

LANSING BOARD OF WATER & LIGHT BOARD OF COMMISSIONERS FINANCE COMMITTEE MEETING

September 10, 2024 – 6:00 P.M. **Board of Water & Light Headquarters – REO Town Depot** 1201 S. Washington Ave., Lansing, MI 48910

Finance Committee: Tony Mullen, Committee Chairperson; Semone James; Dale Schrader; and David Price; Alternates: Beth Graham, Sandra Zerkle; Non-Voting: J. R. Beauboeuf, Robert Worthy, Stuart Goodrich

BWL full meeting packets and public notices/agendas are located on the official web site at https://www.lbwl.com/about-bwl/governance.

	AGENDA			
Call	to Order			
Roll	l Call			
Pub	olic Comments on Agenda Items			
1.	Approval of the Finance Committee Meeting Minutes of July 16, 2024	TAB 1		
2.	June YTD Financial Summary	INFORMATION ONLY		
3.	Belle River Contract Update	TAB 2aTAB 2b tract		
4.	Internal Audit Status Update	INFORMATION ONLY		
Oth	ner			
Adjourn				

FINANCE COMMITTEE Meeting Minutes July 16, 2024

Finance Committee: Sandra Zerkle, Committee Chairperson; Beth Graham; David Price; and Dale Schrader; Alternates: Semone James, Tracy Thomas; Non-Voting: Commissioners J. R. Beauboeuf, Brian Pillar, Robert Worthy.

The Finance Committee of the Board of Water and Light (BWL) met at the BWL Headquarters – REO Town Depot, located at 1201 S. Washington Ave., Lansing, MI on Tuesday, July 16, 2024.

Finance Committee Chairperson Sandra Zerkle called the meeting to order at 6:00 p.m. and asked the Corporate Secretary to call the roll.

Present: Commissioners Beth Graham, Dale Schrader, and Sandra Zerkle; Also Present: Commissioners Semone James (Alternate), Tracy Thomas (Alternate), DeShon Leek, and Non-Voting Commissioners J.R. Beauboeuf (East Lansing) and Robert Worthy (Delta Township). Absent: Commissioner David Price.

The Corporate Secretary declared a quorum.

Public Comments

There were no public comments.

Approval of Minutes

Motion by Commissioner Beth Graham, **Seconded** by Commissioner Dale Schrader, to approve the Finance Committee Meeting minutes of May 14, 2024.

Yeas: Commissioners Beth Graham, Dale Schrader, and Sandra Zerkle

Nays: None

Action: Motion Carried.

May YTD Financial Summary

CFO Heather Shawa presented the May YTD Financial Summary. Cash flow and net income results were affected by the August 2023 storm, as well as the bond issuance costs. Benefit Cost is expected to be within budget at the end of the year.

Capital Project Report

CFO Heather Shawa presented the Capital Project Report. Prior approval was received for exceedance on the Dye Filter Controls Upgrade and the Eckert 13 & 15 Cutover projects, and an exceedance is now being requested for the Electric T&D Annuals.

GM Peffley stated that when variances occur and explanations are provided, and funds obtained, this won't hamper reliability, availability and projects moving forward.,

Capital Project Exceedance Request: AE-Electric Annuals

Electric Transmission and Distribution Director, Wayne Lynn presented the Capital Project Exceedance Request for the Electric T&D Annuals. Mr. Lynn reviewed the significant expenditures in electric annuals, gave examples of the expenditures, and the amount of exceedance requested.

GM Peffley commented that a six-month project turned into a two-year project where a generator was requested as a backup, and resulted in an additional cable circuit being placed in the area and reimbursement is being requested for some of this expense.

Commissioner Zerkle asked whether it was technically an exceedance or an emergency situation, related to the storm reclassification costs. GM Peffley responded that the expenses were moved from capital to operations and maintenance.

Commissioner Leek asked whether vandalism to substations and transformers affected the amount included in the request. GM Peffley responded that repair for vandalism is not included.

Commissioner Schrader asked whether the annuals are line items for emergency situations. GM Peffley responded that annuals are for reoccurring and emergent projects that need to be completed annually.

Motion by Commissioner Beth Graham, **Seconded** by Commissioner Dale Schrader to forward the Resolution for the Capital Exceedance Request AE-Electric Annuals to the full Board for consideration.

Yeas: Commissioners Beth Graham, Dale Schrader, and Sandra Zerkle

Nays: None

Action: Motion Carried.

Rate Strategy Presentation

GM Peffley provided background information on the rate strategy. GM Peffley stated that BWL's rate increases are under inflation and BWL is complying with clean energy standards. CFO Shawa introduced Mark Beauchamp, President of Utility Financial Solutions, who presented the first part of the 2024 Rate Strategy of industry rate design trends, rates study process, and rate recommendations.

Commissioner Thomas asked whether there were external and internal subject matter experts involved. GM Peffley responded that BWL has internal subject matter experts, but an outside expert provides assurance that there isn't bias in the information presented. CFO Shawa responded that BWL has a cross functional team with whom Mr. Beauchamp worked.

Commissioner Thomas requested a BWL organizational chart to be able to identify presenters at meetings. GM Peffley responded that a BWL organizational chart would be made available to Commissioners if they are not able to access it through the Commissioner Dashboard.

Commissioner Schrader asked if the peak load hour was 9:00 p.m. GM Peffley responded that the average residential customer load is 500kW and it takes 220 kW to charge an electric vehicle. Electric vehicle owners are encouraged to charge their vehicles at night as the electricity used equals half of the total of all other residential load. It is considered new load and won't lower the peak.

CFO Shawa presented BWL's place in the state in reliability, BWL's Lansing Energy Tomorrow projects, vegetation management, cyber resiliency and technology investments, water service information, BWL resource portfolio and carbon reduction.

Commissioner Zerkle inquired whether any cyber security improvements were being made because of AI. CFO Shawa responded that recommendations are being made that focus on the AI plan under the acceptable use policy.

Commissioner Thomas asked CFO Shawa to share at some time the AI for utilities information this year's APPA National Conference keynote speaker presented. CFO Shawa responded she would be happy to share on the AI for utilities presentation from the APPA National Conference.

Accounting, Finance and Planning Director, Scott Taylor presented rate design recommendations.

Commissioner Zerkle asked if this is the information that will be presented at the public hearing and CFO Shawa affirmed.

Commissioner Worthy asked whether the \$1.1 million savings for PA 95, which is received from customers at the rate of \$0.88 per month resulting in about \$100,00 per month, is a net number or gross number. Mr. Taylor responded that it was a gross number and additional information would be presented by Director of Internal Audit Elisha Franco later this evening.

Commissioner Schrader asked for an explanation of the cost-of-service rates and actual usage rates. Mr. Beauchamp responded that a cost-of-service study determines what components of rates need to be charged, but isn't an exact science. Commissioner Schrader asked how BWL rates compared to Consumers Energy. GM Peffley responded that at the highest peak, BWL was 18% under Consumers Energy on residential rates. Currently, BWL's rates are 6% under and has plans in place to return to target rate differential.GM Peffley also responded that BWL ranks higher in comparison relative to reliability.

Mr. Taylor noted that several members of BWL staff worked on the information provided on the rate strategy presentation.

Commissioner Worthy asked why chilled water isn't subject to the same inflationary effects in rate increases and also asked whether RICE should be included in green energy initiatives.

Finance Committee Meeting July 16, 2024 Page 3 of 5 Mr. Taylor responded that chilled water is the newest system, and it has been easier to obtain cost of service. GM Peffley responded that RICE was put into the project as an intermittent power source.

Retirement Plan Committee (RPC) Update

CFO Shawa and Mr. Taylor presented the retirement plan committee investment activity for the VEBA Plan, and administrative activity updates for the DB, VEBA, 401a and 457b Plans.

Retirement Plan Committee (RPC) Charter

CFO Shawa presented the proposed Retirement Plan Committee Charter for the overseeing and management of plans and trusts and requested approval.

Motion by Beth Graham, **Seconded** by Commissioner Dale Schrader to forward the Resolution for the Approval of the Retirement Plan Committee (RPC) Charter to the full Board for consideration.

Yeas: Commissioners Beth Graham, Dale Schrader, and Sandra Zerkle

Nays: None

Action: Motion Carried.

Bi-Annual Internal Audit Open Management Response Update

Internal Control Analyst Cody Rochefort presented the Bi-Annual Internal Audit Open Management Response Update, which consisted of drafting and adopting a formal Retirement Plan Committee Charter; updating the FY 2024 Rules and Regulations; and create a comprehensive document that outlines the roles and responsibilities of each entity involved in PA 95.

Commissioner Thomas commended Mr. Rochefort on his presentation and made some recommendations for the formatting in the presentation.

Commissioner Worthy asked whether the section on security deposits included a review of any computer errors. Mr. Taylor responded that the figures reported included computer errors and changes in the rules and doesn't believe there are any outstanding concerns.

Review and Approval of Board of Commissioners Fourth Quarter Budget and Expense Report

Chairperson Zerkle reported that the Board of Commissioners fourth quarter P-Card reports have been provided to the Commissioners for review with approval.

Internal Audit Department Status Update

Director of Internal Audit Elisha Franco presented the Internal Audit Department Status Update which included the Audit Progress Report, Issuance of the FY 2024 PA 95 Audit Report, FY 2025 Audit Plan awaiting Commissioner approval, Internal Auditor Professional Development, and Departmental Items.

PA95 Audit Results

Director of Internal Audit Elisha Franco presented the PA95 Audit Results. The audit was conducted to assess the effect on both the BWL organization and customers of opting into PA 95, and to determine if opting into PA 95 affected bad-debt status. No business findings were identified, and it was recommended that documentation is created to outline the crucial roles and responsibilities of each entity involved in PA 95.

FY 2025 Internal Audit Work Plan

Director of Internal Audit Elisha Franco presented the FY 2025 Internal Audit Work Plan and requested approval. The plan included a payroll management audit, a remittance/cash receipts audit, a follow up audit on PA 95 and a P-Card audit.

Motion by Commissioner Dale Schrader, **Seconded** by Commissioner Beth Graham to forward the Resolution for the Internal Audit Plan for FY 2025 to the full Board for consideration.

Yeas: Commissioners Beth Graham, Dale Schrader, and Sandra Zerkle

Nays: None

Action: Motion Carried.

Ms. Franco introduced new Internal Auditor Nicole Smith to the Commissioners.

Other

Motion by Commissioner Beth Graham, **Seconded** by Commissioner Dale Schrader for an excused absence for Commissioner David Price.

Action: Motion Carried.

There was no other business.

Adjourn

Chairperson Sandra Zerkle adjourned the meeting at 8:02 p.m.

Respectfully submitted, Sandra Zerkle, Chairperson Finance Committee

Belle River Power Sales and Project Support Contracts Presentation to the Board of Commissioners

September 10, 2024



- Presentation Items to be Covered
- 1. Belle River Project Overview
- 2. Contract Framework
- 3. MPPA Bond Issuance for Natural Gas Conversion
- 4. Contract Modifications
- 5. Recommendation for the BOC to approve the contracts



- Belle River Project Overview

- 1. DTE's Belle River Plant is located near Port Huron, MI.
- 2. The Plant contains 2 coal-fire steam turbines rated in total at 1,300 MWs.
- 3. In 1982, the Michigan Public Power Agency (MPPA) purchased 18.61% (244 MWs) of the DTE Belle River Plant and Transmission system for its 11 member cities, which includes the BWL.
- 4. The MPPA purchase included Belle River's Energy, Capacity, and Ancillary Services (Regulation, Spinning, and Supplemental Reserves).
- 5. Also in 1982, BWL signed a Power Supply and Contract Support Agreements with MPPA for 64.29% (156 MWs)of MPPA's portion of the BR plant and transmission ownership.



MPPA/BWL Contracts Framework

Existing Power Sales Contract

- 1. Primarily covers revenues and costs associated with the Plant when it is operating.
- 2. The Power Sales contract also stipulates how the expenses from the operation of the plant would be prioritized (i.e. Waterfall methodology) and allocated to each participating city. (i.e. Operating expenses, then debt service)
- 3. Contains Other Contract Provisions: Delivery points, Backup and Reactive power, and settlement terms. (Most of these provision are now obsolete in todays energy markets).



- MPPA/BWL Contracts Framework

Project Support Contract

- 1. Primarily covers how the project expenses would be allocated when the plant is <u>not in operation</u> (i.e. Long-term lay-up/maintenance outage or when it is Decommissioned).
- 2. Stipulates how the allocated MPPA fixed costs related to the plant would be prioritized (i.e. Waterfall methodology) and allocated to each participating city. (i.e. After the Power Sales operating cost and debt service obligations)



- MPPA Bond Issuance for Natural Gas Conversion

- 1. In the fall of 2025, DTE will begin to convert the plant to burn <u>natural gas</u> for \$190M. The conversion of both unit will be completed in January 2027. The Plant is expected to operated in this state through 2039.
- 2. MPPA offered to finance its portion of the conversion costs (\$35 M) through a bond issuance. The duration of the bonds is for 7 years.
- 3. BWL's share of this cost is expected to be is \$22.5M. The debt service associated with this bond issuance is included in BWL's recent financial plan forecast.
- 4. The existing Power Sales contract stipulates that all operating expenses, then debt service obligations, are to be allocated to the participating cities based on each city's percentage of MPPA's ownership in the plant.
- 5. MPPA's bond liability does not show up on BWL's Balance Sheet Purchase power cost.



- MPPA/BWL Contract Modifications

- 1. The cities in the BR Project have requested that the contracts between MPPA and its member cities be modified to allow for separate financing options. (i.e. Participating cities can elect if they want to participate in the bond issuance or cash-flow their portion of the conversion cost.)
- To make the MPPA/BWL BR contracts contemporary with today's energy markets, other modifications were made to the Power Sales and Project Support contracts that are consistent with the existing market operations practices and the MISO tariff.
 - In the era that these contracts were developed, energy markets such as the MISO energy market, did not exist.



