



Fergus Falls, Minnesota

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

DESCRIPTION	RATE CODE
Occasional Delivery Energy Service	71-902

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

AVAILABILITY: This rider is available to any small qualifying facility (SQF) not exceeding 100 kW of certified generating Capacity.

METERING CHARGE: \$3.70 per month

PAYMENT SCHEDULE:

Base Avoided Costs 3.~~441~~176¢ per kWh

Based Avoided Costs plus Renewable Energy Credit 3.~~441~~267¢ per kWh

MANDATORY AND VOLUNTARY RIDERS: The amount of a bill for service will be modified by any Mandatory Rate Riders that must apply and by any 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 is required to follow the Company’s interconnection process, which requires that prior to installation, the Customer complete the Interconnection Agreement for Small Generator Facility Tier 1, Tier 2, Tier 3 or Tier 4 Interconnection. The Interconnection Agreement is according to the procedures set forth in ARSD chapter 20:10:36. The Customer is also required to follow the Company’s Guidelines for Generation, Tie-Line, and Substation Interconnections.



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South Dakota P.U.C. Volume II

Section 12.01

ELECTRIC RATE SCHEDULE

Small Power Producer Rider

Occasional Delivery Energy Service

(Continued)

2. 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.
3. 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.
4. 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.
5. 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.
6. In the event the SQF desires wheeling by the Company of the SQF output, arrangements will be made subject to special consideration.
7. Power and energy purchased by the SQF from the Company shall be billed under the available retail rates for the purchase of electricity.
8. 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.
9. The Customer shall execute an electric service agreement with the Company which may include, among other provisions, a minimum term of service.
10. 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

SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION

Filed on: ~~August 20, 2010~~ December 30, 2011

Approved by order dated: ~~April 21, 2011~~
Docket No. ~~EL10-011~~

Thomas R. Brause
Vice President,
Administration

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EFFECTIVE with bills
rendered on and after
~~June 1, 2011~~ March 1, 2012,
in South Dakota



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ELECTRIC RATE SCHEDULE
Small Power Producer Rider
Occasional Delivery Energy Service

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subcontractors. The SQF will keep in force general liability insurance consistent with the rules set forth in ARSD chapter 20:10:36.

- 11. 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.
- 12. 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 ~~\$3.000~~ .91/MWh (~~\$0.003000000~~ .91/kWh), as shown in the payment schedule.

SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION
Filed on: ~~August 20, 2010~~ December 30, 2011
Approved by order dated: ~~April 21, 2011~~
Docket No. ~~EL10-011~~

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Administration
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EFFECTIVE with bills
rendered on and after
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in South Dakota



Fergus Falls, Minnesota

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

DESCRIPTION	RATE CODE
Time of Delivery Energy Service	71-903

RULES AND REGULATIONS: Terms and conditions of this electric rate schedule and the General Rules and Regulations govern use of this service.

AVAILABILITY: This rider is available to any small qualifying facility (SQF) not exceeding 100 kW of certified generating Capacity.

CUSTOMER CHARGE: \$8.94 per month

PAYMENT SCHEDULE:

ENERGY CREDIT			
Base Avoided Costs		<u>On-Peak</u>	<u>Off-Peak</u>
	Summer	4.7483.699¢ per kWh	2.7732.536¢ per kWh
	Winter	3.9414.311¢ per kWh	2.1032.433¢ per kWh
Base Avoided Costs Plus Renewable Energy Credit		<u>On-Peak</u>	<u>Off-Peak</u>
	Summer	5.0483.790¢ per kWh	3.0732.627¢ per kWh
	Winter	4.2414.402¢ per kWh	2.4032.524¢ per kWh

MANDATORY AND VOLUNTARY RIDERS: The amount of a bill for service will be modified by any Mandatory Rate Riders that must apply and by any 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.



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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.

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.

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 is required to follow the Company's interconnection process, which required that prior to installation, the Customer complete the Interconnection Agreement for Small Generator Facility Tier 1, Tier 2, Tier 3 or Tier 4 Interconnection. The Interconnection Agreement is according to the procedures set forth in ARSD chapter 20:10:36. The Customer is also required to follow the Company's Guidelines for Generation, Tie-Line, and Substation Interconnections.
2. 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.
3. 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.



