FUEL ADJUSTMENT CLAUSE RIDER

DESCRIPTION	RATE CODE
Fuel Adjustment Clause Rider	71-540

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

There shall be added to the monthly bill the amount per Kilowatt-Hour (rounded to the nearest 0.001¢) of the average cost of fuel per Kilowatt-Hour. The average cost of fuel per Kilowatt-Hour for the current period shall be calculated from data covering actual costs from the most recent three month period as follows:

Energy costs from actual months 1, 2 and 3 plus unrecovered (or less over recovered) prior cumulative energy costs plus (or minus) the carrying charge, divided by the associated energy (reduced for average system losses) associated with retail sales for actual months 1, 2 and 3 equals the cost of energy amount.

The applicable adjustment will be applied month to month on a uniform billing cycle to each Customer's bill beginning with cycle 1 of the calendar month following the month when the adjustment is calculated. The cost of fuel shall be determined as follows:

1. The expense of fossil and other fuels, including but not limited to, biomass, wood, refuse-derived fuel (RDF), and tire-derived fuel (TDF), as recorded in Account 151 of the FERC's Uniform System of Accounts for Public Utilities and Licensees, used in the Company's generating plants, and the costs of reagents and emission allowances for the **C**
Company to operate its generating plants in compliance with the associated Federal **C**
Environmental Protection Agency rules and regulations. **C**

2. The utility's share of the expense of fossil fuel, as recorded in Account 151, used in jointly owned or leased plants.

3. The net energy cost of energy purchases when such energy is purchased on an economic dispatch basis, exclusive of Capacity or Demand charges.

4. The net cost of energy purchases from any facility utilizing wind or other renewable energy conversion systems for the generation of electric energy, whether or not those purchases occur on an economic dispatch basis.

(Continued)

5. Renewable energy purchased for the **Tail***Winds* program is not included in the Fuel Adjustment Clause Rider calculation. **L** **L**

6. Costs or revenues linked to the utility's load serving obligation, associated with participation in wholesale electric energy markets operated by Regional Transmission Organizations, Independent System Operators or similar entities that have received Federal Energy Regulatory Commission approval to operate the energy markets.

7. The actual identifiable fossil and nuclear fuel expense associated with energy purchased for reasons other than identified in 3 and 4 above.

8. Less the fuel and other related costs recovered through intersystem sales.

9. One hundred percent (100%) of the Company's South Dakota jurisdictional asset-based margins shall be credited to the Fuel Adjustment Clause Rider. The margins will be calculated after the close of the calendar month and included as a credit in the calculation of the monthly Fuel Adjustment Clause Rider. Asset-based margins are defined as revenue minus expenses associated with asset-based transactions energy sales.

10. MISO Ancilliary Services Market ("ASM") transactions (excluding ancilliary services revenues and expenses derived through OTP's individual FERC-approved Control Area Services Operations Tariff) shall flow through the Fuel Adjustment Clause Rider.

11. Ninety percent (90%) of South Dakota renewable energy credits sold shall be credited to the Fuel Adjustment Clause Rider.

12. Any allocable emission allowances sold shall be credited to (flow through) the Fuel Adjustment Clause Rider.

13. Twenty-five percent (25%) of the Company's South Dakota jurisdictional non-asset based wholesale margins shall be credited to the Fuel Adjustment Clause Rider calculation. The margins will be calculated annually after the close of each calendar year and the twenty-five percent (25%) will be credited only if the calendar year margin is positive; and the twenty-five percent (25%) to be credited will be apportioned and applied equally each month (1/12th) over the following 12-month period. Non-asset based margins are defined as revenue minus expenses associated with non-asset based transactions.