- Recommendation

1. Both the MPPA/BWL Power Sales and Project Support contracts were included in the meeting package.

- 2. The contracts have been reviewed and approved by BWL's Legal Service Department.
- 3. Recommendation: For the Board of Commissioners to approve the MPPA/BWL Power Sales and Project Support Contracts.



Questions?



[COMPOSITE CONFORMED COPY]

POWER SALES CONTRACT

BETWEEN

MICHIGAN PUBLIC POWER AGENCY

AND

[ADDRESSED SEPARATELY TO EACH PARTICIPANT AS SET FORTH IN ANNEX LHERETO]

AS SET FORTH IN ANNEX 1 HERETO]

As Amended and Restated

From Time to Time

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BELLE RIVER POWER SALES CONTRACT

This BELLE RIVER POWER SALES CONTRACT is made and entered into a softhefirst day of December, 1982, by and between MICHIGAN PUBLIC POWER AGENCY, a body corporate and politic of the State of Michigan created pursuant to Act 448 of the Public Acts of Michigan of 1976 ("MPPA") and [ADDRESSED SEPARATELY TO EACH PARTICIPANT AS SET FORTH IN ANNEX 1 HERETO] (the "Participant)"), dated as of December 1, 1982, as amended and restated from time to time, including as amended and restated on , 2024.

WHEREAS, MPPA was organized under Act 448 of the Public Acts of Michigan of 1976 (the "Act") to provide a means for those Michigan municipalities which are members of MPPA to secure electric power and energy for their present and future needs; and

WHEREAS, MPPA is empowered by the Act (i) to acquire and construct facilities for the generation, transmission or transformation, or a combination thereof, of electric power and energy, or to acquire an interest in any such facilities; (ii) to purchase, sell, transmit or otherwise use electric power and energy within or without the State of Michigan; (iii) to issue its revenue bonds to pay all or part of the cost of acquiring facilities for the generation, transmission or transformation, or a combination thereof, of electric power and energy; and (iv) to exercise all other powers not inconsistent with the laws of the State of Michigan or the United States of America which may be necessary or appropriate for, or incidental to, the effectuation of its authorized purposes; and

WHEREAS, MPPA willenterentered into the Belle River Participation Agreement dated as of December 1, 1982, as amended and restated from time to time, including as amended and restated on May 7, 2024 ("Amended and Restated Belle River Participation Agreement" or "Belle River Participation Agreement"), with DTE Electric Company, formerly known as The Detroit Edison Company, pursuant to which MPPA willpurchasepurchased an undivided interest in, and willbeis entitled to a portion of the electric power and energy

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derived from, those electric generating and other facilities described herein and designated as Belle River; and

WHEREAS, MPPA willenterentered into the Belle River Transmission Ownership and Operating Agreement dated as of December 1, 1982 with DTE Electric Company, formerly known as The Detroit Edison Company, pursuant to which MPPA will purchase purchased an undivided interest in certain 120 kV and higher voltage transmission lines designated in such agreement as the Designated Transmission Lines; and

WHEREAS, MPPA willenterentered into the Belle River Transmission Ownership and Operating Agreement dated as of December 1, 1982 with Consumers Energy Company, formerly known as Consumers Power Company, pursuant to which MPPA will purchase purchased an undivided interest in certain 345 kV or higher voltage transmission lines designated in such agreement as the Designated EHV Transmission Lines; and

WHEREAS, MPPA will take or cause to be taken all steps necessary for acquisition and construction of those facilities described herein and designated as the Belle River Project for the supply of electric power and energy to the Participant and to the other municipalities contracting with MPPA therefor and will sell the power and energy of the Belle River Project pursuant to this Power Sales Contract and pursuant to contracts substantially similar to this contract with such other municipalities or other contracts with members of MPPA or others who are not Participants; and

WHEREAS-, in order to enable MPPA to finance all or a portion of the Belle River

Project and/or issue its revenue bonds to pay the cost of acquiring and constructing the

Belle River Project it is necessary for MPPA to have substantially similar binding contracts
with the Participant and such other municipalities purchasing power and energy of the

Belle River Project and to pledge the payments required to be made in accordance with
such contracts as security for the payment of the revenue bonds;

NOW, THEREFORE, for and in consideration of the mutual covenants and agreements herein contained, it is agreed by and between the parties hereto as follows:

SECTION 1. Definitions and Explanations of Terms.

Unless the context indicates that another meaning is intended, the following words, when used in this Power Sales Contract, including the Preamble and the Schedules, shall have the following meanings:

Back-up Capacity shall mean that capacity to which MPPA is entitled pursuant to the terms of the Belle River Participation Agreement.

Back-up Energy shall mean that energy which MPPA schedules and receives pursuant to the terms of the Belle River Participation Agreement.

Back-up Energy Related Costs shall mean those costs incurred under the Belle River
Participation Agreement which are directly related to the amount of Back-up Energy
scheduled and received thereunder and other costs incurred in connection with Back-up
Energy which vary with the amount of Back-up Energy produced from time to time,
including alternate sources permitted under the Belle River Participation Agreement.

Back-up Entitlement Share shall mean, with respect to each Participant for any Contract Year, that amount of Back-up Capacity shown oppoGite the name of such Participant on the Schedule of Participants.

Back-up Entitlement Take shall mean, with respect to each Participant for any
Contract Year, the amount of Back-up Capacity which such Participant schedules, not less
than 13 Months in advance of the commencement of such contract Year, to take from
MPPA, which amount shall not be greater than such Participant's Back-up Entitlement
Share.

Belle River shall mean Belle River as such term is defined in the Belle River Participation Agreement.

<u>Belle River 1</u> shall mean Belle River 1 as such term is defined in the Belle River Participation Agreement.

<u>Belle River 2</u> shall mean Belle River 2 as such term is defined in the Belle River Participation Agreement.

Belle River Participation Agreement shall mean the Amended and Restated Belle River Participation Agreement dated as of December 1, 1982 the same may be amended and restated from time to time in accordance with the provisions thereof.

Belle River Project shall mean the ownership interest and contract rights of MPPA in Belle River and Belle River Transmission.

Belle River Project Capability shall mean the amount of Net Electric Capacity and Energy, if any, which Belle River is capable of generating at any particular time (including times when Belle River is not operable or operating or the operation thereof is suspended, interrupted, interfered with, reduced or curtailed, in each case in whole or in part for any reason whatsoever) to which MPPA is entitled under the Belle River Participation Agreement, all determined in accordance with the Belle River Participation Agreement.

Belle River Transmission shall mean certain 120 kV and higher voltage transmission lines and transmission facilities ownership of all or a portion of which has been conveyed to MPPA by The Detroit Edison Company (now known as DTE Electric Company) pursuant to the Edison Transmission Agreement and by Consumers Energy Company, formerly known as Consumers Power Company, pursuant to the Consumers Transmission Agreement.

<u>Bond Anticipation Notes</u> shall mean notes or other evidence of indebtedness from time to time issued in anticipation of the issuance of Bonds, the proceeds of which have been or are required to be applied to one or more of the purposes for which Bonds could be issued.

Bond Election shall mean, with respect to each Participant that elects to participate or partially participates in a bond issue with respect to the Belle River Project, the original

principal amount of the bond issue allocated to the Participant as shown opposite their name in the Capital Requirements Schedule, in the Bond Election column (see sample table attached as Exhibit X) that comprises a part of the Bond Resolution for each bond issue.

Bond Resolution shall mean the Belle River Project Revenue Bond Resolution providing for the issuance of the Bonds; adopted or to be adopted by the Board of Commissioners of MPPA in the form of a draft thereof bearing the date December 8, 1982 including any and all amendments and supplements thereto adopted in accordance with the provisions thereof, with such changes as to form and substance as are approved by the Board of Commissioners of MPPA.

Bonds shall mean the Bonds from time to time issued by MPPA pursuant to the Bond Resolution to pay any part of the Cost Of Acquisition And Construction of the Belle River Project, whether or not any issue of such Bonds shall be subordinated as to payment to any other issue of Bonds, and shall include additional Bonds and refunding Bonds issued in accordance with this Power Sales Contract and the Bond Resolution.

<u>Commercial Operation Date</u> shall mean, with respect to Belle River, the

Commercial Operation Date as such term is defined in the Belle River Participation

Agreement.

Cash Election shall mean with respect to each Participant that elects not to participate or partially participates in a bond issue with respect to the Belle River Project, the amount of cash the Participant must contribute as shown opposite their name on the Capital Requirement Schedule, in the Cash Election column (see sample table attached as Exhibit X) that comprises a part of the Bond Resolution for each bond issue.

Consumers Transmission Agreement shall mean the Belle River Transmission

Ownership and Operating Agreement dated as of December 1, 1982, between MPPA and

Consumers Energy Company, formerly known as Consumers Power Company, as the same may be amended or supplemented from time to time in accordance with the provisions thereof.

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Consumers Transmission Cost Factor shall mean, with respect to each Participant, the factor (expressed as a percentage) shown opposite the name of such Participant in the Schedule of Participants which specifies such Participant's proportionate share of Monthly Transmission Costs based on (i) such Participant's Transmission Entitlement Share, (ii) such Participant's right to acquire transmission ownership at net or gross plant, as appropriate, and (iii) the voltage level of such Participant's Point of Delivery.

Contract Year shall mean the twelve (12) month period commencing at 12:01 a.m. on January 1 of each year, except that the first Contract Year shall commence on the first to occur of (i) the date to which all interest is capitalized with respect to all Bonds, (ii)—the date which is twelve months prior to the date on which the first principal installment on any of the Bonds is due or (iii) the Commercial Operation Date of Belle River 1.

Cost Of Acquisition And Construction -shall mean, to the extent not included in Monthly Power Costs or Monthly Transmission costs, all costs of planning, engineering, financing, constructing, acquiring and placing the Belle River Project in operation, including the conversion of the Belle River Project's fuel source from coal to natural gas, whether heretofore or hereafter paid or incurred by MPPA, including amounts paid to The DetroitEdisonDTE Electric Company under the Belle River Participation Agreement and the Edison Transmission Agreement and to Consumers Energy Company, formerly known as Consumers Power company, under the Consumers Transmission Agreement for any cost or expense which would be a Cost Of Acquisition And Construction if paid or incurred by MPPA, all as contemplated by the term "Costs of Acquisition and Construction" as defined in the Bond Resolution, which shall include, but shall not be limited to, funds for:

- (1) interest accruing in whole or in part on Bonds prior to and during construction and for such additional period as MPPA may reasonably determine to be necessary for placing the Belle River Project in operation in accordance with the provisions of the Bond Resolution:
 - (2) the acquisition of a fuel stockpile inventory for the Belle River Project;
 - (3) the working capital requirements of the Belle River Project;

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(4) the deposit or deposits required to be made under

_the Bond Resolution from the proceeds of Bonds into any fund or account established pursuant to the Bond Resolution to meet Debt Service reserve requirements for Bonds:

- (5) the deposit or deposits required to be made under the Bond Resolution from the proceeds of Bonds into any fund or account established pursuant to the Bond Resolution as a reserve for renewals, replacements and contingencies and retirement from service or disposal of any facilities of the Belle River Project, including restoration of lands with respect thereto, or as a general reserve;
- (6) <u>if applicable</u>, all federal, state and local taxes and payments in lieu of taxes required to be paid under the Belle River Participation Agreement, the Edison Transmission Agreement and the Consumers Transmission Agreement or otherwise legally required to be paid in connection with the acquisition and construction of the Belle River Project;
- (7) all costs relating to claims or judgments arising out of construction of the Belle River Project;
- (8) all planning and development costs, engineering fees, contractors' fees, costs of obtaining governmental or regulatory permits, licenses and approvals, costs of real property, labor, materials, equipment, supplies, training and testing costs, insurance premiums, legal and financing costs, administrative and general costs, and all other costs properly allocable to the acquisition and construction of the Belle River Project and placing the same in operation;
- (9) the costs and expenses incurred in the issuance and sale of Bonds and Bond
 Anticipation Notes, including bond discounts, if any;
- (10) all other costs incurred in connection with, and properly chargeable to, the acquisition and construction of the Belle River Project in accordance with, or which constitute a Cost of Construction under, the Belle River Participation Agreement, the Edison Transmission Agreement and the Consumers Transmission Agreement; and

(11) the payment of principal, premium, if any, and interest when due (whether at the maturity of principal or at the due date of interest or upon redemption) on Bond Anticipation Notes unless such costs are to be paid from proceeds of Bonds pursuant to the Bond Resolution.

Prior to the Commercial Operation Date, MPPA shall apply as a credit against the Cost Ofor Acquisition Andand Construction of the Belle River Project, to the extent not credited against Monthly Power Costs or Monthly Transmission Costs, all proper credits thereto, including, without limitation, all receipts, revenues and other moneys to the extent received by it or credited to it under the Belle River Participation Agreement, the Edison Transmission Agreement and the Consumers Transmission Agreement from insurance proceeds, condemnation awards, damages collected from contractors, subcontractors or others and proceeds from the sale or other disposition of surplus property and test energy, all relating to the Belle River Project, and interest earned on investments held under the Bond Resolution.

<u>Debt Service</u> shall mean, with respect to any period, the aggregate of the amounts required by the Bond Resolution to be paid or deposited during said period into any fund or account created by the Bond Resolution for the sole purpose of paying the principal (including sinking fund installments) of, premium, if any, and interest on all Bonds from time to time outstanding as the same shall become due; provided, however, that Debt Service shall not include any amount payable as principal or interest solely as a result of acceleration of maturity of Bonds.

Debt Service Entitlement Share shall mean with respect to each Participant, that share of participation in the issuance of Bonds or Bond Anticipation Notes under the Bond Resolution as shown opposite the name of such Participant on the Capital Requirement Schedule in the Debt Service Entitlement Share column (see sample table attached as Exhibit X).