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4. 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.
5. 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.
6. In the event the SQF desires wheeling by the Company of the SQF output, arrangements will be made subject to special consideration.
7. Power and energy purchased by the SQF from the Company shall be billed under the available retail rates for the purchase of electricity.
8. 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.
9. The Customer shall execute an electric service agreement with the Company which may include, among other provisions, a minimum term of service.
10. 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, general liability insurance consistent with the rules set forth in ARSD chapter 20:10:36.
11. 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.
12. 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 ~~\$3.000.91~~/MWh (~~\$0.0030000091~~/kWh), as shown in the payment



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Section 12.02
ELECTRIC RATE SCHEDULE
Small Power Producer Rider
Time of Delivery Energy Service
~~Second-Third~~ Revised Sheet No. 4, Cancelling ~~First-Second~~ Revised Sheet
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schedule.

SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION
Filed on: ~~August 20, 2010~~ December 30,
2011
Approved by order dated: ~~April 21, 2011~~
Docket No. ~~EL10-011~~

Thomas R. Brause
Vice President, Administration

EFFECTIVE with bills
rendered on and after
~~June 1, 2011~~ March 1, 2012,
in South Dakota



Fergus Falls, Minnesota

**SMALL POWER PRODUCER RIDER
DEPENDABLE SERVICE**

DESCRIPTION	RATE CODE
Dependable Service	71-904

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

AVAILABILITY: Available to any small qualifying facility (SQF) not exceeding 100 kW of certified 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

PAYMENT SCHEDULE: Energy payment will be adjusted annually to reflect energy costs.

ENERGY PAYMENT		
Base Avoided Costs	<u>On-Peak</u>	<u>Off-Peak</u>
Summer	4.7483.699¢ per kWh	2.7732.536¢ per kWh
Winter	3.9414.311¢ per kWh	2.1032.433¢ per kWh
Base Avoided Costs Plus Renewable Energy Credit	<u>On-Peak</u>	<u>Off-Peak</u>
Summer	5.0483.790¢ per kWh	3.0732.627¢ per kWh
Winter	4.2414.402¢ per kWh	2.4032.524¢ per kWh

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



Fergus Falls, Minnesota

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CONTRACT TERM	CAPACITY PAYMENT
60 mos.	\$ 8.129.76 per kW
120 mos.	\$ 8.7110.46 per kW
180 mos.	\$ 9.2711.14 per kW
240 mos.	\$ 9.8211.80 per kW
300 mos.	\$ 10.3412.43 per kW
360 mos.	\$ 10.8513.04 per kW
420 mos.	\$ 11.3513.65 per kW

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

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.

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



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the longest contract term filled given the number of months that payments were made:

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2011
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Docket No. ~~EL10-011~~

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Vice President, Administration

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<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.

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).

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.



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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.

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 is required to follow the Company's interconnection process, which requires that prior to installation, the Customer complete the Interconnection Agreement for Small Generator Facility Tier 1, Tier 2, Tier 3 or Tier 4 Interconnection. The Interconnection Agreement is according to the procedures set forth in ARSD chapter 20:10:36. The Customer is also required to follow the Company's Guidelines for Generation, Tie-Line, and Substation Interconnections.
2. 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.
3. 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.
4. 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.
5. 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.



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6. In the event the SQF desires wheeling by the Company of the SQF output, arrangements will be made subject to special consideration.
7. Power and energy purchased by the SQF from the Company shall be billed under the available retail rates for the purchase of electricity.
8. 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.
9. 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.
10. 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 general insurance consistent with the rules set forth in ARSD chapter 20:10:36.
11. 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.
12. 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 ~~\$3.000.91~~/MWh (~~\$0.0030000091~~/kWh), as shown in the payment schedule.



Fergus Falls, Minnesota

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

DESCRIPTION	RATE CODE
Occasional Delivery Energy Service	71-902

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

AVAILABILITY: This rider is available to any small qualifying facility (SQF) not exceeding 100 kW of certified generating Capacity.

METERING CHARGE: \$3.70 per month

PAYMENT SCHEDULE:

Base Avoided Costs 3.176¢ per kWh

Based Avoided Costs plus Renewable Energy Credit 3.267¢ 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 and by any 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.

