



Fergus Falls, Minnesota

(Continued)

CONTRACT TERM	<u>LEVELIZED CAPACITY PAYMENT</u>
60 mos.	\$ 0.009.76 per kW
120 mos.	\$ 2.7610.46 per kW
180 mos.	\$ 5.2511.14 per kW
240 mos.	\$ 6.8011.80 per kW
300 mos.	\$ 7.9912.43 per kW
360 mos.	\$ 8.9913.04 per kW
420 mos.	\$ 9.9013.65 per kW

Total Capacity payment equals (accredited Capacity value of the QF, attaining Dependable Service level) times (~~Capacity ratio~~) times (appropriate Llevelized Capacity Paymentrate).

~~Or~~ If the Qualifying Facility is dispatchable by Otter Tail and tested under the Mid-continent Independent System Operator (MISO) requirements ~~Midwest Reliability Organization (MRO)~~, then the Capacity ratio automatically equals 1. it is deemed to be Dependable Service.

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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(Continued)

<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 Mid-Continent Independent System Operator (MISO) requirements.~~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.