Debt Service Step-Up Obligation shall mean with respect to each Participant the maximum amount of outstanding principal a Participant shall be required to assume in the event of default of another Participant.

Edison Transmission Agreement shall mean the Belle River Transmission ownership and Operating Agreement dated as of December †1, 1982, between MPPA and The Detroit Edison Company, (now known as DTE Electric Company), as the same may be amended or supplemented from time to time in accordance with the provisions thereof.

Edison Transmission Cost Factor shall mean, with respect to each Participant, the factor (expressed as a percentage) shown opposite the namer of such Participant in the Schedule of Participants which specifies such Participant's proportionate share of Monthly Transmission Costs based on such Participant's Transmission Entitlement Share.

Electric Capacity shall mean kilowatts (kW) electric.

Electric Energy shall mean kilowatt hours (kWh).

Minimum Loading Level shall mean, with respect to each Participant, the minimum amount of production which such Participant may be required to schedule when Belle River is operating, which minimum amount in any hour shall be determined by multiplying the minimum amount of production which MPPA may be required to schedule pursuant to the Belle River Participation Agreement by a fraction the numerator of which is such Participant's Power Entitlement Share less such Participant's Planned Excess Generating Capacity and the denominator of which is the aggregate of the Power Entitlement Shares of the Participants less the aggregate of the Planned Excess Generating Capacities of the Participants such Participant's Power Entitlement Share.

Month shall mean a calendar month.

MonthlyBack-upCosts shall mean, with respect to each Monthofeach Contract
Year, allcosts (other than Back-up Energy Related Costs) attributable to Back-up
Entitlement Take that are paid or incurred by MPPA during such Month, including without

limitation, the following items of cost:

(1) the amount required to be paid under the Belle River

Participation Agreement as the Annual Back-up Electric Capacity Charge:

(2)—the amount required to be paid under the Belle River Participation

Agreement as the Daily Back-up Electric Capacity Charge; and

-(3)—anyadditionalamountnotspecified in the other items of this definition or in the definition of Back-up Energy Related Costs which must be paid by MPPA during such Month under the Belle River Participation Agreement or otherwise inconnection with the provision of Back-up Capacity and Back-up Energy.

Monthly Power Costs shall mean, with respect to each Month of each Contract Year, all costs (other than Project Energy Related Costs) attributable to Belle River, to the extent not paid from the proceeds of Bonds (including income from investment of such proceeds); or upfront Cash Election made by Participants, that are paid or incurred by MPPA during such Month resulting from the ownership, operation, maintenance and termination of, and repair, renewals, replacements, additions, improvements, betterments and modifications to, Belle River, including without limitation, the following items of cost:

- (1) the amount required, if any, under the Bond Resolution to be paid or deposited during such Month into any fund or account established by the Bond Resolution for the payment of Debt Service on Bonds allocable to Belle River;
- (2) the amount required under the Bond Resolution to be paid or deposited during such Month into any fund or account established by the Bond Resolution to the extent allocable to Belle River or in connection with Bonds allocable to Belle River (other than funds and accounts referred to in clause (1) above), including any amounts required to be paid or deposited by reason of the transfer of moneys from such funds or accounts to the funds or accounts referred to in clause (1) above;
- (3) any amount which MPPA may be required during such Month to pay for the prevention or correction of any unusual loss or damage or for renewals, replacements,

repairs, additions, improvements, betterments, and modifications which are required under the Belle River Participation Agreement or which are necessary to keep Belle River in good operating condition or to prevent a loss of revenues therefrom, but in each case only to the extent that (a) funds for such payment are not available to MPPA from any funds or accounts established under the Bond Resolution for such purpose or (b) funds for such payment are not provided by the issuance of Bonds;

- (4) the costs of operating and maintaining Belle River and of producing and delivering capacity and energy therefrom during such Month (including administrative and general expenses and working capital, for fuel or otherwise, but excluding Project Energy Related Costs and depreciation) not included in the costs specified in the other items of this definition and properly chargeable to Belle River;
- (5) the amount required under the Bond Resolution to be paid or deposited during such Month into any fund or account established by the Bond Resolution or otherwise for the payment of interest on Bond Anticipation Notes allocable to Belle River:
- (6) any additional amount not specified in the other items of this definition (excluding Project Energy Related Costs) which must be paid by MPPA during such Month under the Belle River Participation Agreement;
- (7) any additional amount not in excess of 5% of the amount required to be paid pursuant to clause (1) above for financial and economic surveys, studies and work relating to future power supply by the Belle River Project; and
- (8) any additional amount allocable to Bonds allocable to Belle River which must be realized by MPPA during such Month in order to meet the Debt Service coverage requirement of any rate covenant of the Bond Resolution with respect to such Bonds or which MPPA deems advisable in the marketing of its Bonds.

Monthly Transmission Costs shall mean, with respect to each Month of each
Contract Year, all costs (other than Transmission Utilization Adjustment Costs) attributable
to Belle River Transmission, to the extent not paid from the proceeds of Bonds (including

income from investment of such proceeds), or upfront Cash Election made by Participants, that are paid or incurred by MPPA during such Month resulting from the ownership, operation, maintenance and termination of, and repair, renewals, replacements, additions, improvements, betterments and modifications to, Belle River Transmission and delivery pursuant to the Power Sales Contracts of capacity and energy, including without limitation, the following items of cost:

- (1) the amount required under the Bond Resolution to be paid or deposited during such Month into any fund or account established by the Bond Resolution for the payment of Debt Service on Bonds allocable to Belle River Transmission;
- (2) the amount required under the Bond Resolution to be paid or deposited during such Month into any fund or account established by the Bond Resolution to the extent allocable to Belle River Transmission or in connection with Bonds allocable to Belle River Transmission (other than funds and accounts referred to in clause (1) above), including any amounts required to be paid or deposited by reason of the transfer of moneys from such funds or accounts to the funds or accounts referred to in clause (1) above;
- (3) any amount which MPPA may be required during such Month to pay for the prevention or correction of any unusual loss or damage or for renewals, replacements, repairs, additions, improvements, betterments, and modifications which are required under the Edison Transmission Agreement or the Consumers Transmission Agreement or which are necessary to keep Belle River Transmission in good operating condition or to prevent a loss of revenues therefrom but in each case only to the extent that (a) funds for such payment are not available to MPPA from any funds or accounts established under the Bond Resolution for such purpose or (b) funds for such payment are not provided by the issuance of Bonds;
- (4) the costs of operating and maintaining Belle River Transmission during such Month (including administrative and general expenses and working capital, but excluding Transmission Utilization Adjustment Costs and depreciation), not included in the costs

specified in the other items of this definition and properly chargeable to Belle River Transmission:

- (5) the amount required under the Bond Resolution to be paid or deposited during such Month into any fund or account established by the Bond Resolution or otherwise for the payment of interest on Bond Anticipation Notes allocable to Belle River Transmission:
- (6) any additional amount not specified in the other items of this definition (excluding Transmission Utilization Adjustment Costs) which must be paid by MPPA during such Month under the Edison Transmission Agreement or the Consumers Transmission Agreement; and
- (7) any additional amount allocable to Bonds allocable to Belle River

 Transmission which must be realized by MPPA during such Month in order to meet the Debt

 Service coverage requirement of any rate covenant of the Bond Resolution with respect to
 such Bonds or which MPPA deems advisable in the marketing of its Bonds.

Net Electric Capacity and Energy shall mean the gross electric capability, and associated electric energy, of Belle River less the associated electric energy utilized by Belle River for all processes, auxiliary equipment and systems used or useful in connection with start-up, operation, maintenance, control, supply or shutdown of Belle River including appropriate station service transformer losses.

<u>Participants</u> shall mean the parties, including the Participant, other than MPPA, to Power Sales Contracts substantially similar hereto and named on the Schedule of Participants.

Planned Excess Generating Capacity shall mean, with respect to each Participant for any Contract Year, the amount of such Participant's share of MPPA's Planned Excess Electric Capability and Energy Entitlement in Belle River which MPPA is obligated to sell to The Detroit Edison Company pursuant to Section 6.5 of the Belle River Participation Agreement for such Contract Year, determined by multiplying MPPA's Planned Excess Electric Capability and

Energy Entitlementin Belle Riverto besold to The Detroit Edison Company during such Contract Year pursuant to Section 6.5 of the Belle River Participation Agreement by a fraction the numerator of which is such Participant's Power Entitlement Share and the denominator of which is the aggregate Power Entitlement Share of the Participants. Each Participant's Planned Excess Generating capacity, so determined, is shown opposite the name of such Participant in the Schedule of Participants.

Planned Available Consumers Transmission Capacity shall mean, with respect to each Participant for any Contract Year, the amount of such Participant's share of MPPA's Transmission Capacity in Belle River Transmission, which MPPA is obligated to sell to Consumers Power Company pursuant to Sections 6.2 and 6.3 of the Consumers Transmission Agreement, determined by multiplying MPPA's Transmission capacity to be sold to Consumers Power Company during such Contract Year pursuant to Sections 6.2 and 6.3 of the Consumers Transmission Agreement, by a fraction the numerator of which is such Participant's Power Entitlement Share and the denominator of which is the aggregate Power Entitlement Share of the Participants. Each Participant's Planned Available Consumers Transmission capacity, so determined, is shown opposite the name of such Participant in the Schedule of Participants.

Planned Excess Edison Transmission Capacity shall mean, with respect to each Participant for any Contract Year, the amount of such Participant's share of MPPA's Transmission capacity in Belle River Transmission, which MPPA is obligated to sell to The Detroit Edison Company pursuant to Section 6.2 of the Edison Transmission Agreement, determined by multiplying MPPA's Transmission Capacity to be sold to The Detroit Edison Company during such Contract Year pursuant to Section 6.2 of the Edison Transmission Agreement by a fraction the numerator of which is such Participant's Power Entitlement Share and the denominator of which is the aggregate Power Entitlement Share of the Participants. Each Participant's Planned Excess Edison Transmission capacity, so determined, is shown opposite the name of such Participant in the Schedule of Participants.

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Point of Delivery shall mean, with respect to each Participant, (i) the point(s) of interconnection between such Participant's system and The Detroit Edison Company system or the Consumers Power Company system, if such Participant is directly connected to The Detroit Edison Company system or the Consumers Power Company system, or (ii) the point(s) of interconnection between another utility system and The Detroit Edison Company system or the Consumers Power Company system, if such Participant is connected to The Detroit Edison Company system or the Consumers Power Company system through an interconnection with such other utility system the Bulk Transmission System, or the Bulk Primary Voltage System as defined in the Transmission Ownership and Operating Agreements.

<u>Power Entitlement Share</u> shall mean, with respect to each Participant, that percentage of Belle River Project Capability shown opposite the name of such Participant in the Schedule of Participants.

Power Sales Contracts shall mean this Belle River Power Sales Contract and the other Belle River Power Sales Contracts, dated the date hereof, between MPPA and the other Participants, all of which are uniform in all material respects in their terms, conditions and provisions with the exception of the Power Entitlement Share, the Transmission Entitlement Share, the Back-up EntitlementShare, if any, the Transmission Cost Factor and the Transmission Utilization Adjustment Factor for each of the Participants.

Project Energy Related Costs shall mean, with respect to Belle River, those costs which vary with the amount of capacity and energy produced from time to time, including without limitation, the cost of fuel, cost of fuel transportation other than fixed costs of transportation, cost of all disposal of wastes directly relating to production of capacity and energy and other costs incurred under the Belle River Participation Agreement which are directly related to the amount of capacity and energy produced under the Belle River Participation Agreement.

<u>Schedule of Participants</u> shall mean the Schedule of Participants attached hereto, as the same may be amended or supplemented from time to time in accordance with the provisions hereof.

<u>Transmission Entitlement Share</u> shall mean, with respect to each Participant, the portion of MPPA's ownership interest, expressed in kilowatts, in Belle River Transmission under the Edison Transmission Agreement and the Consumers Transmission Agreement shown opposite the name of such Participant in the Schedule of Participants.

<u>Transmission Utilization Adjustment Costs</u> shall mean the Utilization Adjustment, expressed in dollars, for MPPA, as determined each year in accordance with the provisions of the Consumers Transmission Agreement.

Transmission Utilization Adjustment Factor shall mean, with respect to each Participant, the factor (expressed as a percentage) to be determined each Contract Year which specifies such Participant's proportionate share of Transmission Utilization Adjustment Costs based on (i) such Participant's Power Entitlement Share for the appropriate Contract Year, (iii) such Participant's Transmission Entitlement Share for the appropriate Contract Year, (iii) such Participant's Planned Available Consumers Transmission Capacity, (iv)—such Participant's right to acquire transmission ownership at net or gross plant, as appropriate, and (v)) the voltage level of such Participant's Point of Delivery.

<u>Uniform System of Accounts</u> shall mean the Federal Energy Regulatory

Commission's "Uniform Systems of Accounts" prescribed for Public Utilities and Licensees
(Class A and Class B), in effect as of the date of this Power Sales Contract as such Uniform
Systems of Accounts may be modified, amended or supplemented from time to time.

SECTION 2. Term of Contract.

This Power Sales Contract shall become effective upon execution and delivery of Power Sales Contracts by all Participants listed in the Schedule of Participants and shall, unless this Power Sales Contract is terminated pursuant to Section 30, continue until the

later of (i) the date the principal of, premium, if any, and interest on all Bonds have been paid or funds set aside for the payment thereof or (ii) the date Belle River is retired pursuant to the Belle River Participation Agreement or the interest of MPPA in Belle River is terminated pursuant to the Belle River Participation Agreement or is otherwise disposed of.

SECTION 3. Sale and Purchase.

