a corresponding discontinuation or reduction in its delivery of capacity and energy hereunder to the MMCPP Members.

4. As used in this Supplement F, the term "week" means the period of seven consecutive days which commences on the effective date hereof and each successive period of seven consecutive days thereafter during the life of this Supplement F, and the term "day" means a twenty-four hour period commencing at 12 o'clock midnight and ending at the next following 12 o'clock midnight.

5. The demand charge for transmission service provided hereunder shall be \$0.125 per kilowatt per week. In the event delivery of the capacity described in Paragraph 1 hereof is discontinued or reduced by Consumers Power as provided in Paragraph 3 hereof, the demand charge for transmission service for any week during which said delivery deficiency occurs shall be reduced by an amount equal to \$0.00075 per kilowatt per hour for each kilowatt of delivery deficiency in such week. In no event shall the reduction in the demand charge for transmission service exceed \$0.125 per kilowatt per week. If, pursuant to Paragraph 2 hereof, this Supplement F is terminated on a date which results in transmission service being rendered during a fraction of a week, then a pro rata portion of said demand charge for transmission service shall apply to the number of hours included in such fraction of a week.

6. The energy charge for transmission service provided hereunder shall be fifteen (15) percent of the energy charge in the rate billed to the MMCPP Members by The Detroit Edison Company. The MMCPP Members shall cause The Detroit Edison Company to send a duplicate of each such bill to Consumers Power at the time that the original thereof is sent to the MMCPP Members.

7. Consumers Power may at any time file unilaterally with the Federal Power Commission rate schedules or other filings superseding the rates and charges provided in Paragraphs 5 and 6 above. At such time and for such period as superseding rates and charges are made effective pursuant to the terms of the Federal Power Act and the Commission's rules and regulations thereunder, such rates and charges shall supersede the rates and charges set forth in Paragraphs 5 and 6 above, and become due and payable for services rendered by Consumers Power during such periods. The MMCCP Members may not contest the legality of any such filing of superseding rates and charges as a violation of this Agreement, but they may challenge the lawfulness of the rates and charges under the standards contained in Sections 205 and 206 of the Federal Power Act and the Commission's regulations thereunder.

RESOLUTION

RESOLVED, that it is hereby deemed advisable to, jointly with Northern Michigan Electric Cooperative, Inc., Wolverine Electric Cooperative, Inc., and the City of Traverse City, Michigan, enter into a supplemental agreement with Consumers Power Company, of Jackson, Michigan, respecting certain transmission service to be performed by Consumers Power Company under the existing Interconnection Agreement dated as of September 1, 1973 between Consumers Power Company and Northern Michigan Electric Cooperative, Inc., Wolverine Electric Cooperative, Inc., the City of Traverse City, Michigan, and the City of Grand Haven, Michigan, in accordance with the terms of Supplemental Agreement No. 2 heretofore submitted to and considered by this Council; and

RESOLVED, further that the Mayor and City Clerk be and are authorized and directed to execute such Supplemental Agreement No. 2 on behalf of the City.

STATE OF MICHIGAN)
) ss
COUNTY OF OTTAWA)

I, _____, Clerk of the City of Grand Haven, do hereby certify that the foregoing resolution was duly adopted by the Council of said municipality at the meeting held therein on the _____ day of _____, 1974.

City Clerk

Dated _____, 1974

RESOLUTION

RESOLVED, that it is hereby deemed advisable to, jointly with Northern Michigan Electric Cooperative, Inc., Wolverine Electric Cooperative, Inc., and the City of Grand Haven, Michigan, enter into a supplemental agreement with Consumers Power Company, of Jackson, Michigan, respecting certain transmission service to be performed by Consumers Power Company under the existing Inter-connection Agreement dated as of September 1, 1973 between Consumers Power Company and Northern Michigan Electric Cooperative, Inc., Wolverine Electric Cooperative, Inc., the City of Traverse City, Michigan, and the City of Grand Haven, Michigan, in accordance with the terms of Supplemental Agreement No. 2 heretofore submitted to and considered by this Commission; and

RESOLVED, further that the Mayor and City Clerk be and are authorized and directed to execute such Supplemental Agreement No. 2 on behalf of the City.

STATE OF MICHIGAN)
) SS
COUNTY OF GRAND TRAVERSE)

I, _____, Clerk of the City of Traverse City, do hereby certify that the foregoing resolution was duly adopted by the Commission of said municipality at the meeting held therein on the _____ day of _____, 1974.

