

METC DAMAGE CLAIMS POLICY

During the construction and operation of an electric line, damage is sometimes caused to a landowner's and/or tenant's property. If Michigan Electric Transmission Company ("METC") causes physical damage to property by means of its patrol, construction, reconstruction, maintenance, repair, or vegetation management activities (collectively the "Construction Activities"), the landowner and/or tenant, as their respective interests appear, ("Landowner/Tenant") will be compensated by METC pursuant to METC's damage claim policy consistent with best utility practice. This document expresses METC's intent to fully compensate a Landowner/Tenant for any damages caused to property by METC during Construction Activities and shall not in any way modify, alter or amend the easement(s) or other governing documents relating to the property.

The Damage Statement does not set any limit on the amount of proven damages that may be claimed and paid if proven.

I. CROP LOSS DUE TO ELECTRIC LINE CONSTRUCTION ACTIVITIES

A. Conventional

i. If a crop has been planted prior to METC's Construction Activities or if a crop normally would have been planted before the finish of the Construction Activities, METC will pay the percentages below on the crops damaged by construction. The schedule of crop loss percentages does not limit the ability of a landowner or tenant to submit a claim for damages in excess of the total of the percentages in the schedule. The percentages below will be paid in one lump sum following construction.

First Year:	100% of crop loss	Third Year:	30% of crop loss
Second Year:	50% of crop loss	Fourth Year:	20% of crop loss

ii. If no crop was planted or in cultivation prior to completion of METC's Construction Activities for an area normally cultivated, then METC will pay the percentages below on the actual crop ground lost to production. The schedule of actual crop ground loss percentages does not limit the ability of a landowner or tenant to submit a claim for damages in excess of the total of the percentages in the schedule. The percentages below will be paid in one lump sum following construction.

First Year:	66% of crop loss	Third Year:	30% of crop loss
Second Year:	50% of crop loss	Fourth Year:	20% of crop loss

iii. The computation of conventional crop loss will be based on three factors:

1. the land area impacted (acreage),
2. the crop yield (based on the County average yield for the crop), and
3. the crop market value (the market value on the day the Damage Payment Acknowledgment form is executed). (*Acreage x crop yield x crop market value*)

B. Organic Crop Damages

i. To the extent not compensated in full pursuant to Section I (A) above, if the Property is certified organic through the USDA National Organic Program ("Certification") and loses its Certification, as a direct result of the Construction Activities, for any part of the Property where crops are organically grown, then METC will pay the following percentage for organic crops within the area impacted by the lost Certification, for four (4) years:

ii. 100% of the difference between the market value of conventional crops and the market value of organic crops lost.

a. The computation of the market value of organic crops lost will be based on three factors:

1. the land area impacted by decertification (acreage of decertified area),

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2. the crop yield (based on the County average yield for the organic crop or if there is no County average yield for the organic crop, then the County average yield for the same crop on a conventional basis), and

3. the crop market value (the market value on the day the Damage Payment Acknowledgment form is executed). The "market value" shall be determined by either (i) the existing organic crop contract of the landowner for the particular crop damage, if any such contract is then in existence, or (ii) if no such contract is in existence, then the average market price for the particular crop at issue, based upon the average market price of the crop as reported by the *Organic Farmers of Michigan* for that year. (*Acreage x crop yield x crop market value*)

b. At the request of METC, the Landowner/Tenant shall provide verification of its loss of organic Certification through the accredited certifying agent prior to any compensation for organic crop loss being paid.

II. DAMAGES DUE TO COMPACTION, RUTS, EROSION AND/OR WASHING

A. METC will repair damage incurred due to compaction, ruts, erosion, and/or washing of soil caused by its Construction Activities. If by mutual agreement, the Landowner/Tenant repairs the damages, METC will reimburse the Landowner/Tenant for the reasonable cost of labor and the use of equipment to repair damage incurred due to compaction, ruts, erosion, and/or washing of soil caused by its Construction Activities. Payment will be made by METC within a reasonable period of time upon presentation of a statement.

B. METC will pay for the reasonable cost of repairs to the Landowner's/Tenant's equipment where, in conducting Construction Activities, damage to equipment is caused by materials or debris left on the right of way.

III. OTHER DAMAGES

METC will evaluate other damage claims and, if METC determines such damages are compensable, it will work to determine the amount of such damages and make payment. Such damage claims might include, but are not limited to, damages to driveways, pastures, fences, improvements, livestock, terraces, field drainage tiles, septic fields, field irrigation piping and equipment caused by the Construction Activities. If by mutual agreement, the Landowner/Tenant repairs the damages, METC will pay the actual costs of repairs. Payment for assets replaced, as a direct result of Construction Activities, by the Landowner/ Tenant will be computed based upon the replacement cost of the assets replaced.

IV. MANNER OF DAMAGE PAYMENTS

Payment of damages to the Landowner/Tenant will be made by METC within a reasonable period of time following completion of its Construction Activities. For purposes of new electric line construction, payment will be made within a reasonable period of time following completion of the entire construction project.

Landowner reserves the right to submit additional claims for damage that were not apparent at the time of the work and which were not otherwise compensated in accordance with the foregoing statements.

V. DISPUTE RESOLUTION PROCEDURE

If, after good faith negotiation, the Landowner/Tenant and METC cannot agree on the amount of compensation for damages incurred, Landowner/Tenant may elect to resolve the dispute through mediation.

VI. INITIATE A DAMAGE CLAIM

Landowners may work directly with their land agent to submit a damage claim. Landowners may also initiate a damage claim by calling ITC at the 877-ITC-ITC9 (877-482-4829). ITC will have land agents visiting the sites to help document the claim.