MPPA hereby sells, and the Participant hereby purchases, the Participant's Power Entitlement Share, the Participant's Transmission Entitlement Share and the Participant's Back-upTransmission Entitlement Share. The Participant shall, in accordance with and subject to the provisions of Section 4, pay MPPA (i) for its Power Entitlement Share, an amount determined by multiplying Monthly Power Costs by the Participant's Power Entitlement Share, (ii) for its Back-up Entitlement Share, an amount determined by multiplying Monthly Back- up costs by a fraction the numerator of which is the Participant's Back-up Entitlement Take and the denominator of which is the aggregate Back-up Entitlement Take of all Participants in such Month, (iii; provided, however, the amount of Debt Service Payments to be paid by a Participant shall be calculated based on the Participant's Debt Service Entitlement Share, if any, (ii) for its share of Project Energy Related Costs, an amount determined by multiplying Project Energy Related Costs by a fraction the numerator of which is the number of kilowatt hours of energy scheduled from Belle River by the Participant during the Month to which such payment relates and the denominator of which is the total kilowatt hours of energy scheduled from Belle River by all Participants during such Month, (iv) for its share of Back-up Energy Related Costs, if any, an amount determined by multiplying Back-up Energy Related Costs by a fraction the numerator of which is the number of kilowatt hours of Back-up Energy scheduled by the Participant during the Month to which such payment relates and the denominator of which is the total kilowatt hours of Back-up Energy scheduled by all Participants during such Month, (viii) for its Transmission Entitlement Share, amounts determined by multiplying Monthly Transmission costs attributable to the Consumers Transmission Agreement by the Participant's Consumers Transmission Cost Factor and Monthly Transmission Costs attributable to the Edison Transmission Agreement by the Participant's Edison

Transmission Cost Factor and aggregating such amounts and (viv) for its share of Transmission Utilization Adjustment Costs, if any, an amount determined by multiplying Transmission Utilization Adjustment Costs by the Participant's Transmission Utilization Adjustment Factor (which amount, if negative, is to be credited to Participant). Such payments are to be computed and made as provided in Section 4 below.

SECTION 4. Method of Payment.

- (a) On or before 30 days prior to the estimated commencement of the first Contract Year and on or before December 1 prior to the beginning of each Contract Year thereafter, MPPA shall prepare and e-mail to the Participant a budget showing an estimate by Month of the Monthly Power Costs, Monthly Transmission Costs, Monthly Back-up Costs, Project Energy Related Costs, Transmission Utilization Adjustment costsCosts, and Back-up Energy Related Costs, if any, and upon request of the Participant, the Participant's share of each, for the following Contract Year, which estimates will establish the basis for the Participant's payments in respect of Monthly Power Costs, Monthly Transmission Costs, -Project Energy Related Costs, and Transmission Utilization Adjustment Costs allocable to the Participant as hereinafter provided:
- (b) On or before the 10th day of each Month beginning with the second Month of the first Contract Year, MPPA shall render to the Participant a monthly statement showing, in each case with respect to the prior Month, (i) the amount payable by the Participant in respect of Monthly Power Costs; (ii) the amount payable by the Participant in respect of Monthly Transmission Costs; (iii) the amount payable by the Participant, if any, in respect of Monthly Back-upProject Energy Related Costs; (iv) the amount payable by the Participant in respect of Project Energy Related Costs; (v) the amount payable by the Participant in respect of Transmission Utilization Adjustment Costs; (vi) the amount payable, if any, by the Participant in respect of Back-up Energy Related Costs; (viiv) the amount for actual Monthly Power Costs, Monthly Transmission Costs, Monthly Back-up Costs,

Project Energy Related Costs, and Transmission Utilization Adjustment Costs and Backup Energy Related Costs-incurred during a prior Month for which credit or payment has not been made: (viii; (vi) the credits, if any, against Monthly Power Costs and Monthly Transmission Costs determined in accordance with paragraphs (i), (ki) and (1j) of this Section 4; and (ixvii) any other amounts (except amounts in respect of Monthly Power Costs, which amounts are intended to be billed exclusively pursuant to clause (i) above, and amounts in respect of Monthly Transmission Costs, which amounts are intended to be billed exclusively pursuant to clause (ii) above, and amounts in respect of Monthly Back-up Costs, which amounts are intended to be billed exclusively pursuant to clause (iii) above), payable by or credited to such Participant pursuant to this Power Sales Contract or the Bond Resolution not otherwise shown; and such Participant shall pay the total of such amounts at the times specified in paragraph (d) of this Section 4. Subject to the provisions of Section 4(j) of this Power Sales Contract, if the total of such amounts shows a net credit to the Participant, MPPA shall, to the extent moneys are or at any time become available for such purpose in the Project Account in the General Reserve Fund held under the Bond Resolution, pay to the Participant the amount of such net credit.

times as it shall deem desirable, MPPA shall review its budget of Monthly Power Costs and Monthly Transmission Costs for the Contract Year and any adjustment thereof or credit thereto pursuant to paragraphs (i), (ki) and (1) of this Section 4 and Monthly Back-up Costs, Project Energy Related Costs, and Transmission Utilization Adjustment Costs and Back-up Energy Related Costs for the Contract Year. In the event such review indicates that such budget does not or will not substantially correspond with actual receipts or expenditures, or if at any time during such Contract Year there are or are expected to be extraordinary receipts, credits or payments of costs substantially affecting Monthly Power Costs and Monthly Transmission Costs and any adjustment thereof or credit thereto pursuant to paragraphs (i), (ki) and (1) of this Section 4 and Monthly Back-up Costs,

Project Energy Related Costs, and Transmission Utilization Adjustment Costs and Back-up Energy Related Costs, MPPA shall prepare and mailemail to the Participant a revised budget incorporating adjustments to reflect such receipts, credits or payments which shall supersede the previous such budget as a basis for the Participant's monthly payments hereunder for the balance of that Contract Year.

- (d) Monthly payments required to be paid to MPPA pursuant to this Section 4 shall be due and payable to MPPA at the principal office of MPPA, or such other addressvia electronic payment as MPPA shall designate in writing to the Participant, on the 25th day of the Month following the Month with respect to which the monthly statement therefor was rendered.
- (e) If payment in full is not made on or before the close of business on the due date, a delayed-payment charge on the unpaid amount due for each day overdue will be imposed at a rate equal to the annual percentage rate of interest being charged on such day for 90-the prime lending rate as may from time to time be published in *The Wall Street Journal* under "Money Rate" on such day loans to substantial and responsible borrowers by the National Bank of Detroit, (or if not published on such day the most recent preceding day on which published), plus 1%, two percent (2%), or the maximum rate lawfully payable by the Participant, whichever is less. If the due date is Saturday, Sunday or a bank holiday, the next following business day shall be the last day on which payment may be made without the addition of the delayed-payment charge.
- (f) In the event of any dispute as to any portion of any monthly statement, the Participant shall nevertheless pay the full amount of the disputed charges when due and shall give written notice of the dispute to MPPA not later than the date such payment is due. Such notice shall identify the disputed bill, state the amount in dispute and set forth a full statement of the grounds on which such dispute is based. No adjustment shall be considered or made for disputed charges unless notice is given as aforesaid. MPPA shall give consideration to such dispute and shall advise the Participant with regard to its position relative thereto within thirty (30) days following receipt of such written notice.

Upon final determination (whether by agreement, arbitration, adjudication or otherwise) of the correct amount, any difference between such correct amount and such full amount shall be subtracted from the statement next submitted to the Participant after such determination.

(g) On or before one hundred eighty days after the end of each Contract Year, MPPA will submit to the Participant a detailed statement of the actual aggregate Monthly Power costs and Monthly Transmission Costs and any adjustment thereof or credit thereto pursuant to paragraphs (j), (k) and (l) of this Section 4, Monthly Back-up Costs, Project Energy Related Costs, Transmission Utilization Adjustment Costs and Back-up Energy Related Costs, and the Participant's share of each, and all and other amounts payable by or credited to the Participant pursuant hereto for all of the Months of such Contract Year, and adjustments of the aggregate Monthly Power Costs and Monthly Transmission Costs, if any, for any prior Contract Year and any adjustment thereof or credit thereto pursuant to paragraphs (j),(k) and (l) of this Section 4 and Monthly Back-up Costs, Project Energy Related Costs, Transmission Utilization Adjustment Costs and Back-up Energy Related Costs allocable to the Participant, based on the annual audit of accounts provided for in Section 11 hereof. If, on the basis of the statement submitted as provided in this paragraph (g), the actual aggregate Monthly Power Costs and Monthly Transmission Costs and any adjustment thereof or credit thereto pursuant to paragraphs (j), (k) and (l) of this Section 4 and Monthly Back- up Costs, Project Energy Related Costs, Transmission Utilization Adjustment Costs and Back-up Energy Related Costs allocable to the Participant and other amounts payable for any Contract Year exceed the estimate thereof on the basis of which the Participant has been billed, the Participant shall pay MPPA promptly the amount of such excess. If, on the basis of the statement submitted pursuant to this paragraph (g), the actual aggregate Monthly Power Costs and Monthly Transmission Costs and any adjustment thereof or credit thereto pursuant to paragraphs (j), (k) and (l) of this Section 4 and Monthly Back-up Costs, Project Energy Related Costs, and Transmission Utilization Adjustment Costs and Back-up Energy Related Costs allocable to the Participant or other amounts payable for any Contract Year are less than the estimate therefore on the basis of

which such Participant has been billed, MPPA shall credit such Participant's next monthly statement or statements pursuant to this Section 4.

- (h) Project Energy Related Costs, and Transmission Utilization Adjustment

 Costs and Back-up Energy Related(g) Project Energy Related Costs, and Transmission

 Utilization Adjustment Costs, including any adjustments thereto, shall be determined by

 MPPA in accordance with the applicable provisions of this Power Sales Contract, the Belle

 River Participation Agreement, the Edison Transmission Agreement and the Consumers

 Transmission Agreement, respectively. The Participant shall pay such amounts pursuant to

 paragraphs (b) and (d) of this Section 4.
- The obligation of the Participant to make the payments under this Section 4 for Monthly Power Costs, Monthly Transmission Costs, Monthly Back-up Costs, Project Energy Related Costs, and Transmission Utilization Adjustment Costs and Back-up Energy Related Costs shall constitute an obligation of the Participant payable as an operating expense of the Participant's electric system solely from the revenues and other available funds of the electric system, and such payments shall be made for any Month during any part of which Belle River was in service or Back-up Entitlement Take was made available to the Participant... Payments required to be made by the Participant under this Power Sales Contract are conditioned on power and energy being made available to the Participant. Accordingly, the Participant shall not be required to make any payment with respect to any Month during which Belle River is wholly out of service for the entire Month and during which no Back-up Energy is made available to the Participant.. For any Month during any portion of which Belle River is in service or Back-up Entitlement Take is made available to the Participant, the obligations of the Participant to make such payments shall not be subject to any reduction, whether by offset, counterclaim, or otherwise, and shall not, except as provided in this paragraph (in), be conditioned upon the performance by MPPA under this or any other agreement or instrument.
- (j) Pursuant to the Belle River Participation Agreement, MPPA has agreed to sell to The Detroit Edison Company Planned Excess Generating Capacity associated with Belle River which is the aggregate of the Planned Excess Generating Capacity of the

Participants. Pursuant to the Edison Transmission Agreement, MPPA has agreed to sell to The Detroit Edison Company Planned Excess Transmission Capacity associated with the portion of Belle River Transmission provided by the Edison Transmission Agreement which is the aggregate of the Planned Excess Edison Transmission Capacity of the Participants. Pursuant to the Consumers Transmission Agreement, MPPA has agreed to sell to Consumers Power Company Planned Available Consumers Transmission Capacity associated with the portion of Belle River Transmission provided by the Consumers Transmission Agreement which is the aggregate of the Planned Available Consumers Transmission Capacity of the Participants. The anticipated proceeds from such sales of such Planned Excess Generating Capacity, Planned Excess Edison Transmission Capacity and Planned Available Consumers Transmission Capacity shall be estimated in preparing the budgets required under this Section 4. Any revenues actually received by MPPA as a result of such sales of Planned Excess Generating Capacity, Planned Excess Edison Transmission Capacity and Planned Available Consumers Transmission Capacity shall be applied first to Monthly Power Costs and Monthly Transmission Costs allocable to the Planned Excess Generating Capacity, Planned Excess Edison Transmission Capacity and Planned Available Consumers Transmission Capacity and any remaining amounts shall be used, in such proportions and at such times as MPPA, in its sole discretion, shall determine (i) to retire Bonds by purchase or redemption (ii) to pay any costs which may be paid from the proceeds of additional Bonds pursuant to Sections 13(a) and (b) of this Power Sales Contract and (iii) for any other lawful purpose.

- (k(i) The amount, if any, transferred pursuant to the Bond Resolution from the General Reserve Fund to the Revenue Fund during any Month shall be credited against Monthly Power Costs and Monthly Transmission Costs for such Month in the proportion that Debt Service for such Month on Bonds allocated to Belle River and on Bonds allocated to Belle River Transmission, respectively, bears to the aggregate of Debt Service on all Bonds for such Month.
- (tj) MPPA shall use its best efforts to collect or cause to be collected and shall apply to the retirement of Bonds allocated to Belle River or to Belle River Transmission, as

appropriate, by purchase or redemption, to the extent not credited or to be credited against the Cost of Acquisition and Construction or required to be otherwise applied under the Bond Resolution, all receipts, revenues and other moneys received by it or credited to it from insurance proceeds, condemnation awards damages in connection with the construction of Belle River and Belle River Transmission collected from contractors, subcontractors or others and proceeds from the sale or other disposition of surplus property, all related to the Belle River Project. MPPA shall apply interest earned on investments held under the Bond Resolution to the extent not credited against the Cost of Acquisition and Construction in accordance with the Bond Resolution.

SECTION 5. Scheduling of Deliveries.