City Clerk

Dated _____, 1974

INTERCONNECTION AGREEMENT

BETWEEN

CONSUMERS POWER COMPANY

AND THE

CITY OF HOLLAND, MICHIGAN

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- A. Seasonal Capacity and Energy
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INTERCONNECTION AGREEMENT
BETWEEN CONSUMERS POWER COMPANY
AND THE
CITY OF HOLLAND, MICHIGAN

AGREEMENT, made and entered into as of the 1st day of June, 1974, between CONSUMERS POWER COMPANY, a Michigan corporation, herein termed "Consumers Power," as first party, and the CITY OF HOLLAND, MICHIGAN, a Michigan municipal corporation, by its BOARD OF PUBLIC WORKS, herein termed "Holland," as second party.

WITNESSETH:

WHEREAS, Consumers Power owns electric facilities and is engaged in the generation, transmission, distribution and sale of electric power and energy in the State of Michigan, and

WHEREAS, Holland owns electric facilities and is engaged in the generation, distribution and sale of electric power and energy in the City of Holland, Michigan, and its environs, and

WHEREAS, Holland is generally a self-sufficient generating entity, having available generation in excess of its own load requirements, and

WHEREAS, Consumers Power is generally a self-sufficient generating entity, having available generation in excess of its own load requirements, and

WHEREAS, Consumers Power and Holland have entered into an existing Contract for Electric Service dated November 15, 1967, as amended by Supplemental Agreements Nos. 1, 2, 3, 4, 5 and 6 thereto dated May 7, 1969, September 3, 1969, October 21, 1970, October 21, 1971, December 6, 1972 and November 21, 1973, respectively, under which emergency capacity and energy has been furnished by each party to the other, and under which a point of connection, hereinafter referred to as the "James DeYoung Plant interconnection point," has been maintained by them between their respective systems, and

WHEREAS, Consumers Power and Holland desire to continue to avail themselves of the mutual benefits and advantages that may be realized by the interconnection and parallel operation of the system of Consumers Power with the system of Holland.

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein set forth, Holland hereby covenants and agrees with Consumers Power as follows:

1. Parties to This Agreement and Third Parties

For all purposes of this Agreement, Holland shall be treated as one party and Consumers Power shall be treated as the other party to this Agreement.

The term "third party" as used in this Agreement does not include Holland or Consumers Power, but refers to any person, firm, corporation, government agency or other entity (i) fulfilling electric utility responsibility in its power supply activities, or (ii) otherwise capable of supplying dependable electric power and energy as determined by the Planning Committee.

Holland and Consumers Power hereby agree that their systems shall normally remain interconnected and operated in parallel throughout the life of this Agreement.

2. Holland's Reserve Responsibility

It is understood that Holland will use all reasonable efforts to provide and maintain sufficient electric generation resources on its system, including formally executed power purchase transactions from Consumers Power and/or third parties, to at all times meet its load requirements including reserves. Further, Holland shall not allow its total electric generation resources, including formally executed power purchase transactions from third parties, to become and remain less than its load requirements for periods in excess of thirty-six (36) consecutive months unless Consumers Power agrees that Holland

has used all reasonable effort to provide and maintain its said total electric generation resources so as to at least equal its load requirements.

Two peak load seasons are hereby established for each 12-month period of the term of this Agreement as follows:

- (a) The winter peak load season shall include the period commencing on December 1 and extending through the following May 31.
- (b) The summer peak load season shall include the period commencing on June 1 and extending through the following November 30.

Approximately sixty (60) days (or such shorter period as the Planning Committee may determine) prior to the beginning of each peak load season, the Planning Committee shall determine the level of Holland's reserve responsibility to be in effect hereunder during such peak load season. The following equation shall be used by the Planning Committee in each determination of the level of Holland's reserve responsibility:

$$\text{Reserve Responsibility in MW} = \frac{1}{2}C_1 + \frac{1}{4}C_2 + 0.10L$$

Where:

C_1 = MW of maximum net demonstrated capability of Holland's largest single unit.

C_2 = MW of maximum net demonstrated capability of Holland's second largest single unit.

L = Holland's forecasted coincidental clock-hour peak load for the applicable peak load season.

