

215 South Cascade Street
PO Box 496
Fergus Falls, Minnesota 56538-0496
218 739-8200
www.otpco.com (web site)



December 18, 2009

Ms. Patricia Van Gerpen, Executive Director
South Dakota Public Utilities Commission
State Capitol Building
500 East Capitol Avenue
Pierre, SD 57501-5070

SUBJECT: In the Matter of Otter Tail Power Company's Rates for Small Power Production and Cogeneration.

Dear Ms. Van Gerpen:

Otter Tail Power Company ("Otter Tail") submits this filing for approval of updates to Otter Tail's Small Power Producer Riders, Sections 12.01, 12.02, and 12.03 of our Tariff Book. These rate schedules set forth the rates under which Otter Tail is obligated to purchase energy and capacity from qualifying facilities.

In this filing, Otter Tail is proposing to update the customer charges, energy and capacity payments, the Electric Service – South Dakota – Index, and Terms and Conditions language. Otter Tail filed an update to these rates on January 9, 2009, but later requested a withdrawal because of Otter Tail's pending South Dakota rate case. Otter Tail is again filing an update to its Small Power Producer rate schedules now that the South Dakota rate case has been concluded. Formatting updates were made to the Small Power Producer Riders through Otter Tail's 2008 South Dakota rate case. The Small Power Producer Payment Schedules were last updated in Otter Tail's December 14, 1984 filing.

The date of this filing is December 18, 2009. The proposed effective date, with Commission approval, for these rates is with billings on or after February 1, 2010. Please note that Otter Tail plans to file the Small Power Producer rates every two years as directed by Order F-3365.

Pursuant to South Dakota Codified Laws Section 49-34A-10 and Administrative Rules of South Dakota ("ARSD") Part 20:10:01:02:05, this filing has been electronically submitted to the Commission at patty.vangerpen@state.sd.us.

Ms. Patricia Van Gerpen

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December 18, 2009

If you have any questions, please contact me at (218) 739-8639 or jgrenier@otpc.com.

Sincerely,

/s/ JASON A. GRENIER

Jason A. Grenier

Pricing Analyst

Regulatory Services

wao

Enclosures

By electronic service

**STATE OF SOUTH DAKOTA
BEFORE THE
SOUTH DAKOTA PUBLIC UTILITIES COMMISSION**

Docket No. _____

In the Matter of Otter Tail Power
Company's Rates for Small Power
Production and Cogeneration

PETITION OF OTTER TAIL POWER COMPANY

I. INTRODUCTION.

Otter Tail Power Company, ("Otter Tail"), hereby applies to the South Dakota Public Utilities Commission ("Commission") for approval of proposed changes to its Small Power Production rate schedules; 12.01, 12.02, and 12.03. These rate schedules set forth the rates under which Otter Tail is obligated to purchase energy and capacity from qualifying facilities (QFs) pursuant to SDPUC Cogeneration and Small Power Production Order dated January 7, 1985 in Docket No. F-3365.

II. GENERAL FILING INFORMATION.

A. Name, address, and telephone number of the utility making the filing.

Otter Tail Power Company
215 South Cascade Street
P.O. Box 496
Fergus Falls, MN 56538-0496
Phone (218) 739-8200

B. Name, address, and telephone number of the attorney for Otter Tail.

Bruce Gerhardson
Associate General Counsel
Otter Tail Power Company
215 South Cascade Street
P.O. Box 496
Fergus Falls, MN 56538-0496
Phone (218) 998-7108
Fax (218) 998-3165

C. Title of utility employee responsible for filing.

Jason Grenier
Pricing Analyst, Regulatory Services
Otter Tail Power Company
215 South Cascade Street
P.O. Box 496
Fergus Falls, MN 56538-0496
(218) 739-8639

D. The date of filing and the date changes will take effect.

The date of this filing is December 18, 2009. Otter Tail proposes that the updated rates for small power production and cogeneration, contained herein, go into effect as of February 1, 2010.

E. Statute controlling schedule for processing the filing.

ARSD Part 20:10:13:15 requires a 30-day notice to the Commission of a proposed change in a utility's tariff schedule, after which time the proposed changes take effect unless suspended. Because no determination of Otter Tail's general revenue requirement is necessary, the report called for under Part 20:10:13:26 and the general notice provisions applicable to changes in rates are not applicable in this filing.

Pursuant to ARSD 20:10:13:18, Otter Tail will post a Notice of proposed changes contained in Attachment #5. This Notice will be placed in a conspicuous place in each business

office in Otter Tail's affected electric service territory in South Dakota for at least 30 days before the change becomes effective. Otter Tail has also included Attachment #4 to comply with ARSD 20:10:13:26, which requires the Utility to report all rate schedule changes and customer impacts.

