

MADISON GAS AND ELECTRIC COMPANY

FERC Power Sales Tariff

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Preamble

Madison Gas and Electric Company ("Company") offers to sell power and energy from time to time in accordance with and subject to the terms and conditions contained in this Tariff when Company and a Customer, as defined hereinafter, have reached agreement on specific transactions to be conducted hereunder.

1. Definitions

- 1.1 "Company" means Madison Gas and Electric Company.
- 1.2 "Commission" or "FERC" means the Federal Energy Regulatory Commission or any successor federal agency having regulatory jurisdiction over this Tariff.
- 1.3 "Customer" means any Electric Utility (including the Company and any power marketer), Federal power marketing agency, or any person generating electric energy for sale for resale for which Company has filed with the FERC a Service Agreement relating to service to such Electric Utility under this Tariff.
- 1.4 "Electric Utility" means a private or public corporation, broker, governmental agency or authority, municipality, rural electric membership corporation or cooperative, or lawful association of any of the foregoing, that sells electric energy, to which it has title, at wholesale or retail, and that is subject to regulation with respect to rates or services under the laws of the state where such entity renders electric utility service, or pursuant to the

Federal Power Act, or is legally exempted from such regulation; provided, however, that the term "Electric Utility" shall not include ultimate consumers of electric utility service.

- 1.5 "Energy" means the quantity of electricity produced or consumed over a period of time and is measured in megawatt-hours (MWh).
- 1.6 "Point of Delivery" means the point where Power and Energy to be delivered by Company will be made available to such Receiving Party.
- 1.7 "Power" means the capability to perform work and is measured in megawatts (MW).
- 1.8 "Receiving Party" means the entity receiving from a Point of Delivery the Power and Energy to be purchased under this Tariff.
- 1.9 "Service Agreement" means the initial agreement, and any amendments or supplements thereto, entered into by Customer and Company for service under this Tariff. A Service Agreement may be unexecuted. If a Customer takes service under this Tariff, the Customer shall be deemed to have agreed to take and pay for service under this Tariff in accordance with and subject to the terms and conditions set forth herein, in the Power Sales Schedules hereto and in any Service Agreement filed with the FERC relating to service to such Customer.

2. Availability

2.1 Company shall sell Power and Energy under this Tariff when Company and a Customer have reached agreement on the rates and other terms and conditions applicable to a particular transaction. Such rates, terms and conditions shall be determined in accordance with the provisions of this Tariff and the service to be provided to the Customer shall be subject to the restrictions on service set forth in this Tariff and the applicable Power Sales Schedule.

3. Operations and Character of Service

3.1 Point of Delivery. All deliveries of power and energy hereunder will be made through a point of delivery designated by Company and Customer for the particular transaction at the time the transaction is scheduled or as otherwise designated by mutual agreement. Customer shall be responsible for all arrangements with, including compensation to other systems with respect to the transmission, from the point of delivery of Power and Energy sold to Customer under this Tariff.

3.2 Character of Power and Energy. All electric Power and Energy delivered under this Tariff shall be of the character commonly known as three-phase, 60-hertz Power and Energy and shall be synchronized to the electric grid.

4. Services to be Rendered

4.1 Power Sales Schedule. Company offers to sell Negotiated Capacity, General Purpose Energy, Operating Reserve Service and Emergency Energy subject to the rates, terms and conditions set out in the following attached Power Sales Schedules:

<u>Power Sales Schedule</u>	<u>Type of Service</u>
1	Negotiated Capacity
2	General Purpose Energy
3	Operating Reserve Service
4	Emergency Energy

5. General Terms and Conditions

5.1 Scheduling. All Energy sold hereunder shall be delivered and billed on a scheduled basis in accordance with the applicable Power Sales Schedule and the agreed upon terms of a particular transaction. All transactions shall be scheduled in increments of whole megawatts.