In the event of any change in Holland's generating capability, or in the event that Holland experiences an actual coincidental clock-hour peak load which is in excess of its forecasted coincidental clock-hour peak load, then in any such event the Planning Committee shall immediately redetermine the level of Holland's reserve responsibility to be in effect hereunder during the remainder of the peak load season in which any such event occurs. Each

such redetermination shall be made in accordance with the above equation, except that if any redetermination of said level is occasioned in whole or in part because Holland experiences an actual coincidental clock-hour peak load during the applicable peak load season which is in excess of that forecasted for such peak load season, then such actual coincidental clock-hour peak load shall be "L" in the above equation for such redetermination and also for all subsequent redeterminations of said level for such applicable peak load season.

At each time that the Planning Committee makes any determination or redetermination of the level of Holland's reserve responsibility, the Planning Committee shall also determine the generating reserves, in megawatts, of Holland's system. In the event that such generating reserves are less than such level of reserve responsibility, then Holland shall forthwith enter into an agreement or agreements to purchase Seasonal Capacity and Energy (if such capacity and energy is available) from Consumers Power hereunder, or capacity and energy (if such capacity and energy is available) as a formally executed power purchase transaction from a third party with whom Holland is interconnected, in quantities sufficient to eliminate such deficiency during the applicable peak load season or the remainder of the applicable peak load season, as the case may require.

3. Consumers Power's Reserve Responsibility

It is understood that Consumers Power will use all reasonable efforts to provide and maintain sufficient electric generation reserves on its system, including formally executed power purchase transactions from Holland and/or from third parties, to at all times meet its load requirements including reserves.

Consumers Power's reserve responsibility is determined by considerations and factors, among which are its interconnections and agreements with third parties, that are beyond the scope of this Agreement. Consumers Power will furnish data and information approximately sixty (60) days prior

to each peak load season regarding its power supply resources, loads and reserves so that the Planning Committee will be informed as to Consumers Power's reserve situation.

Consumers Power is presently obligated in an existing agreement with a third party to eliminate any reserve deficiencies by the purchase of power from that or other third parties.

4. Interchange of Capacity and Energy

Each of the parties hereto will, to the maximum extent it deems consistent with the safe and proper operation of its own system, the furnishing of economical, dependable, and satisfactory service to its own load, and its obligations to third parties with whom it is interconnected, make available to the other party the following classes of power and energy which the supplying party determines to have available from its generating capability in excess of its load requirements up to the capacity limits of the James DeYoung Plant interconnection point and any future interconnection points which may be established hereunder. The Planning Committee shall determine interconnection capacity limits.

(a) Seasonal Capacity and Energy

Seasonal Capacity and Energy shall be normally reserved prior to and for an entire peak load season to help meet a party's seasonal installed reserve requirements for its system. The necessary generation and transmission capability of the supplying party shall be allocated for the use of the receiving party during the period of reservation.

Conditions, rates and charges for Seasonal Capacity and Energy are set forth in Supplement A.

(b) Emergency Capacity and Energy

Emergency Capacity and Energy shall be scheduled, if available, from either party to the other for delivery at the

request of the receiving party during emergencies on its own system. For purposes of this Agreement, "emergencies" are defined as unforeseen temporary outages of generation, transmission, or other associated equipment, or any combination thereof, which leaves either party short of capacity including daily operating reserves.

Any assistance under emergency conditions which results in energy flow lasting less than 30 minutes, whether scheduled or not, from either party to the other, shall be classified as Incidental Energy.

Conditions, rates and charges for Emergency Capacity and Energy are set forth in Supplement B.

(c) Maintenance Capacity and Energy

Maintenance Capacity and Energy shall be reserved at the request of the receiving party in order to provide for scheduled maintenance of generation or transmission facilities. The necessary generation and transmission capability of the supplying party shall be reserved for the use of the receiving party during the period of reservation.

Conditions, rates and charges for Maintenance Capacity and Energy are set forth in Supplement C.

(d) Economy Energy

Economy Energy shall be delivered in order to effect a saving in the cost of generation when the receiving party has adequate generating capability available to carry its own load.

Conditions, rates and charges for Economy Energy are set forth in Supplement D.

(e) Incidental Energy

Incidental Energy is the difference between net actual interchange and net scheduled interchange between the parties. Incidental Energy results from inability to precisely maintain net interchange to a prescribed schedule.

Both parties shall attempt to operate their respective systems so as to avoid the flow of Incidental Energy over the interconnections hereunder. To the extent that Incidental Energy flows from either party to the other, such energy shall be returned in kind under reasonably similar conditions to those in existence on the supplying party's system when the energy was received.