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Fergus Falls, Minnesota

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2. 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.
3. 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.
4. 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.
5. 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.
6. In the event the SQF desires wheeling by the Company of the SQF output, arrangements will be made subject to special consideration.
7. Power and energy purchased by the SQF from the Company shall be billed under the available retail rates for the purchase of electricity.
8. 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.
9. The Customer shall execute an electric service agreement with the Company which may include, among other provisions, a minimum term of service.
10. 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

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Occasional Delivery Energy Service

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subcontractors. The SQF will keep in force general liability insurance consistent with the rules set forth in ARSD chapter 20:10:36.

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11. 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.

12. 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 \$0.91/MWh (\$0.00091/kWh), as shown in the payment schedule.

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Fergus Falls, Minnesota

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

DESCRIPTION	RATE CODE
Time of Delivery Energy Service	71-903

RULES AND REGULATIONS: Terms and conditions of this electric rate schedule and the General Rules and Regulations govern use of this service.

AVAILABILITY: This rider is available to any small qualifying facility (SQF) not exceeding 100 kW of certified generating Capacity.

CUSTOMER CHARGE: \$8.94 per month

PAYMENT SCHEDULE:

ENERGY CREDIT			
Base Avoided Costs		<u>On-Peak</u>	<u>Off-Peak</u>
Summer		3.699¢ per kWh	2.536¢ per kWh
Winter		4.311¢ per kWh	2.433¢ per kWh
Base Avoided Costs Plus Renewable Energy Credit		<u>On-Peak</u>	<u>Off-Peak</u>
Summer		3.790¢ per kWh	2.627¢ per kWh
Winter		4.402¢ per kWh	2.524¢ 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 and by any 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.



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(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.

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.

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).

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2. 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.
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Fergus Falls, Minnesota

ELECTRIC RATE SCHEDULE

Small Power Producer Rider

Time of Delivery Energy Service

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- 4. 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. L
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- 5. 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.
- 6. In the event the SQF desires wheeling by the Company of the SQF output, arrangements will be made subject to special consideration.
- 7. Power and energy purchased by the SQF from the Company shall be billed under the available retail rates for the purchase of electricity.
- 8. 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.
- 9. The Customer shall execute an electric service agreement with the Company which may include, among other provisions, a minimum term of service.
- 10. 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, general liability insurance consistent with the rules set forth in ARSD chapter 20:10:36.
- 11. 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.
- 12. 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 \$0.91/MWh (\$0.00091/kWh), as shown in the payment schedule. R



Fergus Falls, Minnesota

**SMALL POWER PRODUCER RIDER
 DEPENDABLE SERVICE**

DESCRIPTION	RATE CODE
Dependable Service	71-904

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

AVAILABILITY: Available to any small qualifying facility (SQF) not exceeding 100 kW of certified 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

PAYMENT SCHEDULE: Energy payment will be adjusted annually to reflect energy costs.

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ENERGY PAYMENT			
Base Avoided Costs		<u>On-Peak</u>	<u>Off-Peak</u>
	Summer	3.699¢ per kWh	2.536¢ per kWh
	Winter	4.311¢ per kWh	2.433¢ per kWh
Base Avoided Costs Plus Renewable Energy Credit		<u>On-Peak</u>	<u>Off-Peak</u>
	Summer	3.790¢ per kWh	2.627¢ per kWh
	Winter	4.402¢ per kWh	2.524¢ per kWh

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ELECTRIC RATE SCHEDULE
Small Power Producer Rider
Dependable Service

Third Revised Sheet No.2 , Cancelling Second Revised Sheet No. 2

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CONTRACT TERM	CAPACITY PAYMENT
60 mos.	\$ 9.76 per kW
120 mos.	\$ 10.46 per kW
180 mos.	\$ 11.14 per kW
240 mos.	\$ 11.80 per kW
300 mos.	\$12.43 per kW
360 mos.	\$13.04 per kW
420 mos.	\$13.65 per kW

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

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.

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:

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Fergus Falls, Minnesota

ELECTRIC RATE SCHEDULE

Small Power Producer Rider

Dependable Service

Third Revised Sheet No.3 , Cancelling Second Revised Sheet No. 3

(Continued)

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

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).

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.

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Fergus Falls, Minnesota

ELECTRIC RATE SCHEDULE

Small Power Producer Rider

Dependable Service

Third Revised Sheet No.4 , Cancelling Second Revised Sheet No. 4

(Continued)

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.

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

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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).