The Participant shall be entitled to schedule the production of electric capacity and energy to which the Participant is entitled under this Power Sales Contract. The Participant shall provide to MPPA or its designee written schedules, including revisions from time to time, for such production and use. The written schedules shall be submitted to MPPA by the Participant in a manner and form sufficient to allow MPPA to satisfy the requirements of the Belle River Participation Agreement for scheduling and to prepare the budgets required under Section 4. Subject to the applicable provisions of the Belle River Participation Agreement, MPPA shall use its best efforts to schedule or cause to be scheduled such production and use in accordance with the schedules furnished to it by the Participant as herein provided, including revisions thereto; provided, that the Participant's dispatcher shall be permitted to maintain communication with MPPA for purposes of modifying schedules during periods of emergency or for economic dispatch of energy production; and provided further, that the Participant shall promptly notify MPPA of any such schedule modifications and MPPA shall neither schedule nor dispose of capacity and energy in any way which would cause MPPA to be in violation of the Belle River Participation Agreement. MPPA shall inform the Participant's dispatcher when the Participant's schedule of energy production in any hour shall be increased to the Participant's Minimum Loading Level. MPPA shall use its best efforts to keep the Participant informed of all matters which

may affect the Participant's ability to carry out the provisions of this Section S. All schedules, including revisions thereto, shall be adjusted after the fact by MPPA to reflect actual deliveries of electric capacity and energy under this Power Sales Contract.

At any time Belle River is operable or operating, the Participant shall not be entitled to schedule in any hour production of power and energy in excess of such Participant's Power Entitlement Share, less such Participant's Planned Excess Generating Capacity for the Contract Year. At any time Belle River is not operable or operating, the Participant shall not be entitled to schedule in any hour delivery of Backup Energy in excess of such Participant's Back-up Entitlement Take.

Not less than 13 Months before commencement of each Contract Year, the Participant shall notify MPPA in writing of the amount of Back-up Entitlement Take the Participant intends to receive in such Contract Year.

SECTION 6. -__Point of Delivery.

Capacity and energy scheduled by the Participant pursuant to Section 5 of this Power Sales Contract will be delivered at the Participant's Point of Delivery. The Participant shall be responsible for delivery of capacity and energy from the Point of Delivery to the Participant's system.

SECTION 7. Reactive Power.

The Participant shall provide the reactive power requirements of its electric system so that electric capacity and energy delivered to the Participant pursuant to this Power Sales Contract shall be at unity power factor except, if the Point of Delivery is interconnected with the Consumers Power Company, when necessary for proper operation of Consumers Power Company; or, if the Point of Delivery is interconnected with The Detroit Edison Company, when necessary for proper operation of The Detroit Edison Company's high voltage transmission system as

determined by The Detroit Edison Company. Unless mutually agreed to by MPPA, the Participant and Consumers Power Company, the Participant shall take appropriate action after consultation with Consumers Power Company to maintain aflow of reactive power from the Consumers Power Company system, to, or for the account of, the Participant to as near zero as practical.

SECTION8. Emergency Curtailment.

The electric capacity and energy associated with the Participant's Back-up Entitlement Taketobe purchased by the Participant pursuant to this Power Sales Contract is to be provided from reserves made available from generating units of The Detroit Edison Company and arrangements made by The Detroit Edison Company with other utilities with whom The Detroit Edison Company and Consumers Power Company have interconnection agreements. In the event such reserves are, or are anticipated by The Detroit Edison Company to become, in adequate to maintain a frequency of 60 hertz on The Detroit Edison Company load frequency control system, the Participant shall be obligated to make a prograta reduction in the scheduled delivery of electric capacity and energy associated with the Participant's Back-up Entitlement Take up to and including the total amount thereof as may be determined by MPPA after consultation with The Detroit Edison Company. Further, the Participant shall automatically reduce (prograta) its electric capacity and energy connected with its Back-up Entitlement Take when the frequency of The Detroit Edison Company load frequency control system drops to 58.5 hertzor below. Such reductions in electric capacity and energy shall not result in any decrease in the Monthly Back-up Costs to be paid by the Participant to MPPA under this Power Sales Contract.

SECTION 9. Availability of Entitlement Shares.

Except as provided otherwise by this Power Sales Contract, and subject to the provisions of the Belle River Participation Agreement, the Edison Transmission Agreement and the Consumers Transmission Agreement, respectively, the Participant's Power Entitlement Share; and Transmission—Entitlement Share and Back-up Entitlement Share shall be made available in accordance with this Power Sales Contract during the term of this Power Sales Contract; provided, however, that non—delivery of electric power and

energy for any reason for any part, but not all, of a Month shall not relieve the Participant from its obligations to make its payments under Section 4 hereof.

SECTION 108. Insurance.

Subject to the provisions of the Belle River Participation Agreement, the Edison Transmission Agreement, the Consumers Transmission Agreement and the Bond Resolution, MPPA shall maintain, or cause to be maintained, in force, as part of the Cost Of Acquisition And Construction, Monthly Power Costs or Monthly Transmission Costs, as appropriate, insurance with responsible insurers with policies payable to the parties as their interests shall appear, against risk or direct physical loss, damage or destruction of the Belle River Project, at least to the extent that similar insurance is usually carried by utilities constructing and operating electric generation and transmission facilities of the nature of the generation and transmission facilities of the Belle River Project, including liability insurance and employers' liability, all to the extent available at reasonable cost but in no case less than will satisfy all applicable regulatory requirements.

SECTION 119. Accounting.

MPPA agrees to keep accurate records and accounts relating to the Belle River

Project and relating to Monthly Power Costs, Monthly Transmission Costs, Monthly Backup Costs, Project Energy Related Costs, and Transmission Utilization Adjustment Costs
and Back-up Energy Related Costs in accordance with the Bond Resolution and the
Uniform System of Accounts, separate and distinct from its other records and accounts.

The accounts shall be audited annually by a firm of certified public accountants,
experienced in public finance and electric utility accounting and of national reputation, to
be employed by MPPA. A copy of each annual audit, including all written comments and
recommendations of such accountants, shall be furnished by MPPA to the Participant not
later than 180 days after the end of each Contract Year.

The Participant agrees to keep accurate records and accounts relating to the conduct of its business and shall keep separate and distinct from its other records and

accounts shall be audited annually by a firm of certified public accountants, experienced in electric utility accounting, to be employed by the Participant. A copy of each annual audit, including all written comments and recommendations of such accountants, shall be furnished by the Participant to MPPA not later than 180 days after the termination of its fiscal year.

SECTION 1210. Information to be Made Available.

- (a) Subject to the provisions of the Belle River Participation Agreement, the Edison Transmission Agreement and the Consumers Transmission Agreement:
 - (1) all books of account, records, documentation and contracts in the possession of MPPA relating to the construction and, operation and conversion of the Belle River Project's fuel source from coal to natural gas shall be available for examination by the Participant;
 - (2) copies of all agreements and data in the possession of MPPA relating to the financing of the Belle River Project shall be available for examination by the Participant;
 - (3) copies of all operating and financial records and reports relating to the Belle River Project in the possession of MPPA shall be available for examination by the Participant; and
 - (4) copies of policies of insurance carried pursuant to Section 108 hereof shall be available for examination by the Participant.
- (b) The Participant shall, upon request, furnish to MPPA all such information, certificates, engineering reports, feasibility reports, financial statements, opinions of counsel (including the opinion required by subsection (c) hereof) and other documents as shall be reasonably necessary in connection with the financing of the Belle River Project and the cost of producing or obtaining the same shall be a part of the Cost Of Acquisition And Construction.

(c) The(c) If required by MPPA in connection with a bond financing, the

Participant shall, concurrently with the execution and delivery of this Power Sales Contract, cause an opinion or opinions in form and substance satisfactory to MPPA to be delivered by one or more attorneys or firms of attorneys satisfactory to MPPA with respect to the authorization, execution and validity of this Power Sales Contract as it relates to the Participant, and, if the Participant shall have bonds outstanding secured by revenues of its electric system, the legality under the terms and conditions of the ordinance, resolution, indenture or other contractual arrangement with the holders of such bonds of the performance by the Participant of its covenants and agreements under this Power Sales Contract.

SECTION 1311. Additional Bonds and Refunding Bonds.

- (a) Additional Bonds may be sold and issued by MPPA in accordance with the provisions of the Bond Resolution at any time and from time to time in the event, for any reason, the proceeds derived from the sale of Bonds prior to such time shall be insufficient for the purpose of paying the Cost Of Acquisition And Construction of the Belle River Project.
- (b) Additional Bonds may be sold and issued by MPPA in accordance with the provisions of the Bond Resolution at any time and from time to time in the event funds are required to pay the cost of (i) any renewals, replacements, repairs, additions, betterments, modifications, -or improvements to the Belle River Project necessary to keep the Belle River Project in good operating condition or to prevent a loss of revenues therefrom, (ii; (ii) converting the fuel source from coal to natural gas; (iii) additions, improvements, repairs and modifications to the Belle River Project and any retirement or disposal of the Project required by any governmental agency having jurisdiction over the Belle River Project or for which MPPA shall be responsible under the Belle River Participation Agreement, the Edison Transmission Agreement or the Consumers Transmission Agreement; (iii) additional funds are not available to pay the costs thereof; (ivv) transmission facilities required to be

purchased by MPPA pursuant to the Edison Transmission Agreement or the Consumers

Transmission Agreement subsequent to the initial purchase of facilities thereunder; (vvi)

capital costs incurred pursuant to actions taken under the Belle River Participation

Agreement, the Edison Transmission Agreement and the Consumers Transmission

Agreement, whether required or optional; and (vivi) any amounts relating to the Belle River

Project which MPPA is required to pay to any third party or parties by reason of any

judgment or order of any court, commission, bureau, board or regulatory authority of

competent juris-dictionjurisdiction to the extent that sufficient funds are not available

therefor in any Fund or Account under the Bond Resolution.

- the provisions of Section 1715 of this Power Sales Contract of the payments required to be made by the Participant under Section 4 of this Power Sales Contract, and all other payments attributable to the Belle River Project and the Belle River Participation Agreement to be made in accordance with or pursuant to any other provision of this Power Sales Contract, as such payments may be increased and extended by reason of the issuance of such additional Bonds, and such additional Bonds may be issued in amounts sufficient to pay the full amount of such costs and to provide such reserves as may be reasonably determined by MPPA to be desirable. Any such additional Bonds issued in accordance with the provisions of this Section 1311 and secured by the pledge of payments to be made in accordance with the provisions of this Power Sales Contract with all Bonds theretofore issued pursuant to and secured in accordance with the provisions of this Power Sales Contract.
- (d) In the event Monthly Power Costs or Monthly Transmission Costs may be reduced by the refunding of any Bonds then outstanding or in the event it shall otherwise be advantageous, in the opinion of MPPA, to refund any Bonds MPPA may issue and sell refunding Bonds in accordance with the Bond Resolution to be secured by the pledge made pursuant to the provisions of Section 4715 of this Power Sales Contract of the payments required to be made by the Participant under Section 4 of this Power Sales Contract and all

other payments attributable to the Belle River Project and the Belle River Participation Agreement to be made in accordance with or pursuant to any other provision of this Power Sales Contract. Any such refunding Bonds issued in accordance with the provisions of this Section 1311 and secured by the pledge of such payments may rank pari passu as to the security afforded by the provisions of this Power Sales Contract with all Bonds theretofore issued pursuant to and secured in accordance with the provisions of this Power Sales Contract.

SECTION 14. 12. Disposition or Termination of the Belle River Project.

Except as provided in this Section 1412, MPPA shall not sell or otherwise dispose of any interest in the Belle River Project without the consent of the Participant. Subject to the provisions of the Bond Resolution, this Section 1412 shall not prohibit a merger or consolidation or sale of all or substantially all of the property of MPPA. Subject to the provisions of the Belle River Participation Agreement, the Edison Transmission Agreement and the Consumers Transmission Agreement, if the Belle River Project shall be terminated, MPPA shall use its best efforts to cause the Belle River Project to be economically salvaged, discontinued, disposed of or sold in whole or in part. MPPA shall make monthly accounting statements to the Participant of all costs associated therewith. Such monthly accounting statements shall continue until the Belle River Project has been salvaged, discontinued or finally disposed of hereunder, at which time a final accounting statement with respect thereto shall be made by MPPA at the earliest reasonable time. The costs of salvage, discontinuance or disposition shall include, but shall not be limited to, all accrued costs and liabilities resulting from the construction, operation (including cost of fuel), maintenance of and renewals and replacements to the Belle River Project. Such final accounting statement shall credit the Participant, and deduct from any amount otherwise chargeable to it, the fair market value of any assets related to the Belle River Project then retained by MPPA. If any such final accounting statement shows that the costs referred to above exceed such credits after application by MPPA of all available funds held under the Bond Resolution for such purpose, the Participant shall pay MPPA the amount shown to be due to such final accounting statement. If any such final accounting statement shows that

the costs referred to above are less than such credits after application by MPPA of all other available funds held under the Bond Resolution for such purpose, MPPA shall, subject to provisions of the Bond Resolution, pay the Participant, as an adjustment for overpayments of Monthly Power Costs, an amount equal to the amount of the excess credit.

SECTION 1513. Participant Covenants.

The Participant agrees to maintain its electric system in good operating order, to cooperate with MPPA in the performance of the respective obligations of such Participant and MPPA under this Power Sales Contract and to fix, charge and collect rents, rates, fees and charges for electric power and energy and other services, facilities, and commodities, sold, furnished, or supplied through its electric system sufficient to provide revenues adequate to meet its obligations under this Power Sales Contract and to pay other amounts payable from or constituting a charge and lien upon such revenues, including amounts sufficient to pay the principal of and interest on all revenue bonds related to the Participant's electric system and, to the extent being paid from revenues of such electric system, all general obligation bonds of the Participant now outstanding or hereafter issued for purposes related to its electric system.

SECTION 1614. Operation and Maintenance.

