

City of Escanaba

Request For Proposal

Response Package

November 3, 2008

Escanaba 2008 Power Supply RFP Response Package

I. RESPONDENT INFORMATION

Corporate Name: _____

Corporate Address: _____

Parent's Corporate Name: _____

Parent's Corporate Address: _____

Authorized Representative:

Name: _____
Title: _____
Phone: _____
Fax: _____
E-mail: _____
Signature: _____

Primary Contact:

Name: _____
Title: _____
Phone: _____
Fax: _____
E-mail: _____
Signature: _____

Please check one of the following:

- Electric Utility
- Power Marketer or Broker
- IPP/EWG/QF
- Other (please specify below):

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II. BASIC INFORMATION

Contract Term: From: _____ MM/DD/YYYY - Date
To: _____ MM/DD/YYYY - Date

III. EXECUTIVE SUMMARY

Please give a brief description of this proposal:

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IV. SUPPLY OF POWER

A. Respondent will supply power (capacity and energy) from:


- Existing system capacity
- Existing and future capacity
- A specific existing generating unit or plant
- A specific future generating unit or plant
- Other (please specify below):

B. Location of proposed power supply and delivery to Escanaba:

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IV. SUPPLY OF POWER (continued)

Please describe means of delivering power to UPPCO load zone including a description how the power will be scheduled in the MISO DA and RT market and how settlements will be accomplished:



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V. PRICING

A. Capacity Pricing

1. The quoted capacity prices include the following costs:

- | | |
|-------------------------------------|-----------------------------------|
| _____ Capital costs | _____ Cost of capital additions |
| _____ Fixed O&M costs | _____ Allocated overhead expenses |
| _____ Cost of ancillary services | _____ Transmission costs |
| _____ Planning reserves | _____ Operating reserves |
| _____ Congestion costs | _____ Metering/telemetry costs |
| _____ Other (please specify below): | |

2. Capacity price is quoted as delivered to :

- _____ Escanaba points of delivery

3. Please describe the method of billing demand determination:

4. Please describe any provisions for capacity credit based on the interest in the Escanaba Combustion Turbine Unit:

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V. PRICING (continued)

5. Is the proposed sale being offered under a filed tariff?
_____ Yes _____ No

If yes, please include a copy of the tariff with the submission of this document.

B. Energy Pricing

1. The quoted energy price(s) include(s) the following costs:
- _____ Fuel
 - _____ Fixed operations and maintenance expenses
 - _____ Variable operations and maintenance expenses
 - _____ Cost of ancillary services
 - _____ Energy imbalance
 - _____ Cost of emission allowances
 - _____ Backup (replacement and/or emergency) energy
 - _____ Other (please specify below):

2. The energy prices are:
- _____ Fixed
 - _____ Variable
 - _____ Variable w/cap

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V. PRICING (continued)

If variable, including variable with cap, please define the independent assumptions and price index used. Also, explain the relationship (formula) between the index and the energy price forecast:

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C. Prices (As Applicable)

Year	Demand Charge (\$/kW-mo) (a)	Third Party Wheeling ¹ (\$/kW-mo) (b)	Total Capacity Price (\$/kW-mo) (a+b)	Energy Charge (\$/MWh) (d)	Other (e)
2010					
2011					
2012					
2013					
2014					
2015					
2016					
2017					
2018					
2019					

Please provide the above prices in nominal year (i.e., year incurred) dollars.

¹ Third Party Wheeling is any wheeling over transmission systems other than the Escanaba or Respondent system, as appropriate. Include only if not included in capacity price.

Party responsible for Third Party Wheeling Charges:

Respondent Escanaba

Party responsible for Financial Transmission Rights (FTRs) Charges:

Respondent Escanaba

Availability of Financial Transmission Rights (FTRs) for Purchasing Entity:

Yes No

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D. Fuel Mix

Please provide the expected fuel mix that will be used to supply energy under this proposal. (Not necessary for proposals with fixed demand and energy pricing.)

Year	Coal 1 Type: (_____) (%)	Coal 2 Type: (_____) (%)	Natural Gas (%)	Nuclear (%)	Oil (%)	Hydro (%)	Wind (%)	Other (%)
2008								
2009								
2010								
2011								
2012								
2013								
2014								
2015								
2016								
2017								
2018								
2019								
2020								

E. Michigan Act 295 – Renewable Energy Requirements

Please provide a description on how the renewable energy requirements of Michigan 2008 Act 295 are expected to be fulfilled. Requirements are for 10% of energy to be provided by renewable sources by 2015, with ramping up of the requirements starting in 2012 (2%), 2013 (3.3%), 2014 (5%) and 2015 (10%).