III. BACKGROUND OF ISSUE.

Otter Tail last updated the Small Power Producer rate schedules 902, 903, and 904 on June 30, 2009, pursuant to the Order in SDPUC Docket No. EL08-030. The changes to the Small Power Producer rate schedules from Docket No EL08-030 were only formatting changes. The last time the Payment Schedules and Terms and Conditions were updated for these rate schedules was December 14, 1984, in SDPUC Docket No. F-3365. Prior to 2008, Otter Tail had customers who expressed interest, but no customers had taken service on the Small Power Producer rate schedules. As of December 2009, two customers in South Dakota have taken service on the Occasional Delivery Energy Service 902 rate.

IV. PROPOSED CHANGES.

In this petition, Otter Tail is proposing to update the customer charges, the energy and capacity payments, introduce Renewable Energy Credits (REC's), update the Electric Service – South Dakota – Index, and update the Terms and Conditions language in each of the Small Power Producer rate schedules. The proposed cost and payment changes are based on Otter Tail Power Company's most recent Marginal Cost Study that was used for rate design in Otter Tail's 2008 South Dakota rate case. The proposed index and rate schedule changes are provided in

Appendix A (“Red-line” versions) and Appendix B (“Clean” versions). The Attachments supporting these changes are in Appendix C (Attachments).

a. Customer Charges

The customer charges have been updated from 1984 costs to reflect 2009 meter costs and customer related costs. Attachment #1 has been provided to support these customer charges. The changes are as follows: Rate Schedule 12.01 was raised from \$1.40 to \$3.70 per a month, Rate Schedule 12.02 was raised from \$3.25 to \$8.94 per a month, and Rate Schedule 12.03 was raised from \$8.87 to \$8.94 per a month. The proposed customer charges are consistent with Otter Tail’s 2009 Small Power Producer rate schedules filed in Minnesota.

b. Payment Schedules – energy and capacity

Otter Tail is proposing to modify the Payment Schedule for the three rate schedules: 12.01, 12.02 and 12.03. The proposed payments contained in the rate schedules reflect Otter Tail’s avoided costs. The avoided costs are consistent with Otter Tail’s Small Power Producer rate schedules as filed in 2009 for Minnesota¹ and North Dakota. Attachments #2 and #3 outline these avoided costs.

c. Renewable Energy Credits

Renewable Energy Credits (REC’s) are being introduced for the first time in the Small Power Producer rate. REC’s represent, according to the Midwest Renewable Tracking System website, “the environmental attributes associated with 1 MWh of renewable energy.”² In addition to the energy payments described above, in b. Payment Schedules, Otter Tail adds in the

1 Excluding MN Net Metering Rate, which is not based on avoided costs.

2 Midwest Renewable Energy Tracking System (M-RETS) in their Introduction to Certificate-based Renewable Energy Trading http://www.m-rets.com/resources/MRETS_Overview_for_Webinar.final.pdf

REC value to the energy payment. In exchange for the REC payment to the customer, on a per kWh basis, the customer will transfer to Otter Tail ownership of the REC associated with the energy received from the customer's renewable generator. Otter Tail intends to update the value of the REC every two years at the same time the avoided cost updates are filed. Additional language regarding the REC has been added in each of the rate schedules discussed in this petition.

d. Other changes

Otter Tail has proposed to change the title of the "Temperature Time of Delivery Energy Service" rate schedule to be titled, "Time of Delivery Energy Service." This rate's payments will no longer rely on the outside temperature but instead rely on defined period pricing similar to Otter Tail retail rates. Because of this rate schedule's title change Otter Tail's "Electric Service – South Dakota – Index" has been updated along with Section 12.00, the "Power Producer Riders – Applicability Matrix." Updated versions of these two documents are also enclosed in this filing. Otter Tail is also discontinuing the column called "Prior Sheet" in the "Electric Service – South Dakota – Index." The "Prior Sheet" column references Otter Tail's rate schedules prior to the 2008 South Dakota rate case. Now that these rate schedules have been given new section numbers the "Prior Sheet" references are no longer valid.

Otter Tail has also proposed language changes to the Term and Conditions of the Small Power Producer Rate Schedules to reflect changes since our last filing. These are text language changes that were made to improve clarity for the Customer and for Company personnel. These changes have been identified in both the Redline and Final rate schedule versions.

V. CONCLUSION.

Based on the foregoing reasons, Otter Tail respectfully requests that the proposed modifications to its Electric Service – South Dakota – Index, Applicability Matrix 12.00, and rate schedules 12.01, 12.02, and 12.03 become effective as of February 1, 2010.