Unless Company and Customer mutually agree otherwise, schedules for the delivery of Negotiated Capacity, Daily General Purpose Energy and Operating Reserve Service shall be set and agreed upon by Company and Customer by noon of the working day prior to the day on which service is to be provided. Unless Company and Customer mutually agree otherwise, schedules for the delivery of Hourly General Purpose Energy shall be set and agreed upon by Company and Customer in the hour prior to the hour during which service to be provided commences. Company will make a reasonable effort to accommodate any schedule changes requested by Customer but Company shall not be obligated hereunder to accept unreasonable requests for scheduling changes.

Company and Customer shall designate to the other in writing the persons authorized to transact on its behalf hereunder and the scope of their authority, and shall provide the telephone and facsimile numbers which shall be employed for communications hereunder.

- 5.2 Transmission Service Arrangements. Customer will be required to take service under the Company's Open Access Transmission Tariff. Customer shall arrange for and assume full financial responsibility for all necessary transmission service. Moreover, if such transmission service should also involve transmission directly or indirectly on the facilities of a utility system other than the system(s) in the contract path arranged by Customer, Customer will make any and all necessary arrangements for use of such facilities directly with such system or systems. To the extent that such other utilities seek to impose charges for transmission service

with respect to transactions under this Tariff, Company shall be under no obligation to collect charges on behalf of, or to remit payments to, any other utility in connection with the delivery of Power and Energy to Customer. As between Company and Customer, claims or demands made by other utilities arising out of a transaction hereunder in respect of the claimed use of the transmission systems of such other utilities shall be the sole responsibility of Customer.

- 5.3 Billing. As soon as practicable after the end of each calendar month, Company shall render to Customer a bill for all charges due from Customer for such month under this Tariff and Customer shall pay such bill within 15 days after the receipt thereof. Payment will be deemed made on the day funds are wire transferred to Company's account or on the day Company is in receipt of Customer's check. Interest on amounts unpaid by the 15th day shall accrue at an annual rate equal to the prime rate for commercial loans, or equivalent, as set by a banking institution designated by Company, from such date until the date upon which payment is made.
- 5.4 Liability. Neither Company nor Customer shall be liable for damages resulting from the failure of the other to perform its obligations related to any transaction to be conducted hereunder. Company shall not be responsible for any consequential or incidental or indirect damages or loss of revenues or profits caused by any interruption. Customer shall remain liable to Company for demand or

reservation charges associated with transactions agreed to prior to interruption except in such instances where it is Company's system which is the cause of the interruption. In circumstances where the interruption occurs on Company's system, compensation for demand or reservation charges shall be adjusted, if at all, as specified in the Power Sales Schedules attached hereto.

No other entity is intended to be a third party beneficiary under this agreement and no cause of action, whether in tort, contract or otherwise may be based in whole or in part upon breach of this agreement by any entity other than Company and Customer.

- 5.5 Force Majeure. Neither Company nor Customer shall be in default with respect to any obligation hereunder, other than the payment of money, if prevented from fulfilling such obligation by reason of any cause beyond its reasonable control, including, but not limited to, outages or interruptions due to weather, accidents, equipment failures or threat of failure, strikes, civil unrest, injunctions or order of governmental authority having jurisdiction. If performance by Company or Customer has been prevented by such an event, the affected party shall promptly and diligently attempt to remove the cause of its failure to perform, except that neither Company nor Customer shall be obligated to agree to any quick settlement of any strike or labor disturbance, which, in the affected party's opinion, may be inadvisable or detrimental. Nothing herein shall be construed as

permitting a Company or Customer to continue to fail to perform after such cause has been removed.