Subject to the provisions of the Belle River Participation Agreement, the Edison Transmission Agreement and the Consumers Transmission Agreement, MPPA covenants and agrees that it will use its best efforts to operate, maintain and manage the Belle River Project or cause the same to be operated, maintained and managed in an efficient and economical manner.

SECTION 1715. Pledge of Payments.

All payments required to be made by the Participant pursuant to the provisions of Section 4, and all other payments attributable to the Belle River Project or the Belle River Participation Agreement to be made in accordance with or pursuant to any other provision of this Power Sales Contract, shall be pledged to secure the payment of Bonds.

SECTION 1816. Event of Default.

Failure of the Participant to make to MPPA any of the payments when due for which provision is made in this Power Sales Contract shall constitute an immediate default on the part of the Participant.

SECTION 19. 17. Continuing Obligation, Right to Discontinue Service.

In the event of any default referred to in Section 1816, the Participant shall not be relieved of its liability for payment of the amounts in default and MPPA shall have the right to recover from the Participant any amount in default. In enforcement of any such right of recovery, MPPA may bring any suit, action, or proceeding in law or in equity, including mandamus and action for specific performance, as may be necessary or appropriate to enforce any covenant, agreement or obligation to make any payment for which provision is made in this Power Sales Contract against the Participant, and MPPA may, upon sixty days written notice ofto the Participant, cease and discontinue providing all or any portion of the Participant's Power Entitlement Share, and Transmission Entitlement Share and Back-up Entitlement Share.

SECTION 20.18. Transfer of Entitlement Shares Following Default.

In the event of a default by any Participant and discontinuance of service pursuant to Section 4917 of such Participant's Power Sales Contract, (a) MPPA shall first offer to transfer to all other Participants which are not in default a pro rata portion of the defaulting Participant's Power Entitlement Share, and Transmission

Entitlement Share and Back-up Entitlement Share which shall have been discontinued by reason of such default; any part of such Power Entitlement Share; and Transmission Entitlement Share or Back-up Entitlement Share of a defaulting Participant which shall be declined by any nondefaulting non-defaulting. Participant shall be reoffered pro rata to the nondefaultingnon-defaulting Participants which have accepted in full the first such offer, and such reoffering shall be repeated until

such defaulting Participant's Power Entitlement Share, and Transmission Entitlement Share and Back-up Entitlement Share have been reallocated in full or until all nondefaultingnon-defaulting Participants have declined to take any additional portion of such defaulting Participant's Power Entitlement Share, and Transmission Entitlement Share and Back-up Entitlement Share; (b) in the event less than all of a defaulting Participant's Power Entitlement Share and Transmission Entitlement Share and Back-up Entitlement Share shall be accepted by the other Participants which are not in default pursuant to clause (a), MPPA shall use its reasonable best efforts to sell the remaining portion of a defaulting Participant's Power Entitlement Share; and Transmission Entitlement Share and Back-up Entitlement Share for the remaining term of such defaulting Participant's Power Sales Contract with MPPA; the agreement for such sale shall contain such terms and conditions as will not adversely affect the security for the Bonds afforded by the Power Sales Contract of such defaulting Participant, including provisions for discontinuance of service upon default, and as are otherwise acceptable to MPPA; in the event of default and discontinuance of service under such agreement, the Power Entitlement Share, or Transmission Entitlement Share or Back-up Entitlement sold pursuant to such contract shall be offered and transferred as provided for defaulting Participants in this Section 2018; (c) in the event less than all of a defaulting Participant's Power Entitlement Share; and Transmission-Entitlement Share and Back-up Entitlement Share shall be accepted by the Participants which are not in default pursuant to clause (a) or sold pursuant to clause (b) of this Section, MPPA shall transfer, on a pro rata basis, (based on original Power Entitlement Share; and Transmission Entitlement Share; and Back-up Entitlement Share) to all other Participants which are not in default, the remaining portion of such defaulting Participant's Power Entitlement Share; and Transmission Entitlement Share-and Back-up Entitlement Share; (d) any portion of the Power Entitlement Share, and Transmission Entitlement Share and Back-up Entitlement

Share of a defaulting Participant transferred pursuant to this Section to a nondefaultingnon-defaulting Participant shall become a part of and shall be added to the Power Entitlement Share, and Transmission Entitlement Share and Back-up Entitlement Share of each transferee Participant, and the transferee Participant shall be obligated to pay for its Power Entitlement Share; and Transmission Entitlement Share and Back-up Entitlement Share increased as aforesaid, as if the Power Entitlement Share, and Transmission Entitlement Share and Back-up Entitlement Share of the transferee Participant, increased as aforesaid, had been stated originally as the Power Entitlement Share, and Transmission Entitlement Share and Back-up Entitlement Share of the transferee Participant in its Power Sales Contract with MPPA; provided, however, that in no event shall any transfer of any part of a defaulting Participant's Power Entitlement Share; and Transmission Entitlement Share and Back-up Entitlement Share pursuant to clause (c) of this Section result in a transferee Participant having a Power Entitlement Share, Trans-mission Entitlement Share or Back-up or Transmission Entitlement Share (including transfers to such transferee Participant pursuant to clause (a) of this Section) in excess of 125% of its original Power Entitlement Share; or Transmission Entitlement Share or Back-up Entitlement Share; (e) to the extent that Bonds are outstanding, the Debt Service Step-Up Obligation shall be equal to the Power Entitlement Share multiplied by the outstanding principal amount of the Bonds multiplied by 25% plus the Debt Service Entitlement Share multiplied by the outstanding principal amount of the Bonds; and (ef) in the event less than all of a defaulting Participant's Power Entitlement Share; Transmission Entitlement Share and Back-up Entitlement Share shall be sold or transferred to nondefaultingnon-defaulting Participants pursuant to this Section 2018, MPPA shall use its reasonable best efforts to sell the remaining portion of a defaulting Participant's Power Entitlement Share, and Transmission Entitlement Share and Back-up Entitlement Share or the energy associated therewith on such

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terms and conditions as are acceptable to MPPA. The defaulting Participant shall remain liable, except that the obligation of the defaulting Participant to pay MPPA shall be reduced to the extent that payments shall be received by MPPA for that portion of the defaulting Participant's Power Entitlement Share and Transmission Entitlement Share which may be transferred or sold as provided in this Section 2018.

SECTION 2119. Other Default by Participant.

In the event of a failure of the Participant to fix, charge or collect rates or charges adequate to provide revenue sufficient to enable the Participant to pay all amounts due to MPPA under this Power Sales Contract or in the event of any default by the Participant under any other covenant, agreement or obligation of this Power Sales Contract, MPPA may bring any suit, action, or proceeding in law or in equity, including mandamus, injunction and action for specific performance, as may be necessary or appropriate to enforce any covenant, agreement or obligation of this Power Sales Contract against the Participant.

SECTION 2220. Default by MPPA.

In the event of any default by MPPA under any covenant, agreement or obligation of this Power Sales Contract, the Participant's remedy for such default shall be limited to mandamus, injunction, action for specific performance or any other available equitable remedy as may be necessary or appropriate.

SECTION 2321. Abandonment of Remedy.

In case any proceeding taken on account of any default shall have been discontinued or abandoned for any reason, the parties to such proceedings shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies, powers and duties of MPPA and the Participant shall continue as though no such proceedings had been taken.

SECTION 2422. Waiver of Default.

Any waiver at any time by either MPPA or the Participant of its rights with respect to any default of the other party hereto, or with respect to any other matter arising in connection with this Power Sales Contract, shall not be a waiver with respect to any subsequent default, right or matter.

SECTION 2523. Excess Funds.

Subject to the provisions of the Bond Resolution, in the event the proceeds derived from the sale of Bonds exceeds in the aggregate the amount of funds required for the purposes specified in this Power Sales Contract for the application thereof, the amount of such excess shall be used to retire, by purchase or redemption, Bonds in the manner permitted under the Bond Resolution.

SECTION 26. 24. Relationship to and Compliance with Other Instruments.

- (a) It is recognized by the parties hereto that MPPA, in undertaking, or causing to be undertaken, the planning, financing, construction, -acquisition, operation and maintenance, and coal to natural gas fuel conversion of the Belle River Project, must comply with the requirements of the Bond Resolution, the Belle River Participation Agreement, the Edison Transmission Agreement, the Consumers Transmission Agreement and all licenses, permits and regulatory approvals necessary therefor, and it is therefore agreed that this Power Sales Contract is made subject to the terms and provisions of the Bond Resolution, the Belle River Participation Agreement, the Edison Transmission Agreement, the Consumers Transmission Agreement and all such licenses, permits and regulatory approvals.
- (b) MPPA covenants and agrees to use its best efforts for the benefit of the Participant to comply in all material respects with all terms, conditions and covenants of the Bond Resolution, the Belle River Participation Agreement, the Edison Transmission Agreement, the Consumers Transmission Agreement and all licenses, permits and regulatory approvals relating thereto.

SECTION 2725. Measurement of Energy.

MPPA will or will cause The Detroit EdisonDTE Electric Company to install, maintain and operate the metering equipment, including area interchange metering and telemetering equipment, required to measure the quantities of energy produced and delivered from Belle River. MPPA shall have the option of metering at a location other than Belle River, in which event the measurements shall be appropriately adjusted for losses. At least once in each Contract Year MPPA will make or cause to be made such tests and inspections of the meters as may be necessary to maintain them at the highest practical commercial standard of accuracy.

SECTION 2826. Liability of Parties.

MPPA and the Participant shall assume full responsibility and liability for the maintenance and operation of their respective properties and each shall, to the extent permitted by law, indemnify and save harmless the other from all liability and expense on account of any and all damages, claims, or actions, including injury to or death of persons arising from any act or accident in connection with the installation, presence, maintenance and operation of the property and equipment of the indemnifying party and not caused in whole or in part by the negligence of the other party; provided, that any liability which is incurred by MPPA through the operation and maintenance of the Belle River Project or pursuant to the Belle River Participation Agreement, the Edison Transmission Agreement or the Consumers Transmission Agreement and not covered, or not covered sufficiently, by insurance shall be paid solely from the revenues of MPPA, and any payments made by MPPA to satisfy such liability shall become part of Monthly Power Costs; or Monthly Transmission Costs or Monthly Back-up Costs, as the case may be.

SECTION 29-27. Assignment of Power Sales Contract, Sale of Participant's System.

(a)—__This Power Sales Contract shall inure to the benefit of and shall be binding upon the respective successors and assigns of the parties to this Power Sales Contract; provided, however, that, except as provided in the event of a default and except for the assignment by MPPA authorized hereby, neither this Power Sales Contract nor any interest herein shall be transferred or assigned by either party hereto except with the consent in

writing of the other party hereto, which consent shall not be unreasonably withheld. No assignment or transfer of this Power Sales Contract shall relieve the parties of any obligation hereunder.

- (b) The Participant acknowledges and agrees that MPPA may assign and pledge to the trustee designated in the Bond Resolution all its right, title, and interest in and to all payments to be made to MPPA under the provisions of this Power Sales Contract as security for the payment of the principal (including sinking fund installments) of, premium, if any, and interest on Bonds and may deliver possession of this Power Sales Contract to such trustee in connection therewith, and, upon such assignment, pledge and delivery, MPPA may grant to such trustee any rights and remedies herein provided to MPPA, and thereupon any reference herein to MPPA shall be deemed, with the necessary changes in detail, to include such trustee which shall be a third party beneficiary of the covenants and agreements of the Participant herein contained.
- (c) The Participant agrees that it will not sell, lease or otherwise dispose of all or substantially all of its electric utility system except upon ninety (90) days prior written notice to MPPA and, in any event, will not sell, lease or otherwise dispose of the same unless the following conditions are met: (i) the Participant shall assign this Power Sales Contract and its rights and interest hereunder to the purchaser or lessee of said electric system, and such purchaser or lessee shall assume all obligations of the Participant under this Power Sales Contract; and (ii) MPPA shall by appropriate action determine that such sale, lease or other disposition will not adversely affect the value of this Power Sales Contract as security for the payment of Bonds and interest thereon or affect the eligibility of interest on Bonds for federal tax-exempt status.

SECTION 3028. Termination or Amendment of Contract.

(a) This Power Sales Contract shall not be terminated by either party under any circumstances, whether based upon the default of the other party under this Power Sales Contract or any other instrument or otherwise except as specifically provided in this Power Sales Contract.

- (b)—This Power Sales Contract may be terminated by MPPA by notice to the Participant if the Belle River Participation Agreement and the Edison Transmission Agreement are not executed by MPPA and The Detroit Edison Company and the Consumers Transmission Agreement is not executed by MPPA and Consumers Power Company all prior to April 1, 1983 or if MPPA is unable to finance its interest in the Belle River Project by the issuance of Bonds prior to October 1, 1983.
- This Power Sales Contract shall not be amended, modified, or otherwise altered in any manner that will adversely affect the security for the Bonds afforded by the provisions of this Power Sales Contract covering the purchase and sale of power hereunder upon which the owners from time to time of the Bonds shall have relied as an inducement to purchase and hold the Bonds. So long as any of the Bonds are outstanding or until adequate provisions for the payment thereof have been made in accordance with the provisions of the Bond Resolution, this Power Sales Contract shall not be amended, modified, or otherwise altered in any manner which will reduce the payments pledged as security for the Bonds or extend the time of such payments provided herein or which will in any manner impair or adversely affect the rights of the owners from time to time of the Bonds.
- (c) No Power Sales Contract entered into between MPPA and another
 Participant may be amended so as to provide terms and conditions different from those
 herein contained except upon written notice to and written consent or waiver by each of
 the other Participants, and upon similar amendment being made to the Power Sales
 Contract of any other Participants requesting such amendment after receipt by such
 Participant of notice of such amendment.

SECTION 3129. Notice and Computation of Time.

