

OTTER TAIL POWER COMPANY  
Docket No. EL09-026

Response to: South Dakota Public Utilities Commission  
Analyst: Kara Semmler  
Date Received: 1/19/2010  
Date of Response: 02/12/2010  
Responding Witness: Jason A. Grenier, Pricing Analyst - (218) 739-8639

---

**Information Request No: 1-1**

Appendix B included the Clean Index and Rate Schedules. These sheets were compared to the originals and the following issues were noted:

- a. On the “South Dakota P.U.C. Volume II Index - Sheet Numbers 1 through 5, the column entitled “Prior Sheet” has been removed on the revised index sheets.
- b. On the “South Dakota P.U.C. Volume II Section 12.00 – Sheet No. 1, the word “Temperature” has been removed.
- c. All the revised index sheets include the words “First Revision” in the upper right-hand corner but do not state whether the original sheets are canceled. Please resubmit revised index sheets and include the appropriate symbols in the right-hand margin as required by ARSD 20:10:13:28 and also include “Canceling Original” in the upper right-hand corner of all the sheets.

**RESPONSE:**

- a. The “South Dakota P.U.C. Volume II Index” has been revised and a Redline version has been included as an attachment.
- b. “South Dakota P.U.C. Volume II Section 12.00 – Sheet No. 1” has been revised to show a text change for the removal of Temperature.
- c. All revised index sheets and rate schedules have been revised to include “First Revision, Canceling Original” in the upper right-hand corner.

Note: The following items provide responses to other questions presented by the South Dakota Staff. Rate schedule Section 12.01 reflects the energy rate increase to include line losses, as discussed in SD Data Request 1-4. Rate schedule Sections 12.02 and 12.03 present the customer charge increase from \$8.94 to \$8.97 to reflect the correction in SD Data Request 1-6. Rate schedule Section 12.01, 12.02, and 12.03 show the Renewable Energy Credit pulled out of the energy rates to differentiate base avoided costs and base avoided plus the REC, as requested in SD Data Request 1-3. Lastly, the Renewable Energy Credit language has also been revised as requested in SD Data Request 1-3.

Redline and Final versions of the proposed South Dakota P.U.C. Volume II Sections 12.00 – 12.03 have been attached with all changes listed above.

OTTER TAIL POWER COMPANY  
Docket No. EL09-026

Response to: South Dakota Public Utilities Commission

Analyst: Kara Semmler

Date Received: 1/19/2010

Date of Response: 02/12/2010

Responding Witness: Jason A. Grenier, Pricing Analyst - (218) 739-8639

---

**Information Request No: 1-2**

The tariff sheets for North Dakota and Minnesota were reviewed in comparison to what is being proposed for South Dakota and the following questions arose:

- a. The winter and summer months for Minnesota and South Dakota are the same. However, the North Dakota winter and summer months are different. All three states are within a similar geographic region. Please submit an explanation of why the seasons for North Dakota are not the same.
- b. The metering charges for the Occasional Delivery Energy Service for both Minnesota and North Dakota are set at \$1.40 per month. South Dakota's metering charge is being set at \$3.70. Please explain why this charge is not similar for all three states and would Otter Tail Power (OTP) consider lowering this charge?

**RESPONSE:**

- A. It is Otter Tail Power's (OTP) intention to have all three states with the same definition of seasons as this matches all other OTP rate designs. Otter Tail has recently initiated this process. For example, on January 12, 2010 OTP filed Small Power Producer rate schedules in North Dakota (see Docket PU-10-31). Earlier in 2009, OTP filed the same request in Minnesota. The Office of Energy Security (OES) supports the proposed seasonal change and OTP expects approval (see Docket E017/M-09-1057). These rate schedules contain the same seasons as proposed in both Minnesota and South Dakota Small Power Producer rate schedules.
- B. OTP's intentions are to have similar customer charges for these types of rates in each of its three jurisdictions, supported by our marginal cost study (e.g. a \$3.70 metering (customer) charge for Occasional Delivery Energy Service). The OES has recently reviewed OTP's MN Small Power Producer filing and recommended that OTP updates the customer charge through OTP's next rate case. OTP will be filing a Minnesota rate case in 2010.

The proposed \$3.70 customer charge is supported by OTP's latest Marginal Cost Study and has been reduced from full marginal cost of \$7.41 (please see Attachment #1 of the original filing). OTP's position is rates that are lower than costs create subsidies. In this case, the Small Power Producer customers are receiving a subsidy, which is paid by all other customers.

OTTER TAIL POWER COMPANY  
Docket No. EL09-026

Response to: South Dakota Public Utilities Commission  
Analyst: Kara Semmler  
Date Received: 1/19/2010  
Date of Response: 02/12/2010  
Responding Witness: Jason A. Grenier, Pricing Analyst - (218) 739-8639

---

**Information Request No: 1-3**

The Occasional Delivery Energy Service tariff sheet currently includes the Renewable Energy Credit within the Payment Schedule rate. Staff would suggest you split these out into base avoided costs and base avoided costs plus Renewable Energy Credit in order to give customers a choice. Would OTP be opposed to this suggestion? If yes, please include an explanation for opposition. If no, please revise the language in number 17 on sections 12.01, 12.02, and 12.03 of the tariff sheets to the following language, "Any renewable energy credits associated with the renewable energy sold to the Company will be transferred to the Company and the renewable generator will be compensated an additional payment of \$3.00/MWh (\$0.00300/kWh), as shown in the payment schedule."

**RESPONSE:**

Otter Tail does not oppose separating the base avoided costs and base avoided costs plus Renewable Energy Credit. OTP's North Dakota Small Power Producer rate schedules do reflect this separation and OTP would agree to consistency between the states. OTP has made these suggested changes to the Redline and Final versions of rate schedule Sections 12.01, 12.02, and 12.03 in the attachments for South Dakota Data Request 1-1.

OTTER TAIL POWER COMPANY  
Docket No. EL09-026

Response to: South Dakota Public Utilities Commission

Analyst: Kara Semmler

Date Received: 1/19/2010

Date of Response: 02/12/2010

Responding Witness: Jason A. Grenier, Pricing Analyst - (218) 739-8639

---

**Information Request No: 1-4**

Please provide additional information and justification that supports the following rates that are being revised for South Dakota (i.e. where did these numbers come from and how did the company derive them):

- a. Occasional Delivery Energy Service Payment Schedule of \$0.03035 per kWh.
- b. Time of Delivery Energy Service with various Energy Credits for on/off peaks during winter and summer months that range from \$0.02403 - \$0.05048 per kWh.
- c. Dependable Service with various Capacity Payments ranging from \$8.12 - \$11.35 per kW.
- d. Dependable Service with various Energy Payments for on/off peaks during winter and summer months that range from \$0.02403 - \$0.05048 per kWh.

**RESPONSE:**

- A. The energy rate of \$.03035 per a kWh for the Occasional Delivery Energy Service schedule were calculated using Otter Tail's marginal or avoided cost calculations. The \$.03035 rate is calculated by taking the costs of each On Peak and Off Peak period for each season and multiplying those costs by the hours in the period then dividing by the total hours in the year of 8,760. For example, On Peak Summer is \$.04588 per a kWh for 1,216 hours, Off Peak Summer is \$.02680 per a kWh for 1,712 hours, On Peak Winter is \$.03808 per a kWh for 2,571 hours, and Off Peak Winter is \$.02032 per a kWh for 3,261 hours. The equation is  $((.04588*1,216) + (.02680*1,712) + (.03808*2,571) + (.02032*3,261))/8,760 = $.03035$  per kWh. This equation has been revised below.

Upon further review of the energy payment rate OTP has found that the increase for line losses which is included in both Time of Delivery 12.02 and Dependable Service 12.03 was not included in Occasional Delivery Energy Service 12.01. Including line losses will increase the energy payment in each costing period. The above equation should be  $((.04748*1,216) + (.02773*1,712) + (.03941*2,571) + (.02103*3,261))/8,760 = $.03141$  per

kWh. This energy payment has been updated in attachments for SD Data Request 1-1 to reflect the increase from line losses for rate schedule 12.01.

- B. The energy payments for Time of Delivery Energy Service 12.02 and Dependable Service 12.03 are the same and are also calculated based on avoided costs. For both rates there is an On Peak and Off Peak period for both Summer and Winter seasons. The energy payments for these rates are the sum of the rates listed above in A. and the Renewable Energy Credit (\$.00300/kWh).

Avoided energy costs are produced from OTP's Integrated Resource Plan (IRP) Manager model. The IRP Manager model has been used in OTP's required Minnesota Integrated Resource Plan filings from 1992 through 2008. When OTP files the IRP filing in Minnesota, OTP also provides a copy to both South Dakota and North Dakota. The avoided energy costs are adjusted to include variable Operating and Maintenance costs, A&G loading on Operating and Maintenance costs, Cash Working Capital, marginal SO<sub>2</sub> allowance costs, and line losses. OTP uses the same avoided cost calculation method for Minnesota's and North Dakota's Small Power Producer rate schedules.

- C. The capacity payments in the Dependable Service 12.03 rate schedule are calculated in Attachment 3 of the December 18, 2009 filing. An Excel version of Attachment 3 is included in OTP's response to South Dakota Data Request 1-9. The capacity payments are based on avoided capacity costs of projected cost per kilowatt of a new peaking facility. Attachment 3 reflects the length of a contract overlap into the projected lifetime of the new peaking facility. OTP assumes the lifetime of a new peaking facility to be 35 years.

OTP has a Levelized Fixed Charge computer program that calculates Levelized fixed charges for different projects. The Cost of Capital number of 9.15% was an output of OTP's Levelized Fixed Charge Program. The Levelized Fixed Charge Program is a standard program that was developed by OTP. The program uses Capitalization ratios inputs on long term debt, preferred stock and common stock. Other required program inputs include interest rates on bonds, preferred stock and common stock, and income taxes percentages. All financial inputs are gathered from OTP's Business Planning department. The program produced a composite weighted Cost of Capital of 9.15%.

As shown in Attachment 3 of South Dakota Data Request 1-9, the \$/kW-Month Gross Capacity Rate is the current cost \$/kW of a new peaking plant multiplied by the Levelized Fixed Charge percentage (13.79%). This calculation results in an annual cost \$/kW of a new peaking plant. The annual number is then divided by 12 to get a monthly cost. Column D called "Multiplier" is a widely used industry formula that calculates a factor used to

determine the capacity payment at each year of the contract. The \$/kW-Month Net Capacity Rate is the product of the “Multiplier” and the “Month Gross Capacity Rate.”