- 5.6 Indemnity. For the purpose of this Section 5.6 only, the term "party" shall include each party transacting under this Tariff together with the party's directors, officers, employees, and agents. To the extent permitted by law, each party shall indemnify, save harmless, and defend the other party from and against any loss, liability, costs, expenses, suits, actions, claims and all other obligations arising out of injuries to persons or damage to property caused by or in any way attributable to the ownership or operation of its facilities, except that this obligation shall not apply to any liabilities arising from the other party's sole negligence or that portion of any liabilities that arise out of the other party's contributing negligent acts or omissions.
- 5.7 Records. For a period of at least five years, Company and Customer shall maintain records of all transactions hereunder. Company and Customer shall make such records available for inspection and audit by the other party at reasonable times and places at the other party's request.
- 5.8 Successors and Assigns. Any Service Agreement governing service provided to a Customer under this Tariff shall be binding upon the respective parties, their successors and assigns, on and after the effective date of such Service Agreement. Such Service Agreement, whether in whole or in part, may not be assigned to any party or any third party without the written consent of the other party. Such

consent shall not be unreasonably withheld.

5.9 Notices. All notices provided to Company shall be directed to the company as specified in the Service Agreement.

5.10 Regulation. This Tariff shall not become effective until accepted for filing by the Federal Energy Regulatory Commission without change or condition.

5.11 Effective Date. Service provided under this Tariff shall become effective on the date specified in the Service Agreement, or such other date as assigned by the Federal Energy Regulatory Commission.

6. Changes in Rates, Charges, Classifications, Service, Rules, Regulations or Service Agreements

6.1 Rate Regulation. The provision of service by Company under this Tariff, the Power Sales Schedules attached to this Tariff, and any Service Agreement are subject to the jurisdiction of the Federal Energy Regulatory Commission. Nothing contained in this Tariff or any Service Agreement entered into hereunder shall be construed as affecting or limiting in any way the right of Company unilaterally to file with the Commission, or make application to the Commission for, changes in rates, charges, classifications,

or service, or any rule or regulation relating thereto, in this Tariff, the attached Power Sales Schedules or Service Agreement under Section 205 of the Federal Power Act pursuant to the Commission's rules and regulations promulgated thereunder, or under other applicable statutes or regulations.

7. Governing Law

7.1 The validity and meaning of this Tariff and any Service Agreement shall be governed by the laws of the State of Wisconsin.

8. After Termination or Cancellation

8.1 The applicable provisions of this Tariff and any Service Agreement entered into under this Tariff shall continue in effect after termination or cancellation thereof to the extent necessary to provide for final billing, billing adjustments and payments.

MADISON GAS AND ELECTRIC COMPANY
POWER SALES TARIFF - SERVICE SCHEDULE 1
NEGOTIATED CAPACITY

1. Duration

1.1 This schedule shall continue in effect throughout the duration of the Tariff of which it is a part, unless and until changed pursuant to the Tariff.

2. Services To Be Rendered

2.1 Negotiated Capacity is capacity and associated energy which Customer may purchase from Company for the purpose of obtaining a supply of power during the period covered by a commitment. It is intended to provide both the Customer and Company with a wide range of flexibility in structuring transactions which are mutually beneficial, including negotiable degree of firmness, variable capacity charges and variable time durations.

2.2 Customer, by giving Company advance notice, may reserve such electric power as Company may have and is willing to make available. To reserve power, Customer shall specify in its notice to Company the number of megawatts it desires to reserve and the period of reservation. Company shall, based upon its sole judgment, promptly signify the extent of its ability and willingness to make the requested reservation and the capacity charge which will be applicable.

- 2.3 The degree of firmness, which may range from firmness equivalent to the Company's native requirements to non-firm service, of the Negotiated Capacity shall be mutually agreed upon by both parties at the time the power is reserved. Capacity classified as non-firm shall, at a minimum, be treated by the Company as having a higher degree of reliability than sales to other systems which do not involve a sale of capacity (e.g., hourly general purpose).
- 2.4 Any request or any acknowledgment of such request that may be given orally initially shall be confirmed in writing by Customer and such confirmation shall normally be forwarded in a reasonable time but not later than eight days following the day such oral request or acknowledgment is given.
- 2.5 During the period that Firm Power has been reserved as provided above, it shall be the responsibility of Customer to schedule, in advance, the deliveries of energy associated therewith and of Company to deliver such energy in amounts up to the number of megawatts reserved.

