

To Michigan Electric Transmission Company (METC) customers:

This is to inform you of a change in the 2008 METC rate the Midwest ISO (MISO) bills for network service (Schedule 9) from **\$2.023 to \$1.985** per kW-month, for network integration transmission service commencing January 2008.

This change is a result of a revision to the estimate of revenue credits to be received from Schedule 26 (Network Upgrade Charge from Transmission Expansion Plan) based on MISO's updated interpretation of the Transmission and Energy Markets Tariff (TEMT). When estimating the revenue credit amount in August 2007, METC and MISO disagreed, about whether the transmission project projected to go in service in 2008 should not be charged under Schedule 26 until January 2009. Based on the disagreement, METC did not include revenue credits associated with the particular project going into service in 2008 in the Attachment O posted on August 31, 2007. After the METC rates were posted on the METC OASIS site and were discussed at a special Partners in Business meeting on October 3, 2007, MISO and METC have agreed that MISO will now charge for both projects pursuant to Schedule 26 beginning in January 2008. While recognizing that with respect to this one item the amount of the revenue credit associated with Schedule 26 was understated, any differences would be accounted for, with interest, in the METC Attachment O true up process. The rate METC posted on August 31, 2007 reflected METC's best estimates given MISO's original TEMT interpretation.

At the beginning of January, 2008, METC was advised that MISO was changing the METC network service rate to make it consistent with the amounts MISO would be billing under Schedule 26. While the estimated values ultimately would have been trued-up to actuals, MISO has modified METC's Attachment O to reflect this change, effective January 1, 2008.

If you need help finding where this is posted on the MISO website, please call MISO Client Relations at 1-866-296-MISO.