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1. The Customer is required to follow the Company's interconnection process, which requires that prior to installation, the Customer complete the Interconnection Agreement for Small Generator Facility Tier 1, Tier 2, Tier 3 or Tier 4 Interconnection. The Interconnection Agreement is according to the procedures set forth in ARSD chapter 20:10:36. The Customer is also required to follow the Company's Guidelines for Generation, Tie-Line, and Substation Interconnections.
2. 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.
3. 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.
4. 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.
5. 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.

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Fergus Falls, Minnesota

(Continued)

- 6. In the event the SQF desires wheeling by the Company of the SQF output, arrangements will be made subject to special consideration. L
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- 7. Power and energy purchased by the SQF from the Company shall be billed under the available retail rates for the purchase of electricity. L
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- 8. 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. L
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- 9. 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. L
- 10. 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 general insurance consistent with the rules set forth in ARSD chapter 20:10:36.
- 11. 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.
- 12. 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 \$0.91/MWh (\$0.00091/kWh), as shown in the payment schedule. R

Energy Payment Schedule CORRECTED¹
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	35.22 <u>36.99</u>	26.69 <u>25.36</u>	43.11	24.68 <u>24.33</u>
Weighted Average of all Periods <u>for Rate 902</u> (mills per kWh)	31. 91 <u>0760</u>	-	-	-
Sum of weighted Marginal Energy Costs (cents per kWh)	0. 0319 <u>03176</u>	-	-	-
Renewable Energy Credit (cents per kWh)	0.00091	-	-	-
Total Sum of Weighted Marginal Energy <u>Energy</u> Costs (cents per kWh) for Rate 902	<u><u>0.0328203267</u></u>	-	-	-

¹ The inadvertent error was a calculation error in the data supplied for the energy portion of the rate calculations.

Energy Payment Schedule CORRECTED¹
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	36.99	25.36	43.11
Weighted Average of all Periods for Rate 902 (mills per kWh)	31.760	-	-	-
Sum of weighted Marginal Energy Costs (cents per kWh)	0.03176	-	-	-
Renewable Energy Credit (cents per kWh)	0.00091	-	-	-
Total Sum of Weighted Marginal Energy Costs (cents per kWh) for Rate 902	<u>0.03267</u>	-	-	-

¹ The inadvertent error was a calculation error in the data supplied for the energy portion of the rate calculations.

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

1 Utility Name: OTTER TAIL CORPORATION
D/B/A 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>Rate Code</u>
Section 12 Volume II	Occasional Delivery Energy Service, Rate Designation 12.01	71-902
Section 12 Volume II	Time of Delivery Energy Service, Rate Designation 12.02	71-903
Section 12 Volume II	Dependable Service, Rate Designation 12.03	71-904

3 Description of Change: Otter Tail updated the Energy and Capacity payment rates, which are based on Otter Tail's avoided costs.

4 Reason for Change: Otter Tail is updating the Energy and Capacity payment rates, which were last updated June 1, 2010 in Docket No. EL09-026.

5 Present Rates Please see Rate Schedules

6 Proposed Rates Please see Rate Schedules

7 Effective Date of Rate: March 1, 2012

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

Otter Tail currently has four Small Power Producer customers which are all on the Occasional Delivery Energy Service rate, Rate Designation 12.01. Only one customer generates enough energy for payment by Otter Tail. Below is a summary of this customers generation, charges, and payments for the last year of service. Based on the one year of generation the customer will see a slight decrease in payments based on the proposed Customer and Energy charges.

Present Rates		Rate	\$ Amount
# of Bills	12	-\$3.70	-\$44.40
kWhs generated	2,573	\$0.03441	\$88.54
Total payment to Customer			\$44.14

Proposed Rates		Rate	\$ Amount
# of Bills	12	-\$3.70	-\$44.40
kWhs generated	2,573	\$0.03282	\$84.45
Total payment to Customer			\$40.05

9 Points affected: Otter Tail currently has 4 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.

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

1 Utility Name: OTTER TAIL CORPORATION
D/B/A OTTER TAIL POWER COMPANY
PO Box 496
Fergus Falls, MN 56538-0496
218 739-8200
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Present Rates		Rate	\$ Amount
# of Bills	12	-\$3.70	-\$44.40
kWhs generated	2,573	\$0.03441	\$88.54
Total payment to Customer			\$44.14

Proposed Rates		Rate	\$ Amount
# of Bills	12	-\$3.70	-\$44.40
kWhs generated	2,573	\$0.03267	\$84.06
Total payment to Customer			\$39.66

9 Points affected: Otter Tail currently has 4 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.