3. Compensation

- 3.1 Compensation for the supply of Negotiated Capacity and associated Energy shall be made at the following rates:
- 3.11 Capacity Charges:
- 3.111 a. At the rate of up to \$68,400 per megawatt reserved per year, or
- b. At the rate of up to \$5,700 per megawatt reserved per month, or

- c. At the rate of up to \$1,300 per megawatt reserved per week, or
- d. At the rate of up to \$260 per megawatt reserved per day, subject to the limitation that the total demand charge in any consecutive seven-day period shall not exceed the product of the weekly rate and the highest demand experienced on any day in the seven day period.
- e. For purchases of capacity made from a third party by the Company for a specific negotiated capacity transaction, in whole or in part, the charge to the customer will include the cost of the capacity purchase plus any transmission charges paid to the third party.

3.12 Energy Charge:

3.121 For energy generated by the Company:

Up to 110% of the Out-of-Pocket Cost ("OPC") (OPC includes all operating, maintenance, taxes on gross receipts, and other expenses incurred that would not have been incurred by Company if the energy had not been supplied) of supplying Firm Energy called for during such period.

3.122 For energy purchased from a third party for a Negotiated Capacity sale made from system resources:

- a. The amount paid by Company, plus

- b. Taxes on gross receipts incurred which would not otherwise have been incurred.

MADISON GAS AND ELECTRIC COMPANY
POWER SALES TARIFF - SERVICE SCHEDULE 2
GENERAL PURPOSE ENERGY

1. Duration

1.1 This schedule shall continue in effect throughout the duration of the Tariff of which it is a part, unless and until changed pursuant to the Tariff.

2. Services To Be Rendered

2.1 It is recognized that from time to time occasions will arise when the circumstances contemplated under other service schedules which are part of this Tariff do not exist, but at the same time Company may have Energy (herein called "General Purpose Energy") which it is willing to make available from surplus capacity on its own system that can be utilized advantageously by Customer. Hourly General Purpose Energy may be arranged to provide the supply of electricity scheduled hour-to-hour. Daily General Purpose Energy may be arranged to provide the supply of electricity for one or more days.

2.2 It shall be the responsibility of Customer to initiate the receipt and delivery of General Purpose Energy. Customer shall inform the Company of the extent to which it desires to use General Purpose Energy, and whenever Company determines in its own judgment that it has General Purpose Energy available, schedules providing the periods and quantities of, and price for, Energy to be delivered shall be arranged upon mutual

agreement.

- 2.3 Company may reduce or discontinue the supply of Hourly General Purpose Energy at any time. To the extent possible, however, Company shall advise Customer of its intention to reduce materially or discontinue the supply.
- 2.4 In the event of an emergency or change in operating condition on Company's system, Company shall be under no obligation to continue the supply of Daily General Purpose Energy for more than three hours after it has notified Customer of its intention to discontinue such supply. Customer will use its best efforts to release Company from any obligation under this section as soon as possible.

3. Compensation

- 3.1 General Purpose Energy delivered under this schedule shall be settled for as follows:
 - 3.11 For Energy which is generated by Company to supply an Hourly or Daily General Purpose Energy transaction:
 - a. Up to 110% of the Out-of-Pocket ("OPC") (OPC includes all operating, maintenance, taxes on gross receipts, and other expenses incurred that would not have been incurred by Company if the Energy had not been supplied) of supplying General Purpose Energy called for during such period, plus
 - b. Up to \$16.00 per megawatt-hour (this element of the charges for any one day shall total to no more than the product of \$256.00 times the highest average

number of megawatts delivered in any hour during the day).

- 3.12 For Energy which is purchased by Company from a third party for economic reasons to meet system needs but in subsequent system resource accounting calculations is determined to have been used to supply a Daily General Purpose Energy transaction and for which Company stands by to supply from its own resources:
- a. The amount paid by Company, plus
 - b. Taxes on gross receipts incurred which would not otherwise have been incurred, plus
 - c. \$1.00 per megawatt-hour for difficult-to-quantify costs, plus
 - d. Up to \$16.00 per megawatt-hour.(this element of the charges for any one day shall total to no more than the product of \$256.00 times the highest average number of megawatts delivered in any hour during the day).
- 3.13 For Energy which is purchased by Company from a third party for economic reasons to meet system needs but in subsequent system resource accounting calculations is determined to have been used to supply a Daily or Hourly General Purpose Energy transaction and for which the company does not stand by to supply from its own resources:
- a. The amount paid by Company, plus
 - b. Taxes on gross

receipts incurred that would not otherwise have been incurred.