OTP uses the same method for calculating the \$/kW-Month Gross Capacity Rate in Section 12.03 of the North Dakota Small Power Producer rate.

- D. The energy payments for Dependable Service are calculated the same as Time of Delivery Energy Service as is described above in B.



OTTER TAIL POWER COMPANY  
Docket No. EL09-026

Response to: South Dakota Public Utilities Commission  
Analyst: Kara Semmler  
Date Received: 1/19/2010  
Date of Response: 02/12/2010  
Responding Witness: Jason A. Grenier, Pricing Analyst - (218) 739-8639

---

**Information Request No: 1-5**

Appendix C of the filing includes the “Calculation of Annual Customer-Related Marginal Unit Cost”. The “Annual Economic Charge Related to Capital Investment” for lines (3) and (9) are not the same. Please explain the differences in these percentages.

**RESPONSE:**

The Calculation of Annual Customer-Related Marginal Unit Costs is based on OTP’s 2008 Marginal Cost Study. The 2008 Marginal Cost Study was used in retail rate design for OTP’s 2008 South Dakota Rate Case Docket No. EL08-030. On April 17, 2009 a Non-Public version of this study was emailed to Mr. Jon Thurber of the South Dakota Commission Staff.

The percentages on lines (3) and (9) of Attachment #1 are not the same since two separate items are being evaluated here. Line (3) 9.00% is evaluating incremental investment for metering costs. Line (9) 7.72% is evaluating incremental investment for distribution facilities such as service drops and transformers. The percentages reflect the annual economic carrying charge for meters and distribution facilities. These percentages were both used in the development of OTP’s marginal customer costs which are summarized on page 4 of Exhibit \_\_ (HSP-1), Schedule 1, of witness Hethie Parmesano’s testimony in Docket No. EL08-030.

South Dakota Data Request 1-6 also discusses the basis of these calculations.

OTTER TAIL POWER COMPANY  
Docket No. EL09-026

Response to: South Dakota Public Utilities Commission  
Analyst: Kara Semmler  
Date Received: 1/19/2010  
Date of Response: 02/12/2010  
Responding Witness: Jason A. Grenier, Pricing Analyst - (218) 739-8639

---

**Information Request No: 1-6**

There were several questions that arose after reviewing the “Calculation of Annual Customer-Related Marginal Unit Cost” in Appendix C. Please refer to the attached picture (at the end of the data request) and provide information and justification for the numbers that are highlighted in fluorescent yellow (i.e. where did these numbers come from and how did the company derive them). Also provide answers to the questions that are written in red on the attachment.

**RESPONSE:**

The highlighted numbers came from OTP’s 2008 Marginal Cost Study. This study was used for retail rate design for OTP’s 2008 South Dakota Rate Case Docket No. EL08-030. On April 17, 2009 a Non-Public version of this study was emailed to Mr. Jon Thurber of the South Dakota Commission Staff.

Line (3) and (9) are shown in Table 25 on page 36 of OTP’s 2008 Marginal Cost study. A discussion on the Computation of Economic Carrying Charges is on page 35 of the marginal cost study.

SD Staff’s attached picture or Attachment #1 of the original filing is identical to Table 30 on pages 43 through 48 of the 2008 Marginal Cost Study. Lines (16) and (18) through (21) loaders are the same as the loaders shown in Table 30. A discussion on the Computation of Annual Marginal Costs is on page 37 of the study.

The hand written red text supplied by South Dakota staff does reflect the correct calculations. OTP has made corrections to the formulas. OTP appreciates the South Dakota staff for bringing this to OTP’s attention. This correction would increase the proposed Customer charge for rate schedules 12.02 and 12.03 from \$8.94 to \$8.97. OTP made this correction to the customer charge in the redline and final versions, in the Attachments for rate schedules 12.02 and 12.03 in Data Request 1-1.

OTTER TAIL POWER COMPANY  
Docket No. EL09-026

Response to: South Dakota Public Utilities Commission

Analyst: Kara Semmler

Date Received: 1/19/2010

Date of Response: 02/12/2010

Responding Witness: Jason A. Grenier, Pricing Analyst - (218) 739-8639

---

**Information Request No: 1-7**

Appendix C includes Attachment #2 that outlines how the company determined the Energy Payment Schedule. Please provide the following information:

- a. Provide information and justification for all the system and incremental energy costs that are being used during the off/on peaks during winter and summer months (i.e. where did these numbers come from and how did the company derive them).
- b. Information on how each period was weighted to determine the weighted average.
- c. Provide information and justification on the renewable energy credit being used.

**RESPONSE:**

- A. These calculations have been addressed in South Dakota IR 1-4 parts A. and B.
- B. The weighting of each period was determined according to the number of hours in each period. As discussed in Data Request 1-4 part B. Summer Peak is 1,216 hours, Summer Off-Peak is 1,712 hours, Winter On-Peak is 2,571 hours, and Winter Off-Peak is 3,261 hours. These costs are added up and then divided by the total hours in the year of 8,760 hours.
- C. From 2006 through 2008, Otter Tail's renewable resource credit has been developed using monthly Renewable Energy Certificate prices from Evolution Markets, and discussions with industry professionals involved in the selling and brokering of REC transactions. According to their website, <http://www.evomarkets.com>, Evolution Markets structures transactions and provides brokerage and merchant banking services for the global green markets and the clean energy sector. OTP uses Evolution Markets as it is used widely by renewable energy professionals. The same method for establishing the renewable resource credit rate is used in both the Minnesota Distributed Generation and the North Dakota Small Power Producer filings.

OTTER TAIL POWER COMPANY  
Docket No. EL09-026

Response to: South Dakota Public Utilities Commission

Analyst: Kara Semmler

Date Received: 1/19/2010

Date of Response: 02/12/2010

Responding Witness: Jason A. Grenier, Pricing Analyst - (218) 739-8639

---

**Information Request No: 1-8**

Appendix C includes Attachment #3 that outlines how the company determined the Capacity Payment Schedule. Please provide information and justification for the following items (i.e. where did these numbers come from and how did the company derive them):

- a. The number used for “Cost of Capital”.
- b. The number used for “\$/kW-Month Gross Capacity Rate”.

**RESPONSE:**

- A. The Cost of Capital number, 9.15%, was an output of OTP’s Levelized Fixed Charge Program. The Levelized Fixed Charge Program is a standard program that was developed by OTP. The program uses Capitalization ratios, inputs on long term debt, preferred stock and common stock. Other required program inputs include interest rates on bonds, preferred stock and common stock, and income taxes percentages. All financial inputs are gathered from OTP’s Business Planning department. The program produced a composite weighted Cost of Capital of 9.15%.
- B. As shown in Attachment 3 of South Dakota Data Request 1-9, the \$/kW-Month Gross Capacity Rate is the current cost \$/kW of a new peaking plant multiplied by the Levelized Fixed Charge percentage (13.79%). This calculation results in an annual cost \$/kW of a new peaking plant. The annual number is then divided by 12 to get a monthly cost. OTP uses the same method for calculating the \$/kW-Month Gross Capacity Rate in Section 12.03 of the North Dakota Small Power Producer rate.

OTTER TAIL POWER COMPANY  
Docket No. EL09-026

Response to: South Dakota Public Utilities Commission  
Analyst: Kara Semmler  
Date Received: 1/19/2010  
Date of Response: 02/12/2010  
Responding Witness: Jason A. Grenier, Pricing Analyst - (218) 739-8639

---

**Information Request No:** 1-9

Please provide Excel spreadsheets with formulas intact for the information provided in this filing including attachments 1, 2, and 3.

**RESPONSE:**

Please see attached Excel files. Attachment\_1\_SD\_Customer\_Charge\_Calc\_Dec\_2009 is the sheet used to calculate Customer Charges.

Attachment\_2\_SD\_Energy\_Paymnt\_Dec\_2009 is used to display avoided energy costs.

Attachment\_3\_SD\_Capacity\_Paymnt\_Dec\_2009 is the sheet used to calculate avoided capacity costs.



## Electric Service – South Dakota – Index

Section    Prior Sheet    Item    T

### 1.00            GENERAL SERVICE RULES

1.01	<del>99.9</del>	Scope of General Rules and Regulations	<u>T</u>
1.02	<del>99.9</del>	Application for Service	<u>T</u>
1.03	<del>98.3</del>	Deposits, Guarantees and Credit Policy	<u>T</u>
1.04	<del>98.1</del>	Customer Connection Charge	<u>T</u>
1.05	<del>N/A</del>	Contracts, Agreements and Sample Forms	<u>T</u>

### 2.00            RATE APPLICATION

2.01	<del>N/A</del>	Assisting Customers in Rate Selection	<u>T</u>
2.02	<del>99.9</del>	Service Classification	<u>T</u>

### 3.00            CURTAILMENT OR INTERRUPTION OF SERVICE

3.01	<del>N/A</del>	Disconnection of Service	<u>T</u>
3.02	<del>N/A</del>	Curtailed or Interruption of Service	<u>T</u>
3.03	<del>N/A</del>	N/A (section reserved for future use)	<u>T</u>
3.04	<del>N/A</del>	N/A (section reserved for future use)	<u>T</u>
3.05	<del>N/A</del>	Continuity of Service	<u>T</u>



Fergus Falls, Minnesota

*First Revision, Canceling Original*

(Continued)

## Electric Service – South Dakota – Index

*Section*    *Prior Sheet*    *Item*    T

### 4.00            METERING & BILLING

4.01	<del>N/A</del>	Meter and Service Installations	<u>T</u>
4.02	<del>N/A</del>	Meter Readings	<u>T</u>
4.03	<del>99.9</del>	Estimated Readings	<u>T</u>
4.04	<del>98.4</del>	Meter Testing	<u>T</u>
4.05	<del>99.9</del>	Access to Customer Premises	<u>T</u>
4.06	<del>99.9</del>	Establishing Demands	<u>T</u>
4.07	<del>99.9</del>	Monthly Billing Period and Prorated Bills	<u>T</u>
4.08	<del>99.9</del>	Electric Service Statement - Identification of Amounts and Meter Reading	<u>T</u>
4.09	<del>N/A</del>	Billing Adjustments	<u>T</u>
4.10	<del>99.9</del>	Payment Policy	<u>T</u>
4.11	<del>N/A</del>	Even Monthly Payment (EMP) Plan	<u>T</u>
4.12	<del>N/A</del>	Summary Billing Services	<u>T</u>
4.13	<del>N/A</del>	Account History Charge	<u>T</u>
4.14	<del>N/A</del>	Combined Metering	<u>T</u>