(f) Out-of-Pocket Cost

The term "Out-of-Pocket Cost," as used in Supplements A, B and C which are attached hereto and made a part hereof, is defined as follows: "Out-of-Pocket Cost" of generating energy in the generating stations of the system of either party shall consist of fuel, taxes and other expenses which are directly incurred by the supplying system by reason of its generation of such energy and which otherwise would not have been incurred by such system. Such operating expenses, under usual circumstances, will include the incremental production expense incurred in the production of the energy so furnished. Incremental production expense associated with the production of such energy will depend on the class of generating station used for such purpose. If the station used is normally operating and carrying load, the incremental expense will be the fuel expense plus appropriate allowances for incremental maintenance and for incremental operating labor. If the station or part thereof

used is normally held in reserve as standby, all expense incurred that is in excess of expense that would have occurred for standby operation of such station or part thereof will be considered incremental expense. "Out-of-Pocket Cost" of energy purchased from a source outside the system of the supplying party shall consist of the total amount paid therefor by the supplying party which otherwise would not have been paid by such party. Tax expenses will be the expenses that are payable as taxes either in connection with the sale or production of such energy.

5. Character of Service

All electric energy to be furnished by either party to the other shall be alternating current, three phase, 60 Hertz, at approximately 46,000 volts.

6. Point of Delivery

The initial point of delivery for all capacity and energy to be furnished by either party to the other hereunder shall be at the James DeYoung Plant interconnection point described in Supplement E.

Additional interconnection points, as mutually agreed upon by the parties in the future, will be established by means of supplemental agreements and will be described in Supplement E.

7. Metering

Electric energy to be furnished by either party to the other hereunder at the James DeYoung Plant interconnection point shall be metered at 7,200/12,500 volts wye. Consumers Power will continue to own and maintain the existing meters and metering equipment at the James DeYoung Plant interconnection point, and shall install, own and maintain suitable and adequate meters and metering equipment at any future interconnection points which may be established

hereunder, for the measurement of 60-minute maximum demands and kWh delivered by Holland to Consumers Power and by Consumers Power to Holland. A location for Consumers Power's meters and metering equipment suitable to Consumers Power shall be provided by Holland in its 46/12.5 kV substation located at its James DeYoung Plant at Third Street and Pine Avenue, Holland, Michigan, and by Holland at any future interconnection points which may be established hereunder, and adequate protection afforded to avoid damage thereto, tampering or interference with such meters and metering equipment. Consumers Power shall inspect and test its meters annually, and shall keep them within accepted standards of accuracy. If Holland desires more frequent tests, it shall bear one-half of the expense thereof. Each party shall have access to and the right to participate in the inspection and testing of such meters by its proper representatives. Each party shall also have the right to read any of said meters at all reasonable times.

Consumers Power shall permit Holland, at its sole cost, to monitor Consumers Power's metering data if requested and if technically possible.

If and when any interconnection points are established hereunder in addition to the James DeYoung Plant interconnection point, the demand and energy measurements recorded at all such points shall be integrated for billing purposes under appropriate procedures established by the Operating Committee.

Consumers Power shall furnish to Holland all the kWh and demand data each month which include and reflect the basis of determination of charges made pursuant to the provisions of Section 4 hereof.

8. Parallel Operation

It is understood that the systems of Consumers Power and Holland will normally be operated in parallel through the James DeYoung Plant interconnection point and any future interconnection points which may be established hereunder, having due regard for the operating limits of the aforesaid interconnection points.

9. Tie Line Control and Frequency Regulation

Both parties will cooperate in formulating and maintaining operating practices which will keep the net energy passing from one system to the other as close as practicable to the prearranged schedule of power interchange and will keep power swings between the systems to a minimum. Frequency will be regulated as close as practicable to 60 Hertz by each party except when a time correction is being made by frequency adjustment.

10. Daily Operating Reserve Requirements

The parties hereto will utilize all reasonable efforts to maintain a minimum daily operating reserve in accordance with the criteria, methods and acceptance qualifications referred to in the document entitled "ECAR Document No. 2 Daily Operating Reserve" dated October 31, 1968 and approved on November 9, 1968 by the Executive Board established under the East Central Area Reliability Coordination Agreement dated January 14, 1967. In the event that either party is unable to maintain such minimum daily operating reserve as a result of an emergency or scheduled maintenance on such party's system, such party shall be obligated to forthwith purchase power and energy, if available, from the other under Supplement B or C hereto as may be applicable, or from a third party with whom such party is interconnected, in an amount sufficient to enable such party to maintain such minimum daily operating reserve.