- 3.2 Notwithstanding the rates stated in Subsections 3.11 b. and 3.12 d., the total revenue collected by Company under such subsection in any consecutive seven-day period shall not exceed the product of the highest average number of megawatts delivered in any hour during the seven-day period, and \$1,280.
- 3.3 Notwithstanding the rates stated in Subsections 3.12 and 3.13, the price per megawatt-hour charged by Company for each transaction shall not exceed the price per megawatt-hour agreed to prior to the start of the transaction pursuant to Subsection 2.2.

MADISON GAS AND ELECTRIC COMPANY
POWER SALES TARIFF - SERVICE SCHEDULE 3
OPERATING RESERVE SERVICE

1. Duration

1.1 This schedule shall continue in effect throughout the duration of the Tariff of which it is a part, unless and until changed pursuant to the Tariff.

2. Services To Be Rendered

2.1 Customer, by giving Company reasonable notice, may obtain operating reserve service in accordance with the provisions of MAIN Guide No. 5. The Company at its sole discretion, shall indicate the extent of its availability and willingness to provide the requested service to the interested party.

2.2 Non-Spinning Reserve Service - Non-Spinning Reserve Service shall consist of electric generating capacity or its equivalent, not connected to the interconnected system, which can be connected and fully applied within ten (10) minutes of a request from a Customer. At the Customers option, spinning reserve service may be substituted for non-spinning reserve.

2.3 Spinning Reserve Service - Spinning Reserve Service shall consist of electric generating capacity which is connected and synchronized to the interconnected system, which can be fully applied within ten (10) minutes of the Customers request.

2.4 Availability - Non-Spinning Reserve Service and Spinning Reserve Service may be available, if the Company has sufficient capacity, in quantities equal to the Customers requested amount. The Customers request shall be made in

advance on a daily or weekly basis. A week shall be defined as seven consecutive days starting with Monday and ending on the subsequent Sunday.

3. Compensation

3.1 Compensation for Weekly or Daily Non-Spinning Reserve Service shall be made at the following rates:

3.11 Weekly Non-Spinning Reserve:

3.111 At the rate of up to \$1,400 per megawatt reserved per such week.

3.12 Daily Non-Spinning Reserve:

3.121 At the rate of up to \$280 per megawatt reserved per such day.

3.123 Notwithstanding the rate stated in Subsection 3.121, the total demand charge revenue collected by Company under such subsection for Daily Non-Spinning Reserve in any consecutive seven-day period shall not exceed the product of the highest number of megawatts of Daily Non-Spinning Reserve reserved on any day in the seven-day period, and \$1,400.

3.2 Compensation for weekly or daily Spinning Reserve Service shall be made at the following rates:

3.21 Weekly Spinning Reserve:

3.211 At the rate of up to \$1,400 per megawatt reserved per such week.

3.22 Daily Spinning Reserve:

3.221 At the rate of up to \$280 per megawatt reserved per

such day.

- 3.222 Notwithstanding the rate stated in subsection 3.221, the total demand charge revenue collected by Company under such subsection for such daily Spinning Reserve shall not exceed the product of the highest number of megawatts of Spinning Reserved on any day in the seven day period, and \$1,400.
- 3.3 For purchases of capacity made from a third party by the Company for a specific Non-Spinning Reserve or Spinning Reserve Service transaction, in whole or in part, the charge to the Customer will include the cost of the purchase paid to the third party plus \$2.90 per megawatt-hour delivered.
- 3.4 The Customer shall pay for any energy delivered at the following rates:
- 3.41 For Energy generated by Company:
Up to 110% of the Out-of-Pocket Cost ("OPC") (OPC includes all operating, maintenance, taxes on gross receipts, the cost of transmission losses, and other expenses incurred that would not have been incurred by Company if the Energy had not been supplied) of supplying energy called for during the period when Non-Spinning or Spinning Reserve service was available to the customer.
- 3.42 For Energy purchased from a third party to supply the energy called for during such period:
- a. The amount paid by Company, plus