### 5.00            STANDARD INSTALLATION AND EXTENSION RULES

5.01	<del>99.9</del>	Extension Rules and Minimum Revenue Guarantee	<u>T</u>
5.02	<del>N/A</del>	Special Facilities	<u>T</u>
5.03	<del>N/A</del>	Temporary Services	<u>T</u>
5.04	<del>N/A</del>	Standard Installation	<u>T</u>
5.05	<del>N/A</del>	Service Connection	<u>T</u>

### 6.00            USE OF SERVICE RULES

6.01	<del>N/A</del>	Customer Equipment	<u>T</u>
6.02	<del>99.9</del>	Use of Service; Prohibition on Resale	<u>T</u>



Fergus Falls, Minnesota

*First Revision, Canceling Original*

(Continued)

## Electric Service – South Dakota – Index

*Section*    *Prior Sheet*    *Item*    T

### 7.00            COMPANY’S RIGHTS

7.01	<del>99.9</del>	Waiver of Rights or Default	<u>T</u>
7.02	<del>N/A</del>	Modification of Rates, Rules and Regulations	<u>T</u>

### 8.00            GLOSSARY AND SYMBOLS

8.01	<del>N/A</del>	Glossary	<u>T</u>
8.02	<del>N/A</del>	Definition of Symbols	<u>T</u>

## Rate Schedules & Riders

### 9.00            RESIDENTIAL AND FARM SERVICES

9.01	<del>4</del>	Residential Service	<u>T</u>
9.02	<del>5</del>	Residential Demand Control Service	<u>T</u>
9.03	<del>16</del>	Farm Service	<u>T</u>

### 10.00          GENERAL SERVICES

10.01	<del>N/A</del>	Small General Service (Less than 20kW)	<u>T</u>
10.02	<del>20</del>	General Service (20kW or Greater)	<u>T</u>
10.03	<del>30</del>	Large General Service	<u>T</u>
10.04	<del>N/A</del>	Commercial Service – Time of Use	<u>T</u>
10.05	<del>30.3</del>	Large General Service – Time of Day	<u>T</u>





Fergus Falls, Minnesota

*First Revision, Canceling Original*

(Continued)

## Electric Service – South Dakota – Index

Section    Prior Sheet    Item    T

### 11.00        OTHER SERVICES

11.01	<del>71.3</del>	Standby Service	<u>T</u>
11.02	<del>90</del>	Irrigation Service	<u>T</u>
11.03	<del>93</del>	Outdoor Lighting – Energy Only	<u>T</u>
11.04	<del>94</del>	Outdoor Lighting	<u>T</u>
11.05	<del>95</del>	Municipal Pumping Service	<u>T</u>
11.06	<del>96</del>	Civil Defense – Fire Sirens	<u>T</u>

### 12.00        POWER PRODUCER RIDERS & APPLICABILITY MATRIX

12.01	<del>70.8</del>	Small Power Producer Rider – Occasional Delivery Energy Service	<u>T</u>
12.02	<del>70.9</del>	Small Power Producer Rider – <del>Temperature</del> Time of Delivery Energy Service	<u>T</u>
12.03	<del>71</del>	Small Power Producer Rider – Dependable Service	<u>T</u>

### 13.00        MANDATORY RIDERS & APPLICABILITY MATRIX

13.01	<del>98</del>	Fuel Adjustment Clause Rider <ul style="list-style-type: none"> <li><i>Applicable to all services and riders unless otherwise stated in the mandatory riders matrix</i></li> </ul>	<u>T</u>
13.02	<del>N/A</del>	N/A (reserved for future use)	<u>T</u>
13.03	<del>N/A</del>	N/A (reserved for future use)	<u>T</u>
13.04	<del>98.3</del>	Energy Efficiency Project (EEP) Rider	<u>T</u>



Fergus Falls, Minnesota

*First Revision, Canceling Original*

(Continued)

## Electric Service – South Dakota – Index

Section *Prior Sheet* Item T

### 14.00 VOLUNTARY RIDERS & APPLICABILITY MATRIX

14.01	<del>7</del>	Water Heating – Controlled Service	<u>T</u>
14.02	<del>N/A</del>	Real Time Pricing Rider	<u>T</u>
14.03	<del>30.9</del>	Large General Service Rider	<u>T</u>
14.04	<del>50</del>	Controlled Service – Interruptible Load (CT Metering) Rider	<u>T</u>
14.05	<del>50.1</del>	Controlled Service – Interruptible Load (Self-Contained Metering) Rider	<u>T</u>
14.06	<del>50.2</del>	Controlled Service – Deferred Load Rider	<u>T</u>
14.07	<del>50.3</del> <del>50.4</del> <del>50.5</del>	Fixed Time of Delivery Rider	<u>T</u>
14.08	<del>94.5</del>	Voluntary Air Conditioning Control Rider ( <b>CoolSavings</b> )	<u>T</u>
14.09	<del>91.5</del>	Voluntary Renewable Energy Rider ( <b>TailWinds</b> )	<u>T</u>
14.10	<del>N/A</del>	N/A (section reserved for future use)	<u>T</u>
14.11	<del>94</del>	Released Energy Access Program (REAP) Rider	<u>T</u>
14.12	<del>50.7</del>	Bulk Interruptible Service Application and Pricing Guide	<u>T</u>

### 15.00 COMMUNITIES SERVED

15.00	<del>N/A</del>	South Dakota Communities Served	<u>T</u>
-------	----------------	---------------------------------	----------

### 16.00 SUMMARY OF CONTRACTS WITH DEVIATIONS

16.00	<del>Section 4, Sheets 1-4</del>	Summary of Contracts with Deviations	<u>T</u>
-------	----------------------------------	--------------------------------------	----------

**OTTER TAIL POWER COMPANY**  
**CALCULATION OF ANNUAL CUSTOMER-RELATED MARGINAL UNIT COST**

	12.01 Net Metering kWh Meter	12.02/12.03 Time of Day / Dependable Time of Day Meter
	--- (2009 Dollars per Customer) ---	
<b><u>a) Investment - Meter Costs</u></b>		
(1) Meter Cost Investment per Customer	\$75.00	\$275.00
(2) With General Plant Loading (1) x 1.0000	75.00	275.00
(3) Annual Economic Charge Related to Capital Investment	9.00%	9.00%
(4) A&G Loading (Plant Related)	0.16%	0.16%
(5) Total Carrying Charge Meters (3) + (4)	9.16%	9.16%
(6) Total Annualized Meter Costs (2) x (5)	6.87	25.18
<b><u>b) Investment - Meter Service Drops</u></b>		
(7) Service Cost Investment per Customer	\$0.00	\$0.00
(8) With General Plant Loading (1) x 1.0000	0.00	0.00
(9) Annual Economic Charge Related to Capital Investment	7.72%	7.72%
(10) A&G Loading (Plant Related)	0.16%	0.16%
(11) Total Carrying Charge Services (9) + (10)	7.88%	7.88%
(12) Total Annualized Service Costs (8) x (11)	0.00	0.00
<b><u>c) O&amp;M - Meter, Customer Accounts Expenses, Customer Service</u></b>		
(13) Meter and CT O&M Expenses	7.80	7.80
(14) Customer Accounts Expenses	62.47	62.47
(15) Customer Service and Informational Expenses	1.47	1.47
(16) With A&G Loading [(13)+(14)+(15)] x 1.1425 (Non-plant Related)	81.97	81.97
(17) Customer-Related Costs (6) + (16)	88.84	107.15
<b>Working Capital</b>		
(18) Materials and Supplies (2) x 1.34%	1.01	3.69
(19) Prepayments (2) x 0.130%	0.10	0.36
(20) Cash Working Capital (16) x -0.31%	-0.25	-0.25
(21) Revenue Requirement for Working Capital [(18)+(19)+(20)] x 12.19%	0.10	0.46
(22) Total Annual Marginal Customer-Related Costs (17) + (21)	\$88.94	\$107.61
<b>Total Marginal Cost per a Month (22) / 12</b>	<b>\$7.41</b>	<b>\$8.97</b>

Sources:

Lines (1) and (7): Schedule 6 "Marginal Distribution Facilities Investment By Customer Class" (Tab Name: Dist Fac Inv per Cust S6)

Lines (2), (4), (8), (10), and (16): Schedule 15 "Loading Factors for Administrative & General Expenses And General Plant & The Electric Share of Common Plant" (Tab Name: Loaders S15)

Lines (3) and (9): Schedule 16 "Derivation of Economic Carrying Charge" (Tab Name: ECC S16)

Line (13): Schedule 10 "Meter and Transformer O&M Expense by Customer Class" (Tab Name: CTMeter O&M Exp by CustClassS10)

Line (14): Schedule 12. "Customer Accounts Expense by Customer Class" (Tab Name: Cust Acct Exp by Class S12)

Line (15): Schedule 14 "Customer Service & Informational Expenses by Customer Class" (Tab Name: Cust Serv&Info Exp by Class S14)

Lines (18) and (19): NERA worksheet 5 "Materials and Supplies and Prepayments" (Tab Name: Mat & Supplies W5)

Line (20): NERA worksheet 3 "Derivation of Fuel and Non-Fuel Cash Working Capital" (Tab Name: Cash W Cap W3)

Line (21): NERA worksheet W4 "Derivation of Revenue Requirement for Working Capital" (Tab Name: Rev Req W4')



Fergus Falls, Minnesota

*First Revision, Canceling Original*

## Electric Service – South Dakota – Index

<u>Section</u>	<u>Item</u>	<u>T</u>
<b>1.00</b>	<b>GENERAL SERVICE RULES</b>	
1.01	Scope of General Rules and Regulations	T
1.02	Application for Service	T
1.03	Deposits, Guarantees and Credit Policy	T
1.04	Customer Connection Charge	T
1.05	Contracts, Agreements and Sample Forms	T
<b>2.00</b>	<b>RATE APPLICATION</b>	
2.01	Assisting Customers in Rate Selection	T
2.02	Service Classification	T
<b>3.00</b>	<b>CURTAILMENT OR INTERRUPTION OF SERVICE</b>	
3.01	Disconnection of Service	T
3.02	Curtailed or Interruption of Service	T
3.03	N/A (section reserved for future use)	T
3.04	N/A (section reserved for future use)	T
3.05	Continuity of Service	T



(Continued)