11. Flow of Kilovars

Each party will endeavor to control the supply of kilovars so that the quantity flowing from either system to the other shall be minimized and not burden either system under normal operating conditions. Corrective action shall be taken by the offending party whenever requested.

12. Facilities to be Furnished

(a) By Consumers Power

In addition to its said meters and metering equipment, Consumers Power shall furnish and maintain, at its expense, all transmission lines and other equipment on the Consumers Power side of the James DeYoung Plant interconnection point.

(b) By Holland

Holland shall furnish and maintain, at its expense, its said 46/12.5 kV substation and all other equipment on the Holland side of the James DeYoung Plant interconnection point. In addition, Holland shall provide Consumers Power with the necessary rights of way over Holland's streets and property for Consumers Power's transmission lines from Holland's corporate limits to the James DeYoung Plant interconnection point.

Facilities for any future interconnection points which may be established hereunder shall be furnished and maintained by the parties as specified in the applicable supplemental agreements establishing such interconnection points.

Neither party shall have any obligation to inspect the other party's facilities nor any responsibility with respect to the installation, repair, maintenance, replacement, relocation, removal or operation of the other party's facilities.

13. Planning and Operating Committees

(a) Planning Committee

There is hereby created a Planning Committee composed of two members representing Holland and two members representing Consumers

Power. Each of the parties hereto shall designate, in a written communication to the other party, its members of said Planning Committee and alternates who shall act in the absence of any of its members.

Either party may change its designated representatives or alternates at any time by written communication to the other party.

All actions taken by said Planning Committee must be by unanimous vote or consent of the members or alternates.

The duties of said Planning Committee are:

- (1) To exchange data annually on load forecast, planned generation capabilities and committed transactions with third parties for a period at all times extending at least six years into the future.
- (2) To consider any engineering matters as may, from time to time, arise in connection with this Agreement.
- (3) To determine Holland's reserve responsibility each season and to determine the level of deficiency, if any.
- (4) To recommend changes in this Agreement, if such are needed.

(b) Operating Committee

There is hereby created an Operating Committee composed of two members representing Holland and two members representing Consumers Power. Each of the parties hereto shall designate, in a written communication to the other party, its members of said Operating Committee and alternates who shall act in the absence of any of its members. Either party may change its designated representatives or alternates at any time by written communication to the other party.

All actions taken by said Operating Committee must be by unanimous vote or consent of the members or alternates.

The duties of the Operating Committee are:

(1) To determine and agree upon all matters related to the day-to-day interconnected operation of the parties' systems.

(2) To determine and agree upon all matters relating to operating conditions and situations which are not specifically provided for herein.

(3) To be responsible for the proper computation of all billings between the parties.

(4) To recommend changes in this Agreement, if such are needed.

(5) To accredit the maximum net demonstrated capabilities of all generating units on the Holland system after reviewing field tests.

(c) Expenses

The expenses for the establishment and maintaining of the Planning and Operating Committees shall be the responsibility of each individual party as regards their respective personnel. Any expenses jointly incurred by either of said Committees in carrying out their respective duties, other than for the parties' personnel, shall be shared equally by the parties hereto.

(d) Authority to Amend or Supplement Agreement

The Committees may recommend changes, but neither of said Committees shall have authority to amend or supplement this

Agreement, it being the intent hereof that any amendment or supplement to this Agreement shall be made only by the parties hereto.

14. Billing

Promptly after the beginning of each calendar month, each of the parties hereto shall render a bill to the other party for any charges which are payable by such other party for services rendered during the preceding month under the terms of this Agreement. Said bill shall set forth the electric power and energy transactions between the parties during said month in such detail and with all such segregations as may be needed for operating records and for settlements under the provisions of this Agreement.

All bills shall be paid within twenty (20) days from the date of rendering. If any bill is not paid within said twenty (20) day period, two percent (2%) of the amount thereof shall be added to such bill as a delayed payment charge.