- b. \$1.00 per megawatt-hour for difficult-to-quantify costs (When transactions are entered into pursuant to Section 3.3 of this Service Schedule, this component of the charge will apply only to transactions less than one year), plus
- c. The cost of transmission losses and taxes on gross receipts incurred which would not otherwise have been incurred.

FORM OF SERVICE AGREEMENT

This Service Agreement, dated as of _____, is entered into by and between Madison Gas and Electric Company ("Company"), and _____ ("Customer").

Company will make available to Customer the coordination services identified in Company's FERC Power Sales Tariff (hereinafter referred to as the Tariff) subject to Company's reaching mutual agreement with Customer for each transaction under the Tariff. Company shall provide such services at rates and charges determined in accordance with the Tariff and subject to the terms and conditions set forth in the Tariff.

Any notice or request made to or by Company or Customer regarding this Service Agreement shall be made in writing and shall be telecommunicated or delivered either in person, or by prepaid mail to the representative of the other party as indicated below. Such representative and address for notices or requests may be changed from time to time by notice by one party to the other.

COMPANY:
(Title to be filled in)
Madison Gas and Electric Company
Post Office Box 1231
Madison, Wisconsin 53701-1231

CUSTOMER:

IN WITNESS THEREOF, Company and Customer have caused this Service Agreement to be executed by their respective authorized officials as of the date first above written.

COMPANY:

MADISON GAS AND ELECTRIC COMPANY

CUSTOMER:

By: _____

By: _____

Title: _____

Title: _____

ATTEST:

ATTEST:

By: _____

By: _____

Title: _____

Title: _____

**MADISON GAS AND ELECTRIC COMPANY
POWER SALES TARIFF - SERVICE SCHEDULE 4
EMERGENCY ENERGY**

1. Duration

1.1 This Service Schedule shall continue in effect throughout the duration of the Tariff of which it is a part, unless and until changed pursuant to the Tariff.

2. Services to be Rendered

2.1 Emergency Energy is energy furnished by the Company when an emergency exists on the system of a Party, or when such energy is purchased by the Company from the system of a Third Party for resale to the Party.

2.2 An emergency is defined as a breakdown, or other contingency, involving either sources of power or transmission facilities, or both, which impairs or jeopardizes the ability to meet system requirements.

2.3 A Party may request the Company to furnish Emergency Energy. Such energy shall be scheduled as soon as possible after the occurrence and shall be furnished by the Company in such amounts as, in its sole judgment, it can supply. Having begun such delivery, the Company may curtail, restrict or discontinue delivery hereunder whenever, in its sole judgment, such curtailment, restriction or discontinuance shall be necessary in the conduct of its other business or affairs, or its operations pertaining thereto. Notice of such curtailment, restriction or discontinuance will be made by the most expeditious means to the other Party as far in advance as practicable and such Party shall promptly comply with the decision of the Company.

3. Compensation

3.1 Emergency Energy that is generated by the Company shall be settled for by payment of the greater of:

3.1.1 \$100.00 per megawatt-hour, or

3.1.2 110% of the Out-of-Pocket cost (including all operating, maintenance, taxes on gross receipts, and other expenses incurred that would not have been incurred if the energy had not been supplied) of supplying such energy.

3.2 Emergency Energy that is purchased from a Third Party or Parties shall be settled by payment of the greater of:

3.2.1 \$100.00 per megawatt-hour, or

3.2.2 The amount paid therefor by Company to the Third Party or Parties plus expenses incurred which would not otherwise have been incurred if the energy had not been supplied.