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SOUTH DAKOTA ELECTRIC TARIFF SCHEDULE NO. 2
SD P.U.C. Sec. No. 3
1st Revised Sheet No. 78
Canceling Original Sheet No. 78

SECTION 3 – ELECTRIC RATE SCHEDULES
CLAUSE ECA – ENERGY COST ADJUSTMENT (continued)

ENERGY COST ADJUSTMENT FACTOR (continued)

Component Definitions (continued)

C = the South Dakota jurisdictional cost of energy will include (continued):

- The cost of energy will be adjusted by the pre-tax amount of any federal production tax credits associated with renewable power projects whose costs have been approved for inclusion in rate base in a rate proceeding, grossed up at the rate of 1.538 as entered into account 409.1, reduced for any negative energy settlements from those renewable power projects that result during the period the projects are eligible for the production tax credit, as recorded in account 447.043.

D = to be applied to the calculation of factor E when projected year-end balance (X) divided by projected jurisdictional sales (J) for the months remaining until the next annual factor calculation exceeds $\pm \$0.001$.

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J = the jurisdictional electric energy consumed under rates set by the South Dakota Public Utilities Commission.

X = the projected cumulative balance for the current year of any excess or deficiency which arises out of the difference between the South Dakota jurisdictional cost of energy (C) and the recovery from the energy cost adjustment applied to projected jurisdictional sales (J). X includes actual costs of energy and recoveries through the second prior month and estimated costs of energy and recoveries through the remainder of the calendar year.