15. Liability

In addition to the other conditions and provisions relating to the supply and interchange of capacity and energy between the parties hereto as provided for in this Agreement, a party hereto shall not be considered to be in default in respect of any obligation hereunder if prevented from fulfilling such obligation by reason of uncontrollable forces. Further, neither party shall be liable to the other for damages for any act, omission or circumstance in connection with this Agreement which is occasioned by or in consequence of uncontrollable forces. The term "uncontrollable forces" shall be deemed for the purposes hereof to mean storm, flood, lightning, earthquake, fire, explosion, failure of or breakage or accident to facilities, civil disturbance, labor disturbance, act of the public enemy, insurrection, riot, sabotage, war,

national emergency, restraint by court, public or military authority, or other causes beyond the control of the party affected, or by the making of necessary repairs upon the property or equipment of the party affected. Any party unable to fulfill any obligations by reason of uncontrollable forces will exercise due diligence to remove the disability with reasonable dispatch.

Notwithstanding the provisions of the first paragraph of this Section 15, each party shall at all times assume all liability for, and shall indemnify and save the other party harmless from any and all damages, losses, claims, demands, suits, recoveries, costs, legal fees, and expenses for injury to or death of any person or persons whomsoever occurring on its own system, or for any loss, destruction of or damage to any property of third persons, firms, corporations or other entities occurring on its own system, arising out of or resulting from, either directly or indirectly, its own facilities, or arising out of or resulting from, either directly or indirectly, any electric energy furnished to it hereunder after such energy has been delivered to it by such other party.

16. Term

This Agreement shall take effect on the 1st day of June, 1974 and shall remain in full force and effect until terminated. It may be terminated at any time by mutual agreement. It may also be terminated upon not less than sixty (60) months' written notice, given by either of the parties hereto to the other party.

17. Successors and Assigns

This Agreement shall inure to the benefit of and be binding upon the successors and assigns of the respective parties hereto. This Agreement shall not be transferred or otherwise alienated by either party without the other party's written consent, which consent shall not unreasonably be withheld.

18. Cancellation of Existing Agreement

This Agreement supersedes and cancels, as of the effective date hereof, the existing Contract for Electric Service dated November 15, 1967, as heretofore amended, between Consumers Power and Holland.

19. Governmental Regulatory Authorities

This Agreement is made subject to the jurisdiction of any governmental regulatory authority or authorities having jurisdiction in the premises, including any ruling or finding (except to the extent that such ruling or finding is stayed pending any appeal before the reviewing authority) or consent agreement reached in Docket Nos. 50-329A and 50-330A in the matter of Consumers Power Company - Midland Units 1 and 2, now pending before the Atomic Energy Commission.

20. Relations to Administrative and/or Court Proceedings

It is understood by and between all signatories hereto that this Agreement shall not be used to deprive any signatory hereto or any other party in any pending or future proceedings to assert positions before the Atomic Energy Commission, the Federal Power Commission, or any other agency or court, or seek a remedy in any such proceeding.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

Approved:

CITY OF HOLLAND

By Louis Halleney
Its Mayor

By M. Schipper
Its Clerk

Approved:

By [Signature]
City Attorney

CONSUMERS POWER COMPANY

BY W. Jack Hooley
Vice President

CITY OF HOLLAND
BY ITS BOARD OF PUBLIC WORKS

BY Charles Cooper
President

BY J. Hanson
Superintendent of Utilities

SUPPLEMENT A

To the Interconnection Agreement, Dated as of June 1, 1974,
Between Consumers Power and Holland

Conditions, Rates and Charges for Seasonal
Capacity and Energy

1. By written agreement, either party may purchase Seasonal Capacity and Energy, if available, as specified in Section 4 of this Agreement and in this Supplement A.
2. Reservations for Seasonal Capacity and Energy shall normally be made prior to and for an entire peak load season in each such written agreement. Each such agreement shall include the number of kilowatts of Seasonal Capacity to be reserved and the reservation period. If so provided in the applicable agreement, the amounts of Seasonal Capacity reserved may vary over the reservation period to take into account the operating date and accredited capability of any new major generating unit scheduled to become available during the reservation period.
3. Seasonal Capacity reserved hereunder shall be initially charged at a rate (herein called the "Seasonal Capacity Charge") of \$0.50 per kilowatt per week. It is recognized by the parties hereto that as a result of proceedings (Docket No. E-7803) involving Consumers Power now pending before the Federal Power Commission, an increase in Consumers Power's Partial Purchase Wholesale Rate has been permitted to become effective as of June 6, 1973. If the capacity charge in Consumers Power's Partial Purchase Wholesale Rate (or in any wholesale rate which may, as part of the resolution of the said proceedings now pending, be permitted by the Federal Power Commission to become effective as a revision of, supplement to or substitute for Consumers Power's Partial Purchase Wholesale Rate) is changed subsequent to June 1, 1974 upon further proceedings before the Federal Power Commission or otherwise, then the

