

## Customer Line Extension Agreement – 1000kW and Larger

This Line Extension Agreement ("Agreement") made this 9th day of January, 2014 by and between DTE Electric Company ("Company") and Karegnondi Water Authority ("Customer") for the Customer's facility located at 8763 Martin Road, Lynn, MI ("Facility").

### RECITALS

- A. Customer desires to obtain electric power service for its Facility from the Company and to obtain an allowance for certain design and construction costs related to the Company's line extension to serve Customer's Facility.
- B. Customer represents that its new Facility or additional load at Facility will have an average aggregate monthly demand of 1000kW or larger, over the term of this agreement.
- C. Company desires to supply electric power to Customer and provide an allowance for certain design and construction costs related to the Company's line extension to serve Customer's Facility on the terms and conditions set forth herein.

In consideration of the foregoing premises, the parties agree as follows:

### AGREEMENT

#### 1) Design and Construction Costs.

- a) Customer represents that the new Facility or additional load at Facility will have an average aggregate monthly demand of 4,436 kW (the "Load"), over the term of this agreement. Electric services to Facility will be fed via Tie-Line 9205 at 41,570 volts.
- b) Distribution system upgrades to the existing Company infrastructure will be required to provide service to the Facility. The work associated with providing the distribution system upgrades will generally involve the following:
  - (1) DTE Energy proposes to serve the new customer-owned substation by tapping the 41.57-kV Tie 9205 (Bennett-Yale) line south of the Galbraith Line & Shephard intersection. From the tap location, approximately 5.2 miles of new 41.57-kV overhead consisting of 636 AL SW-ST will overbuild existing distribution circuits south along Shephard, west along Wellman Line and finally south on Maple Valley Road to the customer's property. At the tap location, three manual pole-top-switches (normally closed) will be installed – east, west and south of the tap.
  - (2) Company estimates the total cost of distribution system design and construction, excluding Service Connection Fees, to be \$4,450,000.00. This cost does not include easements, tree trimming, permitting, reimbursement for crop damage, etc.
- c) Pursuant to the "Standard Allowances" table set forth in Rule C6.2 (4) of Company's Rate Book, Customer will receive a Standard Allowance of up to \$2,218,000 to finance the total design and construction costs necessary to serve the Facility. In no event shall Customer receive a Standard Allowance that exceeds the total cost of distribution system design and construction, excluding Service Connection Fees.

- d) Customer is responsible for paying \$2,232,000.00 as a contribution in aid of construction (the "CIAC Amount"), which represents the difference between the estimated cost of construction and the allowance set forth in this Section 1. Customer will pay the CIAC Amount to Company promptly upon execution of this Agreement. Failure to pay the CIAC Amount when due shall relieve Company of its obligation to commence design and construction of the distribution system for the Facility until such amount is paid. Customer shall pay the total actual as-built cost of distribution system design and construction less the Standard Allowance plus any applicable Service Connection Fees, as determined by the Company at the completion of construction.

## 2) Services.

- a. Customer's Facility will be served under the terms and conditions of Company's Rate Book for Electric Service Rate Schedule No.6, Primary Supply Rate, and all applicable terms of the Company's Rate Book are incorporated into this Agreement by reference.
- b. Customer agrees that on a monthly basis starting in the 1st month following service connection, Customer's Facility will incur charges equal to the greater of (a) \$4,000.00 or (b) an amount, excluding taxes, based on the actual demand metered at Customer's Facility.
- c. Upon thirty (30) days written notice, and subject to any limitations in the Company's Rate Book (e.g. requirement to be on a rate for twelve months), Customer may elect to change to other bundled service tariff rates for which Customer's Facility qualifies, so long as Customer remains a full requirements customer of the Company for the term of this Agreement consistent with Rule C6.2 (4) of Company's Rate Book.
- d. Hours of service are 24 hours, subject to interruption by agreement, advance notice, accident or other causes not under the reasonable control of the Company, or as provided under the Interruptible Service provisions.

## 3) Additional Customer Obligations.

- a. In consideration for the allowance provided to Customer hereunder, Customer will purchase all its requirements for electric power for the Facility from the Company consistent with Rule C6.2 (4) of Company's Rate Book.
- b. In entering into this Agreement, Company is materially relying upon the Customer-provided estimated site aggregate monthly electrical demand in evaluating Customer's electrical service needs, eligibility for Standard Allowance amounts and responsibility for CIAC amounts. In the event that Customer's actual energy utilization is materially different than the Customer-provided estimated site aggregate monthly electrical demand then Customer agrees that Company can and will extend this Agreement for a period, determined in the sole judgment of Company, sufficient to recover the Company's distribution system design and construction costs for Customer's site, excluding Service Connection Fees.

## 4) Term.

The term of this agreement begins on execution and shall continue for 5 years from the date the line extension work is complete and energized for service, subject to Section 3 of this agreement. Upon expiration of the initial term, subject to continuing availability of tariffs and Customer's continuing qualification, this Agreement shall continue for additional one (1) year periods unless either party gives notice of the other of intent to terminate no later than 90 days prior to the end of the then current term

5) Confidentiality.

This Agreement is confidential and neither party will disclose the terms of this Agreement or its existence without the consent of the other party, except to the extent required by applicable law or regulation.

6) Warranty; Limitation of Liability.

a. Company makes no warranties, express or implied, including but not limited to merchantability, fitness for purpose, energy savings or concerning any goods or services supplied by any third party.

b. Company's liability under this Agreement is limited by Rule C-1.2 of the Rate Book. In no event will Company or its supplier be liable under this Agreement or under any cause of action relating to the subject matter of Agreement, whether based on contract, warranty, tort, strict liability, indemnity or otherwise for any incidental or consequential damages, including but not limited to loss of use, increased costs of purchased or replacement power, interest charges, inability to operate full capacity, lost profits or claims of Customer's customers.

7) Miscellaneous.

a. This Agreement is governed by the laws of the State of Michigan. The parties agree to the exclusive venue of the state and federal courts located in the State of Michigan.

b. This Agreement and the rights and obligations hereunder may not be assigned by Customer without the written consent of Company. This Agreement will inure to the benefit of and be binding upon the parties' successors and permitted assigns.

c. Any waiver of the provisions in this Agreement must be in writing and signed by the party against whom the waiver is to be enforced. The failure of a party to insist upon strict performance of the provisions of this contract will not be construed as a waiver of any rights.

d. This Agreement and the applicable provisions of the Company's Rate Book constitute the entire agreement of the parties concerning the subject matter hereof and supersede all prior or contemporaneous agreements or understandings.

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The parties have executed this Line Extension Agreement as of the date first written above.

Company:

DTE Electric Company

By: \_\_\_\_\_

Name: John R. Boladian

Title: Director – Major Account Services

Customer:

Karegnond Water Authority

By: \_\_\_\_\_

Name: J. APPEL WRIGHT, CEO-KWA

Title: Drain Commissioner