## Electric Service – South Dakota – Index

<u>Section</u>	<u>Item</u>	<u>T</u>
<b>4.00</b>	<b>METERING &amp; BILLING</b>	
4.01	Meter and Service Installations	T
4.02	Meter Readings	T
4.03	Estimated Readings	T
4.04	Meter Testing	T
4.05	Access to Customer Premises	T
4.06	Establishing Demands	T
4.07	Monthly Billing Period and Prorated Bills	T
4.08	Electric Service Statement - Identification of Amounts and Meter Reading	T
4.09	Billing Adjustments	T
4.10	Payment Policy	T
4.11	Even Monthly Payment (EMP) Plan	T
4.12	Summary Billing Services	T
4.13	Account History Charge	T
4.14	Combined Metering	T
<b>5.00</b>	<b>STANDARD INSTALLATION AND EXTENSION RULES</b>	
5.01	Extension Rules and Minimum Revenue Guarantee	T
5.02	Special Facilities	T
5.03	Temporary Services	T
5.04	Standard Installation	T
5.05	Service Connection	T
<b>6.00</b>	<b>USE OF SERVICE RULES</b>	
6.01	Customer Equipment	T
6.02	Use of Service; Prohibition on Resale	T



*(Continued)*

## Electric Service – South Dakota – Index

<i>Section</i>	<i>Item</i>	<i>T</i>
----------------	-------------	----------

### 7.00 COMPANY’S RIGHTS

7.01	Waiver of Rights or Default	T
7.02	Modification of Rates, Rules and Regulations	T

### 8.00 GLOSSARY AND SYMBOLS

8.01	Glossary	T
8.02	Definition of Symbols	T

## Rate Schedules & Riders

### 9.00 RESIDENTIAL AND FARM SERVICES

9.01	Residential Service	T
9.02	Residential Demand Control Service	T
9.03	Farm Service	T

### 10.00 GENERAL SERVICES

10.01	Small General Service (Less than 20kW)	T
10.02	General Service (20kW or Greater)	T
10.03	Large General Service	T
10.04	Commercial Service – Time of Use	T
10.05	Large General Service – Time of Day	T



(Continued)

## Electric Service – South Dakota – Index

<u>Section</u>	<u>Item</u>	T
<b>11.00</b>	<b>OTHER SERVICES</b>	
11.01	Standby Service	T
11.02	Irrigation Service	T
11.03	Outdoor Lighting – Energy Only	T
11.04	Outdoor Lighting	T
11.05	Municipal Pumping Service	T
11.06	Civil Defense – Fire Sirens	T
<b>12.00</b>	<b>POWER PRODUCER RIDERS &amp; APPLICABILITY MATRIX</b>	
12.01	Small Power Producer Rider – Occasional Delivery Energy Service	T
12.02	Small Power Producer Rider – Time of Delivery Energy Service	T
12.03	Small Power Producer Rider – Dependable Service	T
<b>13.00</b>	<b>MANDATORY RIDERS &amp; APPLICABILITY MATRIX</b>	
13.01	Fuel Adjustment Clause Rider <ul style="list-style-type: none"> <li>• <i>Applicable to all services and riders unless otherwise stated in the mandatory riders matrix</i></li> </ul>	T
13.02	N/A (reserved for future use)	T
13.03	N/A (reserved for future use)	T
13.04	Energy Efficiency Project (EEP) Rider	T





Fergus Falls, Minnesota

First Revision, Canceling Original

(Continued)

## Electric Service – South Dakota – Index

<u>Section</u>	<u>Item</u>	<u>T</u>
----------------	-------------	----------

### **14.00 VOLUNTARY RIDERS & APPLICABILITY MATRIX**

14.01	Water Heating – Controlled Service	T
14.02	Real Time Pricing Rider	T
14.03	Large General Service Rider	T
14.04	Controlled Service – Interruptible Load (CT Metering) Rider	T
14.05	Controlled Service – Interruptible Load (Self-Contained Metering) Rider	T
14.06	Controlled Service – Deferred Load Rider	T
14.07	Fixed Time of Delivery Rider	T
14.08	Voluntary Air Conditioning Control Rider ( <b>CoolSavings</b> )	T
14.09	Voluntary Renewable Energy Rider ( <b>TailWinds</b> )	T
14.10	N/A (section reserved for future use)	T
14.11	Released Energy Access Program (REAP) Rider	T
14.12	Bulk Interruptible Service Application and Pricing Guide	T

### **15.00 COMMUNITIES SERVED**

15.00	South Dakota Communities Served	T
-------	---------------------------------	---

### **16.00 SUMMARY OF CONTRACTS WITH DEVIATIONS**

16.00	Summary of Contracts with Deviations	T
-------	--------------------------------------	---

**Energy Payment Schedule  
Otter Tail Power Company**

	Summer June 01 to September 30		Winter October 01 to May 31	
	<u>On-Peak</u>	<u>Off-Peak</u>	<u>On-Peak</u>	<u>Off-Peak</u>
	System Incremental Energy Costs (Dollars per MWh) for Rates 903 and 904	47.48	27.73	39.41
Weighted Average of all Periods (mills per kWh)	30.346	-	-	-
Sum of weighted Marginal Energy Costs (dollars per kWh)	0.03035	-	-	-
Renewable Energy Credit (dollars per kWh)	0.00300	-	-	-
Total Sum of Weighted Marginal Energer Costs (dollars per kWh) for Rate 902	<u><u>0.03335</u></u>	-	-	-




Fergus Falls, Minnesota

*First Revision, Canceling Original*

**POWER PRODUCER RIDERS - APPLICABILITY MATRIX**

The amount of a bill for service will be modified by any Mandatory Rate Riders that must apply, Voluntary Rate Riders selected by the Customer, and charges listed in the General Rules and Regulations.

 <b>Applicability Matrix</b>	<b>Power Producer Riders</b>	Occasional Delivery Energy Rider	Temperature-Time of Delivery Rider	Dependable Service Rider
<b>Base Tariffs</b>	Section Numbers	12.01	12.02	12.03
<b>RESIDENTIAL &amp; FARM SERVICES</b>				
Residential Service	9.01	✓	✓	✓
Residential Demand Control Service	9.02	✓	✓	✓
Farm Service	9.03	✓	✓	✓
<b>GENERAL SERVICES</b>				
Small General Service (Less than 20 kW)	10.01	✓	✓	✓
General Service (20 kW or greater)	10.02	✓	✓	✓
Commercial Service - Time of Use	10.04	✓	✓	✓
Large General Service	10.05	✓	✓	✓
Large General Service - Time of Day	10.06	✓	✓	✓
<b>OTHER SERVICES</b>				
Standby Service	11.01			✓
Irrigation Service	11.02	✓	✓	✓
Outdoor Lighting - Energy Only	11.03			
Outdoor Lighting	11.04			
Municipal Pumping Service	11.05	✓	✓	✓
Civil Defense - Fire Sirens	11.06			
<b>Key:</b> ✓ = May apply    ■ = Mandatory    □ = Not Applicable				

SOUTH DAKOTA PUBLIC UTILITIES COMMISSION  
 Filed on: ~~October 31, 2008~~ December 18, 2009  
 Approved by order dated: ~~June 30, 2009~~  
 Docket No. EL08-0309-026

Bernadeen Brutlag  
 Manager, Regulatory Services

EFFECTIVE with bills rendered on and after ~~July 1, 2009~~ February 1, 2010, in South Dakota

T



Fergus Falls, Minnesota

South Dakota P.U.C. Volume II  
Section 12.00 – Sheet No. 2  
ELECTRIC RATE SCHEDULE  
Power Producer Riders – Applicability Matrix

*First Revision, Canceling Original*

SOUTH DAKOTA PUBLIC  
UTILITIES COMMISSION

Filed on: ~~October 31, 2008~~ December 18,  
2009

Approved by order dated: ~~June 30, 2009~~  
Docket No. EL08-~~0309-026~~

Bernadeen Brutlag  
Manager, Regulatory Services

EFFECTIVE with bills  
rendered on and after  
~~July 1, 2009~~ ~~February 1, 2010~~,  
in South Dakota

**CAPACITY PAYMENT SCHEDULE**  
OTTER TAIL POWER COMPANY

Year of Filing	2009
Year of Deficit	2009
Inflation Rate	0.03
Cost of Capita	0.0915
Project Life	35

Contract Term	Multiplier	\$/kW-Month Gross Capacity Rate	\$/kW-Month Net Capacity Rate	\$/kW-Month Net Levelized Rate
1	0.6731	\$11.35	\$7.64	\$7.64
2	0.6838	\$11.35	\$7.76	\$7.76
3	0.6945	\$11.35	\$7.88	\$7.88
4	0.7051	\$11.35	\$8.00	\$8.00
5	0.7156	\$11.35	\$8.12	\$8.12
6	0.7261	\$11.35	\$8.24	\$8.24
7	0.7365	\$11.35	\$8.36	\$8.36
8	0.7468	\$11.35	\$8.48	\$8.48
9	0.7571	\$11.35	\$8.59	\$8.59
10	0.7673	\$11.35	\$8.71	\$8.71
11	0.7774	\$11.35	\$8.82	\$8.82
12	0.7874	\$11.35	\$8.94	\$8.94
13	0.7974	\$11.35	\$9.05	\$9.05
14	0.8073	\$11.35	\$9.16	\$9.16
15	0.8171	\$11.35	\$9.27	\$9.27
16	0.8268	\$11.35	\$9.38	\$9.38
17	0.8364	\$11.35	\$9.49	\$9.49
18	0.8460	\$11.35	\$9.60	\$9.60
19	0.8554	\$11.35	\$9.71	\$9.71
20	0.8648	\$11.35	\$9.82	\$9.82
21	0.8741	\$11.35	\$9.92	\$9.92
22	0.8834	\$11.35	\$10.03	\$10.03
23	0.8926	\$11.35	\$10.13	\$10.13
24	0.9017	\$11.35	\$10.23	\$10.23
25	0.9108	\$11.35	\$10.34	\$10.34
26	0.9198	\$11.35	\$10.44	\$10.44
27	0.9288	\$11.35	\$10.54	\$10.54
28	0.9377	\$11.35	\$10.64	\$10.64
29	0.9466	\$11.35	\$10.74	\$10.74
30	0.9555	\$11.35	\$10.85	\$10.85
31	0.9644	\$11.35	\$10.95	\$10.95
32	0.9733	\$11.35	\$11.05	\$11.05
33	0.9822	\$11.35	\$11.15	\$11.15
34	0.9911	\$11.35	\$11.25	\$11.25
35	1.0000	\$11.35	\$11.35	\$11.35

COMPUTATION FOR \$/KW-MONTH NET CAPACITY RATE:

CURRENT FOR NEW PEAKING FACILITY	\$987.00 /kW
LEVELIZED FIXED CHARGE RATE	13.799%
ANNUAL RECOVERY NEEDED	\$136.20
MONTHLY CHARGE/KW	\$11.35



Fergus Falls, Minnesota

First Revision, Canceling Original

**POWER PRODUCER RIDERS - APPLICABILITY MATRIX**

The amount of a bill for service will be modified by any Mandatory Rate Riders that must apply, Voluntary Rate Riders selected by the Customer, and charges listed in the General Rules and Regulations.