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F. Michigan Act 295 – Energy Efficiency Requirements

As an option, please provide a description on how the energy efficiency requirements of Michigan 2008 Act 295 are expected to be fulfilled. Requirements are for 1% of energy to be provided by energy efficiency measures by 2011.

G. Cost Projection Assumptions

Comparing the proposals is complicated by the fact that each party can have varied expectations on future costs. In order to provide background information to help evaluate the proposals taking into account some of the key assumptions, please provide a summary of the fuel price assumptions used in the price projections including the following

- Assumed Base Inflation Rate
 - _____%
- 2009 Natural Gas Cost
 - _____\$/ million Btu
- Average Nominal Increase in Natural Gas Costs 2009-2015
 - _____%
- 2009 Coal Cost
 - _____\$/million Btu
- Average Nominal Increase in Coal Costs 2009-2015
 - _____%

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H. Cost Projection Assumptions

Comparing the proposals is complicated by the fact that each party can have varied expectations on future costs. In order to provide background information to help evaluate the proposals taking into account some of the key assumptions, please provide a summary of the fuel price assumptions used in the price projections including the following:

- Assumed Base Inflation Rate
 - _____%
- 2009 Natural Gas Cost
 - _____\$/ million Btu
- Average Nominal Increase in Natural Gas Costs 2009-2015
 - _____%
- 2009 Coal Cost
 - _____\$/million Btu
- Average Nominal Increase in Coal Costs 2009-2015
 - _____%

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I. Additional Services

Please provide a description of any additional services that would be included in the proposal. This may include rate studies, group purchases, energy efficiency services, etc.

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VI. ANCILLARY SERVICES

The party supplying ancillary services is: Respondent Other

Is metering, telemetering and/or communications equipment necessary for the above services? Yes No

The following equipment is needed:

The cost of ancillary services is included in capacity and/or energy pricing (Section V)?
 Yes No

If ancillary services are not included in the capacity/energy pricing, what is the charge/rate for ancillary services to be charged to Escanaba?

\$ _____ /year, \$ _____ /kW-month, or \$ _____ /MWh

Please check the included ancillary services:

Scheduling, System Control, and Dispatch Service

Reactive Supply and Voltage Control

Regulation and Frequency Response Service

Energy Imbalance Service

Operating Reserve - Spinning Reserve Service

Operating Reserve - Supplemental Reserve Service

Please provide additional comments concerning ancillary services, if necessary:

Is the cost of the above metering, telemetering, and communications equipment included in the ancillary services charge or capacity charge?

Yes No

If no, please provide the estimated cost of such equipment: \$ _____

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VII. TRANSMISSION/INTERCONNECTION

Note: Third party transmission provider is any provider other than Escanaba and the Respondent.

1. Third Party transmission is required to deliver power to Escanaba?
 Yes No

Third Party(ies) supplying transmission service is (are):

Completed application(s) for transmission service have been submitted?
 Yes No

2. The cost of transmission service is included in the capacity and/or energy pricing (Section V)?
 Yes No

VIII. FINANCIAL INFORMATION

Please provide the following financial/credit information:

If company is rated by S&P, Moody's, and/or Fitch, please provide latest credit report (if responding company is not rated, then please provide for parent company and/or other guarantor):

S&P Moody's Fitch

Most recent SEC Form 10K and most recent SEC Form 10Q Report

Three most recent Annual Reports

What form of performance security will be provided to support the proposal?

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IX. FINANCING REQUIREMENTS

Is new financing required to fund additional transmission or generation facilities?

Yes No

If yes, have financing arrangements been made prior to submitting this proposal?

Yes No

Please briefly describe proposed financing arrangements.

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X. REGULATORY APPROVALS

The proposed power supply arrangements (including the addition of any new transmission or generation facilities) will require approval by the following regulatory agencies: (Please give name of agency, jurisdiction of agency, relevant statute under which approval is required, and responsibility for obtaining approvals.)

XI. PREVIOUS FAILURE TO DELIVER POWER

Are there any instances where the Respondent has failed to deliver power?

Yes No

If yes, please provide an explanation for current or former wholesale customers of Respondent.

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XII. REFERENCES

Please provide contact information for current or former wholesale customers of Respondent.