Any notice or demand by the Participant to MPPA under this Power Sales Contract shall be deemed properly given if mailed postage prepaid and addressed to MPPA at its principal office; any notice or demand by MPPA to the Participant under this Power Sales Contract shall be deemed properly given if mailed postage prepaid and addressed to [THE

ADDRESS OF EACH PARTICIPANT, AS SET FORTH IN ANNEX 1 HERETO]; in computing any period of time from such notice, such period shall commence at noon on the date mailed. The designations of the name and address to which any such notice or demand is directed may be changed at any time and from time to time by either party giving notice as above provided.

SECTION 32. 30. Applicable Law; Construction.

This Power Sales Contract is made under and shall be governed by the law of the State of Michigan. Headings herein are for convenience only and shall not influence the construction hereof.

SECTION 33. 31. Severability.

If any section, paragraph, clause or provision of this Power Sales Contract shall be finally adjudicated by a court of competent jurisdiction to be invalid, the remainder of this Power Sales Contract shall remain in full force and effect as though such section, paragraph, clause or provision or any part thereof so adjudicated to be invalid had not been included herein.

be executed by their proper officers respectively, being thereunto duly authorized, as of the day and year first above written.							
	MICHIGAN PUBLIC POWER AGENCY						
	Bv						
	CEO & General Manager						
(SEAL) By /s/William - Strom							
Attest:	Chairperson						
	[EXECUTED SEPARATELY BY EACH PARTICIPANT AS SET FORTH IN ANNEX 1 HERETO]						
	<u>By</u>						
	lts:						
(SEAL)							

IN WITNESS WHEREOF, the parties hereto have caused this Power Sales Contract to

Attest:

Between MICHICANMICHIGAN PUBLIC POWER AGENCY AND

DATED AS OF DECEMBER 1, 1982 SCHEDULE OF PARTICIPANTS CAPACITY PARAMETERS

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(1) MPPA's Planned Excess Electric Capability And Energy Entitlement is subject to adjustment pursuant to Section 6.5.1 of the Participation Agreement and as may be required by the Bond Resolution. Unless determined otherwise by MPPA, the objective of MPPA shall be to maximize MPPA's Planned Excess Electric Capability And Energy Entitlement.

SCHEDULE OF PARTICIPANTS (CONTINUED)

TRANSMISSION PARAMETERS

BASED ON AN EXPECTED NET ELECTRIC GENERATING CAPABILITY OF 652 MW

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LANSING	1560 00	154440	156000	1404	1248	312	156			64.29		61.00		
LANSING		00	00	154440		00	00	00	00			64.29		61.00
LOWELL	3000	2970	3000	2700	2400	600	300			1.24		1.17		
PETOSKE Y	4500	4455	4500	4050	3600	900	450			1.85		2.52		
PORTLAN D	1300	1287	1300	1170	1040	260	130			0.54		0.94		
TRAVERS E CITY	1100 0	10890	11000	9900	8800	220 0	110 0			4.53		4.3		

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ZEELAND $\begin{pmatrix} 1200 \\ 0 \end{pmatrix}$ 11880 $\begin{pmatrix} 12000 \\ 0 \end{pmatrix}$ $\begin{pmatrix} 1080 \\ 0 \end{pmatrix}$ $\begin{pmatrix} 9600 \\ 0 \end{pmatrix}$ $\begin{pmatrix} 240 \\ 0 \end{pmatrix}$ $\begin{pmatrix} 120 \\ 0 \end{pmatrix}$ 4.94 4.69

(1)—To be determined within 30 days of the date of sale by Consumers to MPPA of an ownership interest in each Designated EMV Transmission Line pursuant to Section 6.2 of the Consumers Transmission Agreement.

Capital Requirement Schedule

SAMPLE SCHEDULE

Exhibit "X"

Capital Require	ment	\$ 30,000,000						
	Power					Debt Service		<u>Debt Service</u>
	<u>Entitlement</u>	<u>Funding</u>	Ca	<u>sh</u>	Bond	<u>Entitlement</u>		Step-Up
<u>Member</u>	<u>Share</u>	<u>Obligation</u>	Elect	tion .	<u>Election</u>	Share		<u>Obligation</u>
Bay City	<u>3.71%</u>	\$ 1,113,000	\$	- \$	1,113,000	<u>4.87%</u>	\$	1,338,071
Charlevoix	1.65%	\$ 495,000	\$	- \$	495,000	2.17%	\$	595,099
<u>Chelsea</u>	1.34%	\$ 402,000	\$	- \$	402,000	1.76%	\$	483,292
<u>Hart</u>	0.25%	\$ 75,000	\$	- \$	75,000	0.33%	\$	90,166
<u>Holland</u>	<u>15.66%</u>	\$ 4,698,000	\$ 3,000	000 \$	1,698,000	<u>7.43%</u>	\$	2,618,029
<u>Lansing</u>	64.29%	\$ 19,287,000	\$ 2,000	000 \$	17,287,000	<u>75.69%</u>	\$	21,167,214
Lowell	1.24%	\$ 372,000	\$	- \$	372,000	<u>1.63%</u>	\$	447,226
<u>Petoskey</u>	<u>1.85%</u>	\$ 555,000	\$	- \$	555,000	2.43%	\$	667,232
Portland	0.54%	\$ 162,000	\$ 162,	000 \$	<u>-</u>	0.00%	\$	31,140
Traverse City	4.53%	\$ 1,359,000	\$ 800,	000 \$	559,000	2.45%	\$	825,817
Zeeland	4.94%	\$ 1,482,000	\$ 1,200	000 \$	282,000	1.23%	\$	569,690
	100.00%	\$ 30,000,000	<u>\$ 7,162</u>	000		_100.0%	\$	28,832,975
			Во	nd Size \$	22,838,000			
			Issuance		228,380	1259	6 * Ou	tstanding Principal Amount
		Outstar	iding Principal A		23,066,380		\$	28,832,975
		<u> </u>	- Morbaci				Ψ	<u> </u>

The Debt Service Step-Up Obligation is equal to the Power Entitlement Share multiplied by the outstanding principal amount of the Bonds multiplied by 25% plus the Debt Service Entitlement Share multiplied by the outstanding principal amount of the Bonds.

4877-7150-1777 v3 [31402-1]

[COMPOSITE CONFORMED COPY]

PROJECT SUPPORT CONTRACT

BETWEEN

MICHIGAN PUBLIC POWER AGENCY

AND

[ADDRESSED SEPARATELY TO EACH PARTICIPANT

AS SET FORTH IN ANNEX 1 HERETO]

As Amended and Restated From Time to Time

BELLE RIVER

PROJECT SUPPORT CONTRACT

This BELLE RIVER PROJECT SUPPORT CONTRACT is made and entered into as of the first day of December, 1982, by and between MICHIGAN. PUBLIC POWER AGENCY, a body corporate and politic of the State of Michigan created pursuant to Act 448 of the Public Acts of Michigan of 1976 ("MPPA") and [ADDRESSED SEPARATELY TO EACH PARTICIPANT AS SET FORTH IN ANNEX 1 HERETO] (the "Participant"). is dated as of December 1, 1982, as amended and restated from time to time, including as amended and restated on , 2024.

WHEREAS, MPPA was organized under Act 448 of the Public Acts of Michigan of 1976 (the "Act") to provide a means for those Michigan municipalities which are members of MPPA to secure electric power and energy for their present and future needs; and

WHEREAS, MPPA is empowered by the Act (i) to acquire and construct facilities for the generation, transmission or transformation, or a combination thereof, of electric power and energy, or to acquire an interest in any such facilities; (ii) to purchase, sell, transmit or otherwise use electric power and energy within or without the State of Michigan; (iii) to issue its revenue bonds to pay all or part of the cost of acquiring facilities for the generation, trans-missiontransmission or transformation, or a combination thereof, of electric power and energy; and (iv) to exercise all other powers not inconsistent with the laws of the State of Michigan or the United States of America which may be necessary or appropriate for, or incidental to, the effectuation of its authorized purposes; and

WHEREAS, the member municipalities of MPPA are empowered by the Act to contract to make payments to MPPA out of funds legally available to the member municipality and to advance or contribute funds to MPPA to enable MPPA to carry out any of its powers and duties; and

WHEREAS, MPPA will enterentered into the Belle River Participation Agreement dated as of December 1, 1982, as amended and restated from time to time, including as amended and restated on May 7, 2024, with DTE Electric Company, formerly known as The Detroit Edison Company, pursuant to which MPPA will purchase purchased an undivided interest in, and will be entitled to a portion of the electric power and energy derived from, those electric generating and other facilities described and designated in the Power Sales Contract referred to below as Belle River; and

WHEREAS, MPPA will enterentered into the Belle River Transmission Ownership and Operating Agreement dated as of December 1, 1982 with The Detroit Edison Company, (now known as DTE Electric Company), pursuant to which MPPA will purchase purchased an undivided interest in certain 120 kV and higher voltage transmission lines designated in such agreement as the Designated Transmission Lines; and

WHEREAS, MPPA will enterentered into the Belle River Transmission Ownership and Operating Agreement dated as of December 1, 1982 with Consumers Energy Company, formerly known as Consumers Power Company, pursuant to which MPPA will purchase purchased an undivided interest in certain 345 kV or higher voltage transmission lines designated in such agreement as the Designated EHV Transmission Lines; and

WHEREAS, MPPA will enter into <u>aan Amended and Restated</u> Power Sales Contract dated the date hereof with the Participant and enter into substantially similar binding contracts with the other Participants providing for the sale of (i) power and energy from those facilities described and designated in the Power Sales Contracts as the Belle River Project and (ii) Back-Up Capacity and Back-Up Energy as described in the Power Sales Contracts; and

WHEREAS, the Power Sales Contracts require payment to be made only for Months when power and energy are being made available; and

WHEREAS, in order to assure a continuity for the Belle River Project by

providing provide additional support for the payment by MPPA of costs of the Belle River

Project, it is necessary for MPPA to have substantially similar binding contracts with the

Participant and the other member municipalities of MPPA which are participating in the Belle River Project to provide for the payment of fixed costs relating to the Belle River Project during periods when all such costs are not required to be paid pursuant to the terms of the Power Sales Contracts and to pledge the payments required to be made in accordance with this contract and substantially similar contracts as security for the payment of revenue bonds;

NOW, THEREFORE, for and in consideration of the mutual covenants and agreements herein contained, it is agreed by and between the parties hereto as follows:

SECTION 1. Definitions and Explanations of Terms.

Unless the context indicates that another meaning is intended, except as otherwise defined herein, when used in this Project Support Contract, including the Preamble, the words which are defined in the Power Sales Contracts shall have the meaning set forth in the Power Sales Contracts and the following words shall have the following meanings:

<u>Participants</u> shall mean the parties, including the Participant, other than MPPA, to Project Support Contracts substantially similar hereto and named on the Schedule of Participants attached to the Power Sales Contract.

<u>Project Support Contracts</u> shall mean this Belle River Project Support Contract and the other Belle River Project Support Contracts between MPPA and the other Participants, all of which are uniform in all material respects in their terms, conditions and provisions.

<u>Project Support Month</u> shall mean any Month during which Belle River is wholly out of service for the entire Month and during which no Back-Up Entitlement Take is made available to the Participant under the Power Sales Contract.

Project Support Payment shall mean, with respect to any Project Support Month, an amount equal to the amount the Participant would have been required to pay under the Power Sales Contract for such Month if Belle River had been in service during any part of such Month for Monthly Power Costs, Monthly Transmission Costs, Monthly Back-Up Costs and Transmission Utilization Adjustment Costs.

SECTION 2. Term of Contract.

This Project Support Contract shall become effective upon execution and delivery of Project Support Contracts and Power Sales Contracts by all Participants and shall continue for the term of the Participant's Power Sales Contract.

SECTION 3. Participant's Project Support.

- (a) With respect to each Project Support Month, the Participant shall make a Project Support Payment to MPPA.
- (b) Project Support Payments required to be made by the Participant pursuant to subsection {(a) of this Section 3 shall be computed in the same manner as provided for Monthly Power Costs, Monthly Transmission Costs, Monthly Back-Up Costs and Transmission Utilization Adjustment Costs in Section 4 of the Power Sales Contract.
- (c) On or before the 10th day of the Month following each Project Support Month, MPPA shall render to the Participant a monthly statement showing, with respect to the preceding Project Support Month, the amount of the Project Support Payment payable to MPPA by such Participant for such Project Support Month.
- (d) Project Support Payments required to be paid to MPPA pursuant to this Section 3 shall be payable to MPPA at the principal office of MPPA, or such other addressvia electronic payment as MPPA shall designate in writing to the Participant, on the 25th day of the Month following the Project Support Month for which such Project Support Payments are made.
- (e) If payment in full is not made on or before the close of business on the due date, a delayed-payment charge on the unpaid amount due for each day overdue will be imposed at a rate equal to the annual percentage rate of interest being charged on such day for 90-day loans to substantial and responsible borrowers by the National Bank of Detroit, plus 1%,the prime lending rate as may from time to time be published in The Wall Street Journal under "Money Rate" on such day (or if not published on such day the most recent preceding day on which published), plus two

- percent (2%), or the maximum rate lawfully payable by the Participant, whichever is less. If said due date is Saturday, Sunday or a bank holiday, the next following business day shall be the last day on which payment may be made without the addition of the delayed-payment charge.
- (f) In the event of any dispute as to any portion of any monthly statement, the Participant shall nevertheless pay the full amount of the disputed charges when due and shall give written notice of the dispute to MPPA not later than the date such payment is due. Such notice shall identify the disputed bill, state the amount in dispute and set forth a full statement of the grounds on which such dispute is based. No adjustment shall be considered or made for disputed charges unless notice is given as aforesaid. MPPA shall give consideration to such dispute and shall advise the Participant with regard to its position relative thereto within thirty (30) days following receipt of such written notice. Upon final determination (whether by agreement, arbitration, adjudication or otherwise) of the correct amount, any difference between such correct amount and such full amount shall be promptly refunded to the Participant.
- (g)—On or before 180 days after the end of each Contract Year MPPA shall submit to the Participant a detailed statement of the actual aggregate Project Support Payments and any adjustments thereof or credits thereto resulting from the adjustments of or credits to Monthly Power Costs, Monthly Transmission Costs, Monthly Back-Up Costs and Transmission Utilization Adjustment Costs pursuant to the Power Sales Contract, all computed in accordance with Section 4 of the Power Sales Contract. If, on the basis of the statement rendered pursuant to this paragraph (g) the actual aggregate Project Support Payments and any adjustments thereof or credits thereto exceed the Project Support Payments paid by the Participant during such Contract Year, the Participant shall pay MPPA promptly the amount of such excess. If, on the basis of the statement rendered pursuant to this paragraph (g) the actual aggregate Project Support Payments and any adjustments thereto or credits thereto are less

than the amount paid, MPPA shall refund to the Participant promptly the amount of such over-payments.