 <b>Applicability Matrix</b>	<b>Power Producer Riders</b>	Occasional Delivery Energy Rider	Time of Delivery Rider	Dependable Service Rider
<b>Base Tariffs</b>	Section Numbers	12.01	12.02	12.03
<b>RESIDENTIAL &amp; FARM SERVICES</b>				
Residential Service	9.01	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Residential Demand Control Service	9.02	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Farm Service	9.03	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<b>GENERAL SERVICES</b>				
Small General Service (Less than 20 kW)	10.01	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
General Service (20 kW or greater)	10.02	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Commercial Service - Time of Use	10.04	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Large General Service	10.05	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Large General Service - Time of Day	10.06	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<b>OTHER SERVICES</b>				
Standby Service	11.01			<input checked="" type="checkbox"/>
Irrigation Service	11.02	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Outdoor Lighting - Energy Only	11.03			
Outdoor Lighting	11.04			
Municipal Pumping Service	11.05	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Civil Defense - Fire Sirens	11.06			
<b>Key:</b> ✓ = May apply    ■ = Mandatory    □ = Not Applicable				

T



Fergus Falls, Minnesota

**SMALL POWER PRODUCER RIDER  
OCCASIONAL DELIVERY ENERGY SERVICE**

DESCRIPTION	RATE CODE
Occasional Delivery Energy Service	70-902

**RULES AND REGULATIONS:** Terms and conditions of this rider and the General Rules and Regulations govern use of this schedule.

**AVAILABILITY:** Available to any qualifying facility not exceeding 100 kW of generating capacity.

**METERING-CUSTOMER CHARGE:** ~~\$1.40~~3.70 per month

I

**PAYMENT SCHEDULE:** Effective ~~May 1, 1984:~~

C

~~Base Avoided Costs 1.67~~3.141¢ per kWh

T I

~~Base Avoided Costs plus Renewable Energy Credit 3.441~~¢ per kWh

T I

**MANDATORY AND VOLUNTARY RIDERS:** The amount of a bill for service will be modified by any Mandatory Rate Riders that must apply or Voluntary Rate Riders selected by the Customer, unless otherwise noted in this rider. See Sections 12.00, 13.00 and 14.00 of the South Dakota electric rates for the matrices of riders.

**SPECIAL CONDITIONS OF SERVICE:** The minimum contracted term of service is 12 months.

**TERMS AND CONDITIONS:** The use of this rider requires that special precautions be taken in the design of associated metering and control systems. The following terms and conditions describe these precautions and shall be followed on all Customer owned small qualifying facilities (SQF).

1. The Customer will be compensated monthly for all energy received from the SQF less the ~~metering-Customer~~ charge. The schedule for these payments is subject to annual review.
2. If the SQF is located at a site outside of the Company's service territory and energy is delivered to the Company through facilities owned by another utility, energy payments will be adjusted downward reflecting losses occurring between the point of metering and

T

SOUTH DAKOTA PUBLIC UTILITIES COMMISSION  
Filed on: ~~October 31, 2008~~December 18, 2009

Bernadeen Brutlag  
Manager, Regulatory Services

EFFECTIVE with bills rendered on and after ~~July 1, 2009~~  
in South Dakota

Approved by order dated: ~~June 30, 2009~~  
Docket No. EL08-0309-026





Fergus Falls, Minnesota

the point of delivery.

- 3. A-If required, a separate meter will be furnished, owned and maintained by the Company to measure the energy to the Company. Separate monthly charges may apply for any additional metering installed by the Company at the Customer's request.

T  
C  
C



Fergus Falls, Minnesota

(Continued)

- 4. The SQF shall make provisions for the installation of Company owned on-site metering. All energy received from and delivered to the Company shall be ~~separately~~ metered. On site use of the SQF output shall be unmetered for purposes of compensation unless the SQF desires to sell all its generated output to, and purchase all of its energy from, the Company. T  
T
- 5. In the event the SQF desires wheeling by the Company of the SQF output, arrangements will be made subject to special consideration.
- 6. The Customer shall pay for any increased capacity of the distribution equipment serving him and made necessary by the installation of the generator.
- 7. Power and energy purchased by the SQF from the Company shall be billed under the available retail rates for the purchase of electricity. T
- 8. The generator output must be compatible with the Company's system. The Customer's 60 hertz generator output must be at the voltage and phase relationship of the existing service or of one mutually agreeable to the Company and the Customer. T
- 9. The Customer will provide equipment to maintain a 100% power factor (+ or - 10%) during periods of generator operation.
- 10. The Company reserves the right to disconnect the Customer's generator from its system if it interferes with the operation of the Company's equipment or with the equipment of other Company.
- 11. The Customer is required to follow the Company's interconnection process which requires that Prior to installation, a detailed diagram of the generator and related equipment must be furnished to the Company for its approval. T  
T
- 12. The Customer shall execute an electric service agreement with the Company which may include, among other provisions, a minimum term of service.
- 13. The SQF shall indemnify and save harmless the Company from and against any and all claims for damages to property and injury or death to persons which may arise out of or be caused by the erection, maintenance, presence, operation or removal of the SQF or by any related act or omission of the SQF, its employees, agents, contractors or



Fergus Falls, Minnesota

(Continued)

subcontractors. The SQF will keep in force, liability insurance against personal or property damage due to the installation, interconnection and operation of its electric generating facilities. The minimum amount of insurance coverage will be \$300,000.

- 14. Equipment shall be provided by the Customer that provides a ~~positive~~ means of preventing feedback to the Company during an outage or interruption of that system; as well as a visible means to disconnect the generator from the Company that is readily accessible by Company employees. T  
T  
T  
T
- 15. The Customer shall install, own and maintain all equipment deemed necessary by the Company to assure proper parallel operation of the system.
- 16. Except in cases of emergency, the Customer will be notified in advance, personally or by telephone, whenever a disconnection of their generating facility is necessary. They will also be advised of the reason for, and the estimated duration of, the outage.
- 17. Any renewable energy credits associated with the renewable energy sold to the Company will be transferred to the Company and the renewable generator will be compensated an additional payment of \$3.00/MWh (\$0.00300/kWh), as shown in the payment schedule. C  
C  
C



Fergus Falls, Minnesota

**SMALL POWER PRODUCER RIDER  
OCCASIONAL DELIVERY ENERGY SERVICE**

DESCRIPTION	RATE CODE
Occasional Delivery Energy Service	70-902

**RULES AND REGULATIONS:** Terms and conditions of this rider and the General Rules and Regulations govern use of this schedule.

**AVAILABILITY:** Available to any qualifying facility not exceeding 100 kW of generating capacity.

**CUSTOMER CHARGE:** \$3.70 per month

I

**PAYMENT SCHEDULE:** Effective :

C

Base Avoided Costs 3.141¢ per kWh

T I

Base Avoided Costs plus Renewable Energy Credit 3.441¢ per kWh

T I

**MANDATORY AND VOLUNTARY RIDERS:** The amount of a bill for service will be modified by any Mandatory Rate Riders that must apply or Voluntary Rate Riders selected by the Customer, unless otherwise noted in this rider. See Sections 12.00, 13.00 and 14.00 of the South Dakota electric rates for the matrices of riders.

**SPECIAL CONDITIONS OF SERVICE:** The minimum contracted term of service is 12 months.

**TERMS AND CONDITIONS:** The use of this rider requires that special precautions be taken in the design of associated metering and control systems. The following terms and conditions describe these precautions and shall be followed on all Customer owned small qualifying facilities (SQF).

1. The Customer will be compensated monthly for all energy received from the SQF less the Customer charge. The schedule for these payments is subject to annual review.
2. If the SQF is located at a site outside of the Company's service territory and energy is delivered to the Company through facilities owned by another utility, energy payments will be adjusted downward reflecting losses occurring between the point of metering and the point of delivery.

T



Fergus Falls, Minnesota

South Dakota P.U.C. Volume II  
Section 12.01 – Sheet No. 2  
ELECTRIC RATE SCHEDULE  
Small Power Producer Rider  
Occasional Delivery Energy Service  
First Revision, Canceling Original

(Continued)

- 3. If required, a separate meter will be furnished, owned and maintained by the Company to measure the energy to the Company. Separate monthly charges may apply for any additional metering installed by the Company at the Customer's request. T  
C  
C
- 4. The SQF shall make provisions for the installation of Company owned on-site metering. All energy received from and delivered to the Company shall be metered. On site use of the SQF output shall be unmetered for purposes of compensation unless the SQF desires to sell all its generated output to, and purchase all of its energy from, the Company. T  
T
- 5. In the event the SQF desires wheeling by the Company of the SQF output, arrangements will be made subject to special consideration.
- 6. The Customer shall pay for any increased capacity of the distribution equipment serving him and made necessary by the installation of the generator.
- 7. Power and energy purchased by the SQF from the Company shall be billed under the available retail rates for the purchase of electricity. T
- 8. The generator output must be compatible with the Company's system. The Customer's 60 hertz generator output must be at the voltage and phase relationship of the existing service or of one mutually agreeable to the Company and the Customer. T
- 9. The Customer will provide equipment to maintain a 100% power factor (+ or - 10%) during periods of generator operation.
- 10. The Company reserves the right to disconnect the Customer's generator from its system if it interferes with the operation of the Company's equipment or with the equipment of other Company.
- 11. The Customer is required to follow the Company's interconnection process which requires that prior to installation, a detailed diagram of the generator and related equipment must be furnished to the Company for its approval. T  
T
- 12. The Customer shall execute an electric service agreement with the Company which may include, among other provisions, a minimum term of service.
- 13. The SQF shall indemnify and save harmless the Company from and against any and all claims for damages to property and injury or death to persons which may arise out of or



Fergus Falls, Minnesota

(Continued)

be caused by the erection, maintenance, presence, operation or removal of the SQF or by any related act or omission of the SQF, its employees, agents, contractors or subcontractors. The SQF will keep in force, liability insurance against personal or property damage due to the installation, interconnection and operation of its electric generating facilities. The minimum amount of insurance coverage will be \$300,000.