Date: December 18, 2009

Respectfully submitted,

OTTER TAIL POWER COMPANY

/s/ JASON A. GRENIER

Jason A. Grenier

Pricing Analyst

215 South Cascade Street

P.O. Box 496

Fergus Falls, MN 56538-0496

Phone (218) 739-8639

Bruce Gerhardson

Associate General Counsel

Otter Tail Power Company

215 South Cascade Street

P. O. Box 496

Fergus Falls, MN 56538-0496

Phone (218) 998-7108

Appendix A
Redlined Index and
Rate Schedules




Fergus Falls, Minnesota

Original First Revision

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.

 Applicability Matrix	Power Producer Riders	Occasional Delivery Energy Rider	Temperature-Time of Delivery Rider	Dependable Service Rider
Base Tariffs	Section Numbers	12.01	12.02	12.03
RESIDENTIAL & FARM SERVICES				
Residential Service	9.01	✓	✓	✓
Residential Demand Control Service	9.02	✓	✓	✓
Farm Service	9.03	✓	✓	✓
GENERAL SERVICES				
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	✓	✓	✓
OTHER SERVICES				
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			
Key: ✓ = 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-

Bernadeen Brutlag
 Manager, Regulatory Services

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



Fergus Falls, Minnesota

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

~~Original~~ First Revision

SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION

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Manager, Regulatory Services

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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~~February 1, 2010: ~~1.670~~3.335¢ per kWh 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. 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. ~~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
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SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION
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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
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- 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
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- 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
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- 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. The kWh price has been adjusted by an additional payment of \$3.00/MWh (\$0.00300/kWh), to account for renewable energy. C
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Fergus Falls, Minnesota

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

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DESCRIPTION	RATE CODE
Temperature -Time of Delivery Energy Service	70-903

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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: ~~\$3.258.94~~ per month

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PAYMENT SCHEDULE:

EFFECTIVE DATE	ENERGY CREDIT	
	On-Peak	Off-Peak
May 1, 1984 <u>February 1, 2010</u>	Summer	
	2.035.048 ¢ per kWh	1.483.073 ¢ per kWh
May 1, 1984 <u>February 1, 2010</u>	Winter	
	2.304.241 ¢ per kWh	1.732.403 ¢ per kWh

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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: ~~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 ~~when the outside temperature exceeds 80 degrees F.~~, excluding holidays. C
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Summer Off-Peak: All other hours.

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 ~~when the outside temperature is less than 0 degrees Fahrenheit~~, excluding holidays. C
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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
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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
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Onsite use of the SQF output shall be unmetered for purposes of compensation unless the

SOUTH DAKOTA PUBLIC UTILITIES COMMISSION

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

Approved by order dated: June 30, 2009

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Manager, Regulatory Services

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



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
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- 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. The kWh price has been adjusted by an additional payment of \$3.00/MWh (\$0.00300/kWh), to account for renewable energy. C
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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: \$~~8.878.94~~ per month

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PAYMENT SCHEDULE: For deliveries commencing on ~~May 1, 1984~~ February 1, 2010

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CONTRACT TERM	CAPACITY PAYMENT	<u>ENERGY PAYMENT</u>	
		<u>Off-Peak</u> — <u>On-Peak</u>	
60 mos.	\$ 7.728.12 per kW	<u>1.15¢ per kWh</u> Summer Energy	<u>1.70¢ per kWh</u>
120 mos.	\$ 8.698.71 per kW	<u>1.15¢ per kWh</u> On-Peak	<u>1.705.048¢ per kWh</u>
180 mos.	\$ 9.65-9.27 per kW	<u>1.15¢ per kWh</u> Off-Peak	<u>1.703.073¢ per kWh</u>
240 mos.	\$ 10.569.82 per kW	<u>1.15¢ per kWh</u>	<u>1.70¢ per kWh</u>
300 mos.	\$ 11.4210.34 per kW	<u>1.15¢ per kWh</u> Winter Energy	<u>1.70¢ per kWh</u>
360 mos.	\$ 12.1510.85 per kW	<u>1.15¢ per kWh</u> On-Peak	<u>1.704.241¢ per kWh</u>
420 mos.	\$ 12.8211.35 per kW	<u>1.15¢ per kWh</u> Off-Peak	<u>1.702.403¢ per kWh</u>

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Energy payment will be adjusted annually to reflect energy costs.