SUPPLEMENT A

aforesaid Seasonal Capacity Charge shall be immediately revised (as of the effective date of such further change in said capacity charge) by the same percentage change as occurs in said capacity charge. Further, if from time to time thereafter, the capacity charge in Consumers Power's Partial Purchase Wholesale Rate (or in any wholesale rate which may, from time to time hereafter, be permitted by the Federal Power Commission to become effective as a revision of, supplement to or substitute for Consumers Power's Partial Purchase Wholesale Rate) is changed upon further proceedings before the Federal Power Commission or otherwise, then the aforesaid Seasonal Capacity Charge (as revised by all previous changes therein, if any, which may have been made in accordance with the provisions of this Paragraph 3) shall be immediately revised (as of the effective date of such further change in said capacity charge) by the same percentage change as occurs in said capacity charge. In no event, however, shall the aforesaid Seasonal Capacity Charge be less than \$0.50 per kilowatt per week.

4. Seasonal Energy delivered hereunder shall be settled for by payment of the Out-of-Pocket Cost (such cost being as of the James DeYoung Plant interconnection point and any future interconnection points which may be established hereunder, taking into account electrical losses incurred from the source or sources of such energy to said delivery point or points) of the supplying party in generating or supplying such energy, plus ten (10) percent of such cost, but in no event will such payment for such energy be at a rate less than 8.0 mills per kWh.

SUPPLEMENT B

To the Interconnection Agreement, Dated as of June 1, 1974,
Between Consumers Power and Holland

Conditions, Rates and Charges for Emergency
Capacity and Energy

1. Both parties agree to supply Emergency Capacity and Energy, if available, as specified in Section 4 of this Agreement and in this Supplement B. After commencement, the delivery of Emergency Capacity and Energy will be maintained by the supplying party unless an emergency or other unforeseen condition shall, in the opinion of the supplying party, prevent the continuation thereof.
2. The delivery of Emergency Capacity shall be scheduled only on a day-to-day basis for the first two consecutive days of an emergency on the receiving party's system, and thereafter shall be scheduled for one entire week if such emergency continues for one or more days beyond said first two consecutive days. If, with respect to an emergency on the receiving party's system, schedules have been made for the delivery of Emergency Capacity during the first two consecutive days of such emergency or during the week next following said first two consecutive days, and an additional emergency or emergencies occur on the receiving party's system during said first two consecutive days or during said week, then such additional emergency or emergencies shall be deemed, for purposes of this Supplement B, to be an integral part of the original emergency. If an emergency continues beyond the week next following the first two consecutive days of such emergency, the portion of such emergency which continues beyond said week shall be deemed, for purposes of this Supplement B, to be a new and separate emergency. As used in this Supplement B, the term "week" means the period of

SUPPLEMENT B

seven consecutive days next following the first two consecutive days of an emergency, and the term "day" means a twenty-four hour period commencing at 12 o'clock midnight and ending at the next following 12 o'clock midnight. If an emergency shall be in existence at any time during a day, it shall be deemed, for the purpose of this Supplement B, to have been in existence throughout such day.

3. Emergency Capacity scheduled with respect to each emergency shall be charged at the following rates:
 - (a) \$0.08 per kilowatt of capacity for the first day of such emergency.
 - (b) \$0.08 per kilowatt of capacity for the second day of such emergency.
 - (c) \$0.50 per kilowatt of capacity for the week next following the first two consecutive days of such emergency.

4. Emergency Energy delivered hereunder shall be settled for by payment of the Out-of-Pocket Cost (such cost being as of the James DeYoung Plant interconnection point and any future interconnection points which may be established hereunder, taking into account electrical losses incurred from the source or sources of such energy to said delivery point or points) of the supplying party in generating or supplying such energy, plus ten (10) percent of such cost, but in no event will such payment for such energy be at a rate less than 8.0 mills per kWh.