(h)(g) The obligation of the Participant to make Project Support Payments shall be absolute and unconditional and shall not be dependent upon performance of MPPA under the Power Sales Contract or this Project Support Contract; Project Support Payments shall be made whether or not Belle River 1 is completed, operable or operating and notwithstanding the suspension, interruption, interference, reduction or curtailment of the output of Belle River for any reason whatsoever in whole or in part, and such Project Support Payments shall not be subject to any reduction, whether by offset, counterclaim or otherwise.

(i)(h) The obligation of the Participant to make payments under this Section 3 shall constitute an obligation payable solely from the revenues of the Participant's electric system, subject and subordinate to payments of debt service on revenue bonds payable from and secured by a pledge of net revenues of the Participant's electric system.

SECTION 4. Reimbursement for Project Support Payments.

MPPA agrees to reimburse the Participant for all Project Support Payments made with respect to Project Support Months during which no Back-Up Capacity or Back-Up Energy was made available to any Participant under any Power Sales Contract. Such reimbursement shall be made only to the extent that moneys are available for such purposes in the Project Account in the General Reserve Fund held under the Bond Resolution. If moneys in the Project Account in the General Reserve Fund held under the Bond Resolution are not sufficient to reimburse all Participants pursuant to their Project Support Contract, reimbursement payments shall be divided pro rata among the Participants in accordance with the total amount of reimbursements due to each Participant. The Participant shall not be entitled to reimbursement for any Project Support Payments made with respect to Project Support Months during which Back-Up Entitlement Take was available to any Participant.

SECTION 5. Participant Covenants.

- (a) The Participant agrees to maintain its electric system in good operating order, to cooperate with MPPA in the performance of the respective obligations of such Participant and MPPA under this Project Support Contract and to fix, charge and collect rents, rates, fees and charges for electric power and energy and other services, facilities, and commodities, sold, furnished or supplied through its electric system sufficient to provide revenues adequate to meet its obligations under this Project Support Contract and to pay other amounts payable from or constituting a charge and lien upon such revenues, including amounts sufficient to pay the principal of and interest on all revenue bonds related to the Participant's electric system and, to the extent being paid from revenues of such electric system, all general obligation bonds of the Participant now outstanding or hereafter issued for purposes related to its electric system.
- (b) Except with respect to (i) operation, maintenance, renewal and replacement expenses of the Participant's electric system, (ii) revenue bonds which have been issued or are here-afterhereafter issued under the Michigan Revenue Bond Act (Act 94, Public Acts of Michigan, 1933, as amended) and (iii) payments required to be made into funds established under the ordinance or resolution authorizing such revenue bonds and payments required pursuant to such ordinance or resolution from the revenues held thereunder, the Participant agrees that it will not issue bonds, notes, or other evidences of indebtedness, enter into any contract or agreement or incur any expense payable from or secured by revenues of the Participant's electric system prior to the Project Support Payments required to be made by the Participant pursuant to Section 3.
- (c) If the Participant has revenue bonds outstanding payable from and secured by a pledge of net revenues of its electric system, the Participant agrees that, in connection with any financial tests or conditions for the issuance of additional revenue bonds payable from and secured by a pledge of net revenues of its electric system, the Participant shall treat all payments to MPPA under this Project Support

- Contract as operating expenses for purposes of computing the amount of net revenues available for the payment of such outstanding revenue bonds and such additional revenue bonds.
- (d) The Participant agrees to keep accurate records and accounts relating to the conduct of its business and shall keep separate and distinct from its other records and accounts accurate records and accounts relating to this Project Support Contract. The the accounts shall be audited annually by a firm of certified public accountants, experienced in electric utility accounting, to be employed by the Participant.
- (e) The Participant agrees that it will not assign its Power Sales Contract except in accordance with the terms thereof and except in conjunction with the assignment by the Participant of, and the assumption by any assignee of the obligations of the Participant under, this Project Support Contract.
- (f) If the Participant does not have revenue bonds outstanding on the date of this Project Support Contract payable from and secured by a pledge of net revenues of its electric system, the Participant agrees that it will not issue any such revenue bonds unless an independent consulting engineer or engineering firm or corporation experienced in analyzing the operations of electric utility systems certifies that the facilities being financed by such revenue bonds are (or were when the Participant committed itself to such facilities by contract or financing) reasonably expected to properly and advantageously contribute to the conduct of the Participant's electric system in an efficient and—economical manner consistent with prudent management.

SECTION 65. Opinion of Counsel.

The If required by MPPA in connection with a bond financing, the Participant shall, concurrently with the execution and delivery of this Project Support Contract, cause an opinion or opinions in form and substance satisfactory to MPPA to be delivered by one or more attorneys or firms of attorneys satisfactory to MPPA with respect to the authorization, execution and validity of this Project Support Contract as it relates to the Participant, and, if

the Participant shall have bonds outstanding secured by a pledge of the revenues of its electric system, the legality under the terms and conditions of the ordinance, resolution, indenture or other contractual arrangement with the holders of such bonds of the performance by the Participant of its covenants and agreements under this Project Support Contract.

SECTION 76. Pledge of payments.

All payments required to be made by the Participant pursuant to the provisions of this Project Support Contract shall be pledged to secure the payment of Bonds.

SECTION 87. Rights of Transfer.

In consideration of the obligation of the Participant to make Project Support Payments pursuant to Section 3, MPPA agrees, after payment of principal, premium, if any, and interest on the Bonds or after adequate provision for the payment thereof has been made in accordance with the provisions of the Bond Resolution and upon the unanimous request of all Participants, to transfer to each Participant an undivided ownership interest in Belle River, Edison Transmission, Consumers Transmission and MPPA's right, title and interest in the Belle River Participation Agreement, the Edison Transmission Agreement and the Consumers Transmission Agreement, in the proportion that such Participant's Power Entitlement Share bears to the aggregate of the Power Entitlement Shares of all Participants.

SECTION 98. Event of Default.

Failure of the Participant to pay to MPPA any Project Support Payment payments when due shall constitute an immediate default on the part of the Participant.

SECTION 109. Continuing Obligation.

In the event of any default referred to in Section 98, the Participant shall not be relieved of its liability for payment of the amounts in default and MPPA shall have the right

to recover from the Participant any amount in default. In enforcement of any such right of recovery, MPPA may bring any suit, action, or proceeding in law or in equity, including mandamus and action for specific performance, as may be necessary or appropriate to enforce against the Participant any covenant, agreement or obligation to make any Project Support Payment for which provision is made in this Project Support Contract.

SECTION 1110. Other Default By Participant.

In the event of a failure of the Participant to fix, charge or collect rates or charges adequate to provide revenue sufficient to enable the Participant to make all Project Support Payments or in the event of any default by the Participant under any other covenant, agreement or obligation of this Project Support Contract, MPPA may bring any suit, action, or proceeding in law or in equity, including mandamus, injunction and action for specific performance, as may be necessary or appropriate to enforce any covenant, agreement or obligation of this Project Support Contract against the Participant.

SECTION 1211. Abandonment of Remedy.

In case any proceeding taken on account of any default shall have been discontinued or abandoned for any reason, the parties to such proceedings shall be rest9redrestored to their former positions and rights hereunder, respectively, and all rights, remedies, powers and duties of MPPA and the Participant shall continue as though no such proceedings had been taken.

SECTION 1312. Waiver of Default.

Any waiver at any time by either MPPA or the Participant of its rights with respect to any default of the other party hereto, or with respect to any other matter arising in connection with this Project Support Contract, shall not be a waiver with respect to any subsequent default, right or matter.

SECTION <u>14. 13.</u> Assignment of Project Support Contract; Sale of Participant's System.

- (a) This Project Support Contract shall inure to the benefit of and shall be binding upon the respective successors and assigns of the parties of this Project Support Contract; provided, however, that, except for the assignment by MPPA authorized hereby, neither this Project Support Contract nor any interest herein shall be transferred or assigned by either party hereto except in conjunction with the assignment by the Participant of its Power Sales Contract in accordance with the terms thereof and except with the consent in writing of the other party hereto, which consent shall not be unreasonably withheld. No assignment or transfer of this Project Support Contract shall relieve the parties of any obligation hereunder.
- (b) The Participant acknowledges and agrees that MPPA may assign and pledge to the trustee designated in the Bond Resolution all its right, title, and interest in and to all payments to be made to MPPA under the provisions of this Project Support Contract as security for the payment of the principal (including sinking fund installments) of, premium, if any, and interest on Bonds and may deliver possession of this Project Support Contract to such trustee in connection therewith, and, upon such assignment, pledge and delivery, MPPA may grant to such trustee any rights and remedies herein provided to MPPA, and thereupon any reference herein to MPPA shall be deemed, with the necessary changes in detail, to include such trustee which shall be a third party beneficiary of the covenants and agreements of the Participant herein contained.
- (c) The Participant agrees that it will not sell, lease or otherwise dispose of all or substantially all of its electric utility system except upon ninety (90) days prior written notice to MPPA and, in any event, will not sell, lease or otherwise dispose of the same unless the following conditions are met: (i) the Participant shall, subject to the provisions of the Belle River Participation Agreement, the Edison Transmission Agreement and the Consumers Transmission Agreement, assign this Project Support Contract and its rights and interest hereunder to the purchaser or lessee of the electric system, and such purchaser or lessee shall assume all obligations of the Participant under this Project Support Contract; and (ii) MPPA shall by

appropriate action determine that such sale, <u>le selease</u> or other disposition will not adversely affect the value of this Project Support Contract as security for the payment of Bonds and interest thereon or affect the eligibility of interest on Bonds for federal tax-exempt status.

SECTION 1514. Amendment of Contract.

- (a) This Project Support Contract shall not be amended, modified, or otherwise altered in any manner that will adversely affect the security for the Bonds afforded by the provisions of this Project Support Contract upon which the owners from time to time of the Bonds shall have-relied as an inducement to purchase and hold the Bonds. So long as any of the Bonds are outstanding or until adequate provisions for the payment thereof have been made in accordance with the provisions of the Bond Resolution, this Project Support Contract shall not be amended, modified, or otherwise altered in any manner which will reduce the payments pledged as security for the Bonds or extend the time of the payments provided herein or which will in any manner impair or adversely affect the rights of the owners from time to time of the Bonds.
- (b) No Project Support Contract entered into between MPPA and another Participant may be amended so as to pro-vide-provide terms and conditions different from those herein contained except upon written notice to and written consent or waiver by each of the other Participants, and upon similar amendment being made to the Project Support Contract of any other Participant requesting such amendment after receipt by such Participant of notice of such amendment.

SECTION <u>1615</u>. Applicable Law; Construction.

This Project Support Contract is made under and shall be governed by the law of the State of Michigan. Headings herein are for convenience only and shall not influence the construction hereof.

SECTION 1716. Severability.

If any section, paragraph, clause or provision of this Project Support Contract shall be finally adjudicated by a court of competent jurisdiction to be invalid, the remainder of this Project Support Contract shall remain in full force and effect as though such section, paragraph, clause or provision or any part thereof so adjudicated to be invalid had not been included herein.

IN WITNESS WHEREOF, the parties hereto have caused this Project Support Contract to be executed by their proper officers respectively, being thereunto duly authorized, as of the day and year first above written.

MICHIGAN PUBLIC POWER AGENCY

	(SEAL) -By
	Chairperson
	CEO & General Manager
(SEAL)	
Attest:	
	-
	[EXECUTED SEPARATELY BY EACH PARTICIPANT=
	AS SET FORTH IN ANNEX <u>1</u> HERETO]
	(SEAL) By
	lts
(SEAL)-By	
lts	

Attest:		

4871-8941-0257 v2 [31402-1]

RESOLUTION 2024-09-XX

<u>Approval of Modifications to Belle River Power Sales and Project Support Contracts</u>

WHEREAS, the Michigan Public Power Agency (MPPA) and the Lansing Board of Water and Light (BWL) entered into the Belle River Power Sales Contract and the Belle River Project Support Contract (the Contracts) on December 1, 1982, as amended and restated from time to time; and

WHEREAS, the Belle River Project's power plant, which is owned and operated by DTE, will be converted to burn natural gas; and

WHEREAS, pursuant to the Contracts, the BWL and other Project participants are required to contribute to the cost of the conversion in proportion to their share of the energy delivered under the Contracts, and

WHEREAS, the costs for conversion will be financed, at least in part, through a bond issuance by MPPA, and

WHEREAS, the participants in the Belle River Project have requested that the Contracts between MPPA and the participants be modified to allow for separate financing options for participants' respective share of the conversion cost; and

WHEREAS, MPPA and the participants also desire to modify the Contracts to conform with today's energy markets including existing market operation practices and tariff of the Midcontinent Independent System Operator; and

WHEREAS, it is appropriate and in the best interest of the BWL to approve such proposed contract modifications.

THEREFORE, it is:

RESOLVED, that the proposed modifications to the Belle River Power Sales Contract and the Belle River Project Support Contract are approved.

Motion by _________, Seconded by _________, to approve the Modification to Belle River Power Sales and Project Support Contracts at a Board meeting held on ______.

Action: ______.