- 14. Equipment shall be provided by the Customer that provides a means of preventing feedback to the Company during an outage or interruption of that system as well as a visible means to disconnect the generator from the Company that is readily accessible by Company employees. T  
T  
T  
T
- 15. The Customer shall install, own and maintain all equipment deemed necessary by the Company to assure proper parallel operation of the system.
- 16. Except in cases of emergency, the Customer will be notified in advance, personally or by telephone, whenever a disconnection of their generating facility is necessary. They will also be advised of the reason for, and the estimated duration of, the outage.
- 17. Any renewable energy credits associated with the renewable energy sold to the Company will be transferred to the Company and the renewable generator will be compensated an additional payment of \$3.00/MWh (\$0.00300/kWh), as shown in the payment schedule. C  
C  
C



Fergus Falls, Minnesota

**SMALL POWER PRODUCER RIDER**  
**~~TEMPERATURE~~-TIME OF DELIVERY ENERGY SERVICE**

**T**

DESCRIPTION	RATE CODE
<del>Temperature</del> -Time of Delivery Energy Service	70-903

**T**

**RULES AND REGULATIONS:** Terms and conditions of this rider and the General Rules and Regulations govern use of this schedule.

**AVAILABILITY:** This rider is available to any Qualifying Facility not exceeding 100 kW of generating capacity.

**~~METERING-CUSTOMER CHARGE:~~** \$~~3.258.97~~ per month

**I**

**PAYMENT SCHEDULE:** Effective:

**C**

EFFECTIVE DATE	ENERGY CREDIT	
	<b>Summer</b>	
<u>Base Avoided Costs</u>	<u>On-Peak</u>	<u>Off-Peak</u>
<u>May 1, 1984</u>	<u>2.034.748¢ per kWh</u>	<u>1.482.773¢ per kWh</u>
<u>1984 Summer</u>		
	<b>Winter</b>	
<u>May 1, 1984</u>	<u>On-Peak</u>	<u>Off-Peak</u>
<u>Winter</u>	<u>2.303.941¢ per kWh</u>	<u>1.732.103¢ per kWh</u>
<u>Base Avoided Costs</u>	<u>On-Peak</u>	<u>Off-Peak</u>
<u>Plus Renewable Energy Credit</u>	<u>On-Peak</u>	<u>Off-Peak</u>
<u>Summer</u>	<u>5.048¢ per kWh</u>	<u>3.073¢ per kWh</u>
<u>Winter</u>	<u>4.241¢ per kWh</u>	<u>2.403¢ per kWh</u>

**C  
I**

**C  
I**

**C  
C  
I  
I**

**MANDATORY AND VOLUNTARY RIDERS:** The amount of a bill for service will be modified by any Mandatory Rate Riders that must apply or Voluntary Rate Riders selected by the Customer, unless otherwise noted in this rider. See Sections 12.00, 13.00 and 14.00 of the South Dakota electric rates for the matrices of riders.



Fergus Falls, Minnesota

South Dakota P.U.C. Volume II  
Section 12.02 – Sheet No. 2  
ELECTRIC RATE SCHEDULE  
Small Power Producer Rider  
~~Temperature~~—Time of Delivery Energy Service  
*First Revision, Canceling Original*

**SPECIAL CONDITIONS OF SERVICE:** The minimum contracted term of service is 12 months.

SOUTH DAKOTA PUBLIC  
UTILITIES COMMISSION

Filed on: ~~October 31, 2008~~December 18, 2009

Approved by order dated: ~~June 30, 2009~~  
Docket No. EL08-0309-026

Bernadeen Brutlag  
Manager, Regulatory Services

Page 2 of 5

EFFECTIVE with bills  
rendered on and after  
~~July 1, 2009~~,  
in South Dakota





Fergus Falls, Minnesota

(Continued)

**DEFINITIONS:**

Summer On-Peak: ~~May 1 through October 31~~ June 1 through September 30, including those hours from 6:00 a.m. to 10:00 p.m., Monday through ~~Saturday~~ Friday when the outside temperature exceeds 80 degrees F., excluding holidays. C C C

Summer Off-Peak: All other hours.

Winter On-Peak: ~~November 1 through April 30~~ October 1 through May 31, including those hours from 6:00 a.m. to 10:00 p.m., Monday through ~~Saturday~~ Friday when the outside temperature is less than 0 degrees Fahrenheit, excluding holidays. C C C

Winter Off-Peak: All other hours.

Holidays: New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and Christmas Day.

**TERMS AND CONDITIONS:** The use of this rate requires that special precautions be taken in the design of associated metering and control systems. The following terms and conditions describe these precautions and shall be followed on all Customer-owned small qualifying facilities (SQF).

1. The Customer will be compensated monthly for all energy received from the SQF less the ~~metering~~ Customer charge. The schedule for these payments is subject to annual review. T
2. If the SQF is located at a site outside of the Company's service territory and energy is delivered to the Company through facilities owned by another utility, energy payments will be adjusted downward reflecting losses occurring between the point of metering and the point of delivery.
3. ~~If required, a~~ separate meter will be furnished, owned and maintained by the Company to measure the energy to the Company. Separate monthly charges may apply for any additional metering installed by the company at the Customer's request. T C C
4. The SQF shall make provisions for the installation of Company owned on-site metering. All energy received from and delivered to the Company shall be ~~separately~~ metered. T T  
Onsite use of the SQF output shall be unmetered for purposes of compensation unless the



Fergus Falls, Minnesota

(Continued)

SQF desires to sell all its generated output to, and purchase all of its energy from, the Company.

5. In the event the SQF desires wheeling by the Company of the SQF output, arrangements will be made subject to special consideration.

6. The Customer shall pay for any increased capacity of the distribution equipment serving him and made necessary by the installation of the generator.

7. Power and energy purchased by the SQF from the Company shall be billed under the available retail rates for the purchase of electricity. T

8. The generator output must be compatible with the Company's system. The Customer's 60 hertz generator output must be at the voltage and phase relationship of the existing service or of one mutually agreeable to the Company and the Customer. T

9. The Customer will provide equipment to maintain a 100% power factor (+ or - 10%) during periods of generator operation.

10. The Company reserves the right to disconnect the Customer's generator from its system if it interferes with the operation of the Company's equipment or with the equipment of other Company Customers.

11. The Customer is required to follow the Company's interconnection process which requires that pPrior to installation, a detailed diagram of the generator and related equipment must be furnished to the Company for its approval. T

12. The Customer shall execute an electric service agreement with the Company which may include, among other provisions, a minimum term of service.

13. The SQF shall indemnify and save harmless the Company from and against any and all claims for damages to property and injury or death to persons which may arise out of or be caused by the erection, maintenance, presence, operation or removal of the SQF or by any related act or omission of the SQF, its employees, agents, contractors or subcontractors. The SQF will keep in force, liability insurance against personal or property damage due to the installation, interconnection and operation of its electric generating facilities. The minimum amount of insurance coverage will be \$300,000.



Fergus Falls, Minnesota

(Continued)

- 14. Equipment shall be provided by the Customer that provides a ~~positive~~ means of preventing feedback to the Company during an outage or interruption of that system: as well as a visible means to disconnect the generator from the Company that is readily accessible by Company employees. T  
T  
T  
T
- 15. The Customer shall install, own and maintain all equipment deemed necessary by the Company to assure proper parallel operation of the system.
- 16. Except in cases of emergency, the Customer will be notified in advance, personally or by telephone, whenever a disconnection of their generating facility is necessary. They will also be advised of the reason for, and the estimated duration of, the outage.
- 17. Any renewable energy credits associated with the renewable energy sold to the Company will be transferred to the Company and the renewable generator will be compensated an additional payment of \$3.00/MWh (\$0.00300/kWh), as shown in the payment schedule. C  
C  
C



Fergus Falls, Minnesota

**SMALL POWER PRODUCER RIDER  
 TIME OF DELIVERY ENERGY SERVICE**

T

DESCRIPTION	RATE CODE
Time of Delivery Energy Service	70-903

T

**RULES AND REGULATIONS:** Terms and conditions of this rider and the General Rules and Regulations govern use of this schedule.

**AVAILABILITY:** This rider is available to any Qualifying Facility not exceeding 100 kW of generating capacity.

**CUSTOMER CHARGE:** \$8.97 per month

I

**PAYMENT SCHEDULE:** Effective:

C

<b>ENERGY CREDIT</b>			
Base Avoided Costs		<u>On-Peak</u>	<u>Off-Peak</u>
	Summer	4.748¢ per kWh	2.773¢ per kWh
	Winter	3.941¢ per kWh	2.103¢ per kWh
Base Avoided Costs Plus Renewable Energy Credit		<u>On-Peak</u>	<u>Off-Peak</u>
	Summer	5.048¢ per kWh	3.073¢ per kWh
	Winter	4.241¢ per kWh	2.403¢ per kWh

C  
I  
I

C  
C  
I  
I

**MANDATORY AND VOLUNTARY RIDERS:** The amount of a bill for service will be modified by any Mandatory Rate Riders that must apply or Voluntary Rate Riders selected by the Customer, unless otherwise noted in this rider. See Sections 12.00, 13.00 and 14.00 of the South Dakota electric rates for the matrices of riders.

**SPECIAL CONDITIONS OF SERVICE:** The minimum contracted term of service is 12 months.



Fergus Falls, Minnesota

(Continued)

**DEFINITIONS:**

Summer On-Peak: June 1 through September 30, including those hours from 8:00 a.m. to 10:00 p.m., Monday through Friday, excluding holidays. C  
C  
C

Summer Off-Peak: All other hours.

Winter On-Peak: October 1 through May 31, including those hours from 7:00 a.m. to 10:00 p.m., Monday through Friday, excluding holidays. C  
C  
C

Winter Off-Peak: All other hours.

Holidays: New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and Christmas Day.

**TERMS AND CONDITIONS:** The use of this rate requires that special precautions be taken in the design of associated metering and control systems. The following terms and conditions describe these precautions and shall be followed on all Customer-owned small qualifying facilities (SQF).