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 UTILITIES COMMISSION
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Fergus Falls, Minnesota

Total capacity payment equals (accredited capacity value of the QF) times (capacity ~~facto~~ratio) times (appropriate levelized capacity paymentrate). C
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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
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SOUTH DAKOTA PUBLIC
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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
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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 aA 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
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- 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
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- 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
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- 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
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- 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. The kWh price has been adjusted by an additional payment of \$3.00/MWh (\$0.00300/kWh), to account for renewable energy. C
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Appendix B
Clean Index and
Rate Schedules



Electric Service – South Dakota – Index

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1.02	Application for Service
1.03	Deposits, Guarantees and Credit Policy
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3.03	N/A (section reserved for future use)
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4.02		Meter Readings
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13.01	Fuel Adjustment Clause Rider <ul style="list-style-type: none"> • <i>Applicable to all services and riders unless otherwise stated in the mandatory riders matrix</i>
13.02	N/A (reserved for future use)
13.03	N/A (reserved for future use)
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(Continued)

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Section	Item
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14.02	Real Time Pricing Rider
14.03	Large General Service Rider
14.04	Controlled Service – Interruptible Load (CT Metering) Rider
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15.00 COMMUNITIES SERVED

15.00	South Dakota Communities Served
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16.00 SUMMARY OF CONTRACTS WITH DEVIATIONS

16.00	Summary of Contracts with Deviations
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Fergus Falls, Minnesota

First Revision

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.

 Applicability Matrix	Power Producer Riders	Occasional Delivery Energy Rider	Time of Delivery Rider	Dependable Service Rider
Base Tariffs	Section Numbers	12.01	12.02	12.03
RESIDENTIAL & FARM SERVICES				
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"/>
GENERAL SERVICES				
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"/>
OTHER SERVICES				
Standby Service	11.01	<input type="checkbox"/>	<input type="checkbox"/>	<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	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Outdoor Lighting	11.04	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Municipal Pumping Service	11.05	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Civil Defense - Fire Sirens	11.06	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Key: <input checked="" type="checkbox"/> = May apply <input type="checkbox"/> = Mandatory <input type="checkbox"/> = Not Applicable				



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 February 1, 2010: 3.335¢ per kWh 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. 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
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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 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 subcontractors. The SQF will keep in force, liability insurance against personal or property damage due to the installation, interconnection and operation of its electric



Fergus Falls, Minnesota

(Continued)

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
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- 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. The kWh price has been adjusted by an additional payment of \$3.00/MWh (\$0.00300/kWh), to account for renewable energy. C
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Fergus Falls, Minnesota

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

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DESCRIPTION	RATE CODE
Time of Delivery Energy Service	70-903

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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: \$8.94 per month

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PAYMENT SCHEDULE:

EFFECTIVE DATE	ENERGY CREDIT	
	Summer	
	<u>On-Peak</u>	<u>Off-Peak</u>
February 1, 2010	5.048¢ per kWh	3.073¢ per kWh
	Winter	
	<u>On-Peak</u>	<u>Off-Peak</u>
February 1, 2010	4.241¢ per kWh	2.403¢ per kWh

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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
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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
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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
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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
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5. In the event the SQF desires wheeling by the Company of the SQF output, arrangements



Fergus Falls, Minnesota

(Continued)

- 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
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 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 Company employees. T
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Fergus Falls, Minnesota

(Continued)

- 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. The kWh price has been adjusted by an additional payment of \$3.00/MWh (\$0.00300/kWh), to account for renewable energy. C
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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: \$8.94 per month

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PAYMENT SCHEDULE: For deliveries commencing on February 1, 2010

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CONTRACT TERM	CAPACITY PAYMENT	ENERGY PAYMENT	
60 mos.	\$ 8.12 per kW	<u>Summer Energy</u>	
120 mos.	\$ 8.71 per kW	On-Peak	5.048¢ per kWh
180 mos.	\$ 9.27 per kW	Off-Peak	3.073¢ per kWh
240 mos.	\$ 9.82 per kW		
300 mos.	\$10.34 per kW	<u>Winter Energy</u>	
360 mos.	\$10.85 per kW	On-Peak	4.241¢ per kWh
420 mos.	\$11.35 per kW	Off-Peak	2.403¢ per kWh

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Energy payment will be adjusted annually to reflect energy costs.

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

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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.

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SOUTH DAKOTA PUBLIC
 UTILITIES COMMISSION
 Filed on: December 18, 2009
 Approved by order dated:
 Docket No. EL09-

Bernadeen Brutlag
 Manager, Regulatory Services

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



Fergus Falls, Minnesota

(Continued)

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:

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.

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.