SUPPLEMENT C

To the Interconnection Agreement, Dated as of June 1, 1974,
Between Consumers Power and Holland

Conditions, Rates and Charges for Maintenance
Capacity and Energy

1. By agreement, either party may purchase Maintenance Capacity and Energy, if available, as specified in Section 4 of this Agreement and in this Supplement C. After commencement, the supplying party shall do everything it reasonably can in maintaining the delivery of Maintenance Capacity and Energy unless an emergency or other unforeseen condition shall, in the opinion of the supplying party, jeopardize the security of supply to its own system.
2. Reservations for Maintenance Capacity shall be made in amounts, and for periods of one or more weeks, as may be agreed upon in writing (or orally and subsequently confirmed in writing) by the Operating Committee. As used in this Supplement C, the term "week" means any specified period of seven consecutive days, and the term "day" means a twenty-four period commencing at 12 o'clock midnight and ending at the next following 12 o'clock midnight.
3. Maintenance Capacity reserved hereunder shall be charged at the rate of \$0.50 per kilowatt per week. In the event the supplying party is unable to deliver Maintenance Capacity and Energy in the amount stipulated in such reservation, the charge for Maintenance Capacity for any week during which said delivery deficiency occurs, shall be reduced by an amount equal to \$0.01 per kW per hour for each kilowatt of delivery deficiency in each day, not to exceed, however, an amount equal to the maximum hourly deficiency

SUPPLEMENT C

in kilowatts in each day times \$0.08. In no event shall the reduction in the charge for Maintenance Capacity exceed \$0.50 per kilowatt per week.

4. Maintenance Energy delivered hereunder shall be settled for by payment of the Out-of-Pocket Cost (such cost being as of the James DeYoung Plant interconnection point and any future interconnection points which may be established hereunder, taking into account electrical losses incurred from the source or sources of such energy to said delivery point or points) of the supplying party in generating or supplying such energy, plus ten (10) percent of such cost, but in no event will such payment such energy be at a rate less than 8.0 mills per kWh.

SUPPLEMENT D

To the Interconnection Agreement, Dated as of June 1, 1974,
Between Consumers Power and Holland

Conditions, Rates and Charges for Economy Energy

1. By agreement, either party may purchase Economy Energy, if available, as specified in Section 4 of this Agreement and in this Supplement D.
2. Economy Energy transactions shall be performed after proper fulfillment of all previously scheduled transactions, if any, between the parties hereto.
3. By agreement, either party may purchase Economy Energy from the other for a specific delivery. Either party may terminate or suspend the supply of Economy Energy at its own option and convenience upon reasonable oral notice to the other party.
4. The charge per kilowatthour for Economy Energy delivered by either of the parties to the other shall be either:
 - (a) A charge quoted by the selling party to the buying party, or
 - (b) If no charge is quoted by the selling party under (a) above, then a charge such as to provide an equal division between the parties of the savings effected by the interchange. These savings shall be determined by comparing, at the time of interchange, the incremental kilowatthour cost of energy from the supplying party's sources of generation with the incremental kilowatthour cost of energy from the other party's sources of generation.
5. With respect to the supplying party's system, "the incremental kilowatthour cost of energy" is defined as "any cost incurred by the supplying party which would not have been incurred had the energy not been supplied by it to the receiving party." With respect to the receiving party's system,

SUPPLEMENT D

"the incremental kilowatthour cost of energy" is defined as "any cost which would have been incurred by the receiving party had the energy not been supplied to it by the supplying party." Such incremental kilowatthour costs of energy shall include, but not be limited to the following: incremental fuel costs, including fuel for boiler and turbine start-ups, where applicable; incremental labor costs; incremental maintenance costs; incremental transmission losses; miscellaneous incremental costs such as coal handling; and other determinable costs. This principle shall be applied to Economy Energy however generated. Basic cost data for each party will be made available to the other through the Operating Committee.

SUPPLEMENT E

To the Interconnection Agreement, Dated as of June 1, 1974,
Between Consumers Power and Holland

Description of the James DeYoung Plant Interconnection Point

The James DeYoung Plant Interconnection Point is at the Holland side of Consumers Power's 46 kV air-break switch located in Holland's 46/12.5 kV substation which is located at Holland's James DeYoung Plant at Third Street and Pine Avenue, Holland, Michigan.

UNITED STATES OF AMERICA
ATOMIC ENERGY COMMISSION

In the Matter of)
) Docket Nos. 50-329A
CONSUMERS POWER COMPANY) and 50-330A
(Midland Plant, Units 1 and 2))

CERTIFICATE OF SERVICE

I hereby certify that copies of CONSUMERS POWER COMPANY'S PROPOSED FINDINGS OF FACT AND CONCLUSIONS OF LAW AND REQUESTS PURSUANT THERETO, and the Brief and Appendix in support of such proposed findings and conclusions, dated October 8, 1974, in the above captioned matter have been served on the following by deposit in the United States mail, first class or air mail, this 8th day of October, 1974:

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