1. The Customer will be compensated monthly for all energy received from the SQF less the Customer charge. The schedule for these payments is subject to annual review. T
2. If the SQF is located at a site outside of the Company's service territory and energy is delivered to the Company through facilities owned by another utility, energy payments will be adjusted downward reflecting losses occurring between the point of metering and the point of delivery.
3. If required, a separate meter will be furnished, owned and maintained by the Company to measure the energy to the Company. Separate monthly charges may apply for any additional metering installed by the company at the Customer's request. T  
C  
C
4. The SQF shall make provisions for the installation of Company owned on-site metering. All energy received from and delivered to the Company shall be metered. Onsite use of the SQF output shall be unmetered for purposes of compensation unless the SQF desires to sell all its generated output to, and purchase all of its energy from, the Company. T  
T



Fergus Falls, Minnesota

(Continued)

5. In the event the SQF desires wheeling by the Company of the SQF output, arrangements will be made subject to special consideration.
6. The Customer shall pay for any increased capacity of the distribution equipment serving him and made necessary by the installation of the generator.
7. Power and energy purchased by the SQF from the Company shall be billed under the available retail rates for the purchase of electricity. T
8. The generator output must be compatible with the Company's system. The Customer's 60 hertz generator output must be at the voltage and phase relationship of the existing service or of one mutually agreeable to the Company and the Customer. T
9. The Customer will provide equipment to maintain a 100% power factor (+ or - 10%) during periods of generator operation.
10. The Company reserves the right to disconnect the Customer's generator from its system if it interferes with the operation of the Company's equipment or with the equipment of other Company Customers.
11. The Customer is required to follow the Company's interconnection process which requires that prior to installation, a detailed diagram of the generator and related equipment must be furnished to the Company for its approval. T  
T
12. The Customer shall execute an electric service agreement with the Company which may include, among other provisions, a minimum term of service.
13. The SQF shall indemnify and save harmless the Company from and against any and all claims for damages to property and injury or death to persons which may arise out of or be caused by the erection, maintenance, presence, operation or removal of the SQF or by any related act or omission of the SQF, its employees, agents, contractors or subcontractors. The SQF will keep in force, liability insurance against personal or property damage due to the installation, interconnection and operation of its electric generating facilities. The minimum amount of insurance coverage will be \$300,000.
14. Equipment shall be provided by the Customer that provides a means of preventing feedback to the Company during an outage or interruption of that system as well as a visible means to disconnect the generator from the Company that is readily accessible by T  
T  
T



Fergus Falls, Minnesota

(Continued)

- Company employees. T
- 15. The Customer shall install, own and maintain all equipment deemed necessary by the Company to assure proper parallel operation of the system.
- 16. Except in cases of emergency, the Customer will be notified in advance, personally or by telephone, whenever a disconnection of their generating facility is necessary. They will also be advised of the reason for, and the estimated duration of, the outage.
- 17. Any renewable energy credits associated with the renewable energy sold to the Company will be transferred to the Company and the renewable generator will be compensated an additional payment of \$3.00/MWh (\$0.00300/kWh), as shown in the payment schedule. C  
C  
C



Fergus Falls, Minnesota

**SMALL POWER PRODUCER RIDER  
 DEPENDABLE SERVICE**

DESCRIPTION	RATE CODE
Dependable Service	70-904

**RULES AND REGULATIONS:** Terms and conditions of this tariff and the General Rules and Regulations govern use of this schedule.

**AVAILABILITY:** Available to any qualifying facility not exceeding 100 kW of generating capacity which is capable of delivering power and energy to the Company on a dependable basis.

**MANDATORY AND VOLUNTARY RIDERS:** The amount of a bill for service will be modified by any Mandatory Rate Riders that must apply or Voluntary Rate Riders selected by the Customer, unless otherwise noted in this rider. See Sections 12.00, 13.00 and 14.00 of the South Dakota electric rates for the matrices of riders.

**METERING-CUSTOMER CHARGE:** \$~~8.878.97~~ per month

I

**PAYMENT SCHEDULE:** For deliveries commencing on ~~May 1, 1984~~

C

<b><u>ENERGY PAYMENT</u></b>		
<u>Base Avoided Costs</u>	<u>On-Peak</u>	<u>Off-Peak</u>
<u>Summer</u>	<u>4.748¢ per kWh</u>	<u>2.773¢ per kWh</u>
<u>Winter</u>	<u>3.941¢ per kWh</u>	<u>2.103¢ per kWh</u>
<u>Base Avoided Costs</u>	<u>On-Peak</u>	<u>Off-Peak</u>
<u>Plus Renewable Energy Credit</u>	<u>On-Peak</u>	<u>Off-Peak</u>
<u>Summer</u>	<u>5.048¢ per kWh</u>	<u>3.073¢ per kWh</u>
<u>Winter</u>	<u>4.241¢ per kWh</u>	<u>2.403¢ per kWh</u>

L

II

II

II

II

Energy payment will be adjusted annually to reflect energy costs.

L

SOUTH DAKOTA PUBLIC  
 UTILITIES COMMISSION

Filed on: ~~October 31, 2008~~December  
18, 2009

Approved by order dated: ~~June 30, 2009~~  
 Docket No. EL08-0309-026

Bernadeen Brutlag  
 Manager, Regulatory Services

EFFECTIVE with bills  
 rendered on and after  
July 1, 2009,  
 in South Dakota





Fergus Falls, Minnesota

CONTRACT TERM	CAPACITY PAYMENT	Off-Peak ————— On-Peak	
		Off-Peak	On-Peak
60 mos.	\$ <del>7.728.12</del> per kW	<del>1.15¢ per kWh</del>	<del>1.70¢ per kWh</del>
120 mos.	\$ <del>8.698.71</del> per kW	<del>1.15¢ per kWh</del>	<del>1.70¢ per kWh</del>
180 mos.	\$ <del>9.65-9.27</del> per kW	<del>1.15¢ per kWh</del>	<del>1.70¢ per kWh</del>
240 mos.	\$ <del>10.569.82</del> per kW	<del>1.15¢ per kWh</del>	<del>1.70¢ per kWh</del>
300 mos.	\$ <del>11.4210.34</del> per kW	<del>1.15¢ per kWh</del>	<del>1.70¢ per kWh</del>
360 mos.	\$ <del>12.1510.85</del> per kW	<del>1.15¢ per kWh</del>	<del>1.70¢ per kWh</del>
420 mos.	\$ <del>12.8211.35</del> per kW	<del>1.15¢ per kWh</del>	<del>1.70¢ per kWh</del>

L  
I  
I  
R  
R  
R  
R  
R

~~Energy payment will be adjusted annually to reflect energy costs.~~

L

Total capacity payment equals (accredited capacity value of the QF) times (capacity ~~facto~~ratio) times (appropriate levelized capacity payment~~rate~~).

C  
C

Or if the Qualifying Facility is dipatchable by Otter Tail and tested under the Midwest Reliability Organization (MRO), then the capacity ratio automatically equals 1.

N  
N

SOUTH DAKOTA PUBLIC UTILITIES COMMISSION

Filed on: ~~October 31, 2008~~December 18, 2009

Approved by order dated: ~~June 30, 2009~~  
 Docket No. EL08-0309-026

Bernadeen Brutlag  
 Manager, Regulatory Services

EFFECTIVE with bills rendered on and after July 1, 2009, in South Dakota



**SPECIAL CONDITIONS OF SERVICE:**

1. A qualifying facility, desiring dependable service compensation shall execute a contract agreement for a term of 5, 10, 15, 20, 25, 30 or 35 years.

~~2. If a qualifying facility does not meet the 20% capacity factor requirement for service in any month, the compensation will be based on the energy payment only.~~ D  
D

32. In the event that a qualifying facility terminates service, the Dependable Service severance penalty payment will be determined as follows:

The remaining percentage of the contract term will be multiplied by the average capacity compensation per month and the result multiplied by six months. The average capacity compensation per month will be determined for the last three years or from the contract's initiation, whichever is the shorter period.

In addition, capacity compensation from the initiation of the contract will be recalculated at the capacity payment of the longest contract term filled. The following table illustrates the longest contract term filled given the number of months that payments were made:

<u>Months of Payments</u>	<u>Contract Term Filled</u>
0 - 119	60
120 - 179	120
180 - 239	180
240 - 299	240
300 - 359	300
360 - 420	360

The difference between the actual payments made and the recalculated payments must be repaid with interest. The interest rate used will be the average prime interest rate during the contract period prior to the severance.

43. Qualifying facility may select a total of 30 scheduled maintenance days per year, to be taken in two periods, neither of which shall be less than one week in duration at a time agreeable to the Company. A 30-day prior notice must be given to the Company before a scheduled maintenance period can be established.



Fergus Falls, Minnesota

(Continued)

Capacity payment for a monthly period in which scheduled maintenance has occurred will be the greater of the capacity payment using the regular billing procedure or the average billing capacity payment since the previous month in which a scheduled maintenance period occurred.

**DEFINITIONS:**

Dependable Service: Qualifying facility can deliver power at a minimum of ~~20~~65% on-peak capacity factor in each month; can deliver power during the Company's winter and summer system peaks; and is accredited according to ~~Section 5.2 of the Mid-Continent Area Power Pool Engineering Handbook~~ the Midwest Reliability Organization (MRO). C

Capacity Factor: The number of Kilowatt-hours delivered during the month divided by the product of the accredited capacity times the number of hours in the month. The maximum capacity factor is 1.0.

Summer On-Peak: ~~May 1 through October 31~~ June 1 through September 30 including those hours from ~~6~~8:00 a.m. to 10:00 p.m., Monday through ~~Saturday~~Friday, excluding holidays. C

Winter On-Peak: ~~November 1 through April 30~~ October 1 through May 31 including those hours from ~~6~~7:00 a.m. to 10:00 p.m., Monday through ~~Saturday~~Friday, excluding holidays C

Holidays: New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas Day.

**TERMS AND CONDITIONS:** The use of this rate requires that special precautions be taken in the design of associated metering and control systems. The following terms and conditions describe these precautions and shall be followed on all Customer-owned small qualifying facilities (SQF).

1. The Customer will be compensated monthly for all energy received from the SQF less the ~~metering~~Customer charge. The schedule for these payments is subject to annual review. C
2. If the SQF is located at a site outside of the Company's service territory and energy is delivered to the Company through facilities owned by another utility, energy payments will be adjusted downward reflecting losses occurring between the point of metering and the point of delivery.