Fergus Falls, Minnesota

(Continued)

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
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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
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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
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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. 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
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4. The SQF shall make provisions for the installation of Company owned on-site metering. T
All energy received from and delivered to the Company shall be metered. On site use of T



Fergus Falls, Minnesota

(Continued)

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.

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
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 T



Fergus Falls, Minnesota

(Continued)

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
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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. The kWh price has been adjusted by an additional payment of \$3.00/MWh (\$0.00300/kWh), to account for renewable energy. C
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Appendix C

Attachments

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

	12.01 <u>Net Metering</u> kWh Meter	12.02/12.03 <u>Time of Day / Dependable</u> Time of Day Meter
	--- (2009 Dollars per Customer) ---	
a) Investment - Meter Costs		
(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) Investment - Meter Service Drops		
(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
c) O&M - Meter, Customer Accounts Expenses, Customer Service		
(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
Working Capital		
(18) Materials and Supplies (2) x 1.34%	1.01	1.01
(19) Prepayments (2) x 0.130%	0.10	0.10
(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	0.10
(22) Total Annual Marginal Customer-Related Costs (17) + (21)	\$88.94	\$107.26
Total Marginal Cost per a Month (22) / 12	\$7.41	\$8.94

**Energy Payment Schedule
Otter Tail Power Company**

	Summer		Winter	
	June 01 to September 30		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	21.03
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>	-	-	-

CAPACITY PAYMENT SCHEDULE

OTTER TAIL POWER COMPANY

Year of Filing	2009
Year of Deficit	2009
Inflation Rate	0.03
Cost of Capital	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	\$0.00
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

ARSD 20:10:13:26 Report to commission of tariff schedule changes on notice.

1 **Utility Name:** OTTER TAIL POWER COMPANY
 PO Box 496
 Fergus Falls, MN 56538-0496
 218 739-8200
www.otpco.com (web site)

<u>Section & Volume No.</u>	<u>Class of Service</u>	<u>New Sheet No.</u>
Section 12.01 Volume II	Occasional Delivery Energy Service, 70-902	No Change
Section 12.02 Volume II	Time of Delivery Energy Service, 70-903	No Change
Section 12.03 Volume II	Dependable Service, 70-904	No Change

3 **Description of Change:** Otter Tail updated the Customer Charge, and Energy and Capacity payment rates. We also added language concerning the Renewable Energy Credits and made other updates to our Terms and Conditions to make the language clearer for the customer and utility.

4 **Reason for Change:** Otter Tail had not updated the Small Power Producer and Cogeneration rates since 1984. The rates now reflect updated Customer and avoided Energy and Capacity costs.

5 **Present Rates** Please see Rate Schedules

6 **Proposed Rates** Please see Rate Schedules

7 **Effective Date of Rate:** February 1, 2010

8 **Approximation of annual amount of increase or decrease in revenue.**

Otter Tail currently has two customers on the Occasional Delivery Energy Service, Rate Schedule 12.01. Customer #1 began service in July of 2009 and Customer #2 began service in November of 2008. Below is a summary of these customer's charges, generation, and payments. In several months with higher generation these customers payments were greater than on previous rates.

Customer #1

Present Rates		Rate	\$ Amount
# of Bills	5	-\$1.40	-\$7.00
kWhs generated	473	\$0.01670	\$7.90
Total payment to Customer			\$0.90

Customer #2

Present Rates		Rate	\$ Amount
# of Bills	12	-\$1.40	-\$16.80
kWhs generated	887	\$0.01670	\$14.81
Total payment to Customer			-\$1.99

Proposed Rates		Rate	\$ Amount
# of Bills	5	-\$3.70	-\$18.50
kWhs generated	473	\$0.03335	\$15.77
Total payment to Customer			-\$2.73

Proposed Rates		Rate	\$ Amount
# of Bills	12	-\$3.70	-\$44.40
kWhs generated	887	\$0.03335	\$29.58
Total payment to Customer			-\$14.82

9 **Points affected:** Otter Tail currently has 2 Small Power Producer customers.

10 **Number of customers whose cost of service will be affected and annual amounts of either increase or decrease.**

Please see above #8.

11 **Statement of facts, expert opinions, documents and exhibits to support the proposed changes.**

Otter Tail has included Attachments in this filing to support all rate changes and costs.

On December 18, 2009 Otter Tail Power Company, filed with the South Dakota Public Utilities Commission revised Rate Designations 12.01, 12.02, and 12.03, which affect Otter Tail Power's Small Power Producers & Cogeneration electric customers in South Dakota. The revised rates and South Dakota rules and regulations are available in this office for inspection. Please inquire at the cashier's desk.