Fergus Falls, Minnesota

(Continued)

- 3. If required a separate meter will be furnished, owned and maintained by the Company to measure the energy to the Company. Separate monthly charges may apply for any additional metering installed by the Company at the Customer's request. T  
C  
C
- 4. The SQF shall make provisions s for the installation of Company owned on-site metering. All energy received from and delivered to the Company shall be separately metered. On site use of the SQF output shall be unmetered for purposes of compensation unless the SQF desires to sell all its generated output to, and purchase all of its energy from, the Company. T  
T
- 5. In the event the SQF desires wheeling by the Company of the SQF output, arrangements will be made subject to special consideration.
- 6. The Customer shall pay for any increased capacity of the distribution equipment serving him and made necessary by the installation of his generator.
- 7. Power and energy purchased by the SQF from the Company shall be billed under the available retail rates for the purchase of electricity. T
- 8. The generator output must be compatible with the Company's system. The Customer's 60 hertz generator output must be at the voltage and phase relationship of the existing service or of one mutually agreeable to the Company and the Customer. T
- 9. The Customer will provide equipment to maintain a 100% power factor (+ or - 10%) during periods of generator operation.
- 10. The Company reserves the right to disconnect the Customer's generator from its system if it interferes with the operation of the Company's equipment or with the equipment of other company Customers.
- 11. The Customer is required to follow the Company's interconnection process which requires that pPrior to installation, a detailed diagram of the generator and related equipment must be furnished to the Company for its approval. T  
T
- 12. The Customer shall execute an electric service agreement with the Company which may include, among other provisions, a minimum term of service and generator capacity rating.
- 13. The SQF shall indemnify and save harmless the Company from and against any and all



Fergus Falls, Minnesota

(Continued)

claims for damages to property and injury or death to persons which may arise out of or be caused by the erection, maintenance, presence, operation or removal of the SQF or by any related act or omission of the SQF, its employees, agents, contractors or subcontractors. The SQF will keep in force liability insurance against personal or property damage due to the installation, interconnection, and operation of its electric generating facilities. The minimum amount of insurance coverage will be \$300,000.

- 14. Equipment shall be provided by the Customer that provides a ~~positive~~ means of preventing feedback to the Company during an outage or interruption of that system as well as a visible means to disconnect the generator from the Company that is readily accessible by Company employees. T  
T  
T  
T
- 15. The Customer shall install, own and maintain all equipment deemed necessary by the Company to assure proper parallel operation of the system.
- 16. Except in cases of emergency, the customer will be notified in advance, personally or by telephone, whenever a disconnection of their generating facility is necessary. They will also be advised of the reason for, and the estimated duration of, the outage.
- 17. Any renewable energy credits associated with the renewable energy sold to the Company will be transferred to the Company and the renewable generator will be compensated an additional payment of \$3.00/MWh (\$0.00300/kWh), as shown in the payment schedule. C  
C  
C



Fergus Falls, Minnesota

**SMALL POWER PRODUCER RIDER  
 DEPENDABLE SERVICE**

DESCRIPTION	RATE CODE
Dependable Service	70-904

**RULES AND REGULATIONS:** Terms and conditions of this tariff and the General Rules and Regulations govern use of this schedule.

**AVAILABILITY:** Available to any qualifying facility not exceeding 100 kW of generating capacity which is capable of delivering power and energy to the Company on a dependable basis.

**MANDATORY AND VOLUNTARY RIDERS:** The amount of a bill for service will be modified by any Mandatory Rate Riders that must apply or Voluntary Rate Riders selected by the Customer, unless otherwise noted in this rider. See Sections 12.00, 13.00 and 14.00 of the South Dakota electric rates for the matrices of riders.

**CUSTOMER CHARGE:** \$8.97 per month

I

**PAYMENT SCHEDULE:** For deliveries commencing on

C

ENERGY PAYMENT			
Base Avoided Costs		<u>On-Peak</u>	<u>Off-Peak</u>
	Summer	4.748¢ per kWh	2.773¢ per kWh
	Winter	3.941¢ per kWh	2.103¢ per kWh
Base Avoided Costs Plus Renewable Energy Credit		<u>On-Peak</u>	<u>Off-Peak</u>
	Summer	5.048¢ per kWh	3.073¢ per kWh
	Winter	4.241¢ per kWh	2.403¢ per kWh

L

II

II

II

II

Energy payment will be adjusted annually to reflect energy costs.

L



Fergus Falls, Minnesota

CONTRACT TERM	CAPACITY PAYMENT
60 mos.	\$ 8.12 per kW
120 mos.	\$ 8.71 per kW
180 mos.	\$ 9.27 per kW
240 mos.	\$ 9.82 per kW
300 mos.	\$10.34 per kW
360 mos.	\$10.85 per kW
420 mos.	\$11.35 per kW

L  
I  
I  
R  
R  
R  
R  
R

Total capacity payment equals (accredited capacity value of the QF) times (capacity ratio) times (appropriate leveled capacity rate).

C  
C

Or if the Qualifying Facility is dispatchable by Otter Tail and tested under the Midwest Reliability Organization (MRO), then the capacity ratio automatically equals 1.

N  
N

**SPECIAL CONDITIONS OF SERVICE:**

1. A qualifying facility, desiring dependable service compensation shall execute a contract agreement for a term of 5, 10, 15, 20, 25, 30 or 35 years.
2. In the event that a qualifying facility terminates service, the Dependable Service severance penalty payment will be determined as follows:

D  
D

The remaining percentage of the contract term will be multiplied by the average capacity compensation per month and the result multiplied by six months. The average capacity compensation per month will be determined for the last three years or from the contract's initiation, whichever is the shorter period.

In addition, capacity compensation from the initiation of the contract will be recalculated at the capacity payment of the longest contract term filled. The following table illustrates the longest contract term filled given the number of months that payments were made:

<u>Months of Payments</u>	<u>Contract Term Filled</u>
0 - 119	60
120 - 179	120
180 - 239	180
240 - 299	240
300 - 359	300
360 - 420	360



Fergus Falls, Minnesota

The difference between the actual payments made and the recalculated payments must be repaid with interest. The interest rate used will be the average prime interest rate during the contract period prior to the severance.

- 3. Qualifying facility may select a total of 30 scheduled maintenance days per year, to be taken in two periods, neither of which shall be less than one week in duration at a time agreeable to the Company. A 30-day prior notice must be given to the Company before a scheduled maintenance period can be established.

Capacity payment for a monthly period in which scheduled maintenance has occurred will be the greater of the capacity payment using the regular billing procedure or the average billing capacity payment since the previous month in which a scheduled maintenance period occurred.

**DEFINITIONS:**

Dependable Service: Qualifying facility can deliver power at a minimum of 65% on-peak capacity factor in each month; can deliver power during the Company's winter and summer system peaks; and is accredited according to the Midwest Reliability Organization (MRO). C  
C  
C

Capacity Factor: The number of Kilowatt-hours delivered during the month divided by the product of the accredited capacity times the number of hours in the month. The maximum capacity factor is 1.0.

Summer On-Peak: June 1 through September 30 including those hours from 8:00 a.m. to 10:00 p.m., Monday through Friday, excluding holidays. C  
C

Winter On-Peak: October 1 through May 31 including those hours from 7:00 a.m. to 10:00 p.m., Monday through Friday, excluding holidays C  
C

Holidays: New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas Day.

**TERMS AND CONDITIONS:** The use of this rate requires that special precautions be taken in the design of associated metering and control systems. The following terms and conditions describe these precautions and shall be followed on all Customer-owned small qualifying facilities (SQF).





Fergus Falls, Minnesota

1. The Customer will be compensated monthly for all energy received from the SQF less the Customer charge. The schedule for these payments is subject to annual review. C
2. If the SQF is located at a site outside of the Company's service territory and energy is delivered to the Company through facilities owned by another utility, energy payments will be adjusted downward reflecting losses occurring between the point of metering and the point of delivery.
3. If required a separate meter will be furnished, owned and maintained by the Company to measure the energy to the Company. Separate monthly charges may apply for any additional metering installed by the Company at the Customer's request. T  
C  
C
4. The SQF shall make provisions for the installation of Company owned on-site metering. All energy received from and delivered to the Company shall be metered. On site use of the SQF output shall be unmetered for purposes of compensation unless the SQF desires to sell all its generated output to, and purchase all of its energy from, the Company. T  
T
5. In the event the SQF desires wheeling by the Company of the SQF output, arrangements will be made subject to special consideration.
6. The Customer shall pay for any increased capacity of the distribution equipment serving him and made necessary by the installation of his generator.
7. Power and energy purchased by the SQF from the Company shall be billed under the available retail rates for the purchase of electricity. T
8. The generator output must be compatible with the Company's system. The Customer's 60 hertz generator output must be at the voltage and phase relationship of the existing service or of one mutually agreeable to the Company and the Customer. T
9. The Customer will provide equipment to maintain a 100% power factor (+ or - 10%) during periods of generator operation.
10. The Company reserves the right to disconnect the Customer's generator from its system if it interferes with the operation of the Company's equipment or with the equipment of other company Customers.
11. The Customer is required to follow the Company's interconnection process which requires that prior to installation, a detailed diagram of the generator and related equipment must be furnished to the Company for its approval. T  
T



Fergus Falls, Minnesota

- 12. The Customer shall execute an electric service agreement with the Company which may include, among other provisions, a minimum term of service and generator capacity rating.
- 13. The SQF shall indemnify and save harmless the Company from and against any and all claims for damages to property and injury or death to persons which may arise out of or be caused by the erection, maintenance, presence, operation or removal of the SQF or by any related act or omission of the SQF, its employees, agents, contractors or subcontractors. The SQF will keep in force liability insurance against personal or property damage due to the installation, interconnection, and operation of its electric generating facilities. The minimum amount of insurance coverage will be \$300,000.
- 14. Equipment shall be provided by the Customer that provides a means of preventing feedback to the Company during an outage or interruption of that system as well as a visible means to disconnect the generator from the Company that is readily accessible by Company employees. T  
T  
T  
T
- 15. The Customer shall install, own and maintain all equipment deemed necessary by the Company to assure proper parallel operation of the system.
- 16. Except in cases of emergency, the customer will be notified in advance, personally or by telephone, whenever a disconnection of their generating facility is necessary. They will also be advised of the reason for, and the estimated duration of, the outage.
- 17. Any renewable energy credits associated with the renewable energy sold to the Company will be transferred to the Company and the renewable generator will be compensated an additional payment of \$3.00/MWh (\$0.00300/kWh), as shown in the payment schedule. C  
C  
C