

**FUEL CLAUSE RIDER**

Section No. 5  
9th Revised Sheet No. 64  
Cancelling 8th Revised Sheet No. 64

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**FUEL CLAUSE CHARGE**

There shall be added to or deducted from the monthly bill a Fuel Cost Charge calculated by multiplying the applicable monthly billing kilowatt hours (kWh) by the billed Fuel Adjustment Factor (FAF) per kWh. The billed FAF is calculated by prorating each calendar month FAF by the number of customer billing days in each calendar month, and rounding to the nearest \$0.00001 per kWh.

**FUEL ADJUSTMENT FACTOR (FAF)**

A separate FAF will be determined for each service category described below. The FAF for each service category is the sum of the Current Period Cost of Energy, the Fuel Cost True-Up Factor and the Intersystem Sales Margins sharing, multiplied by the applicable FAF Ratio.

Service Category	FAF Ratio
Residential	1.0151
C&I Non-Demand	0.9924
C&I Demand	1.0056
C&I Demand TOD On-Peak	1.1928
C&I Demand TOD Off-Peak	0.8438
Outdoor Lighting	0.8029

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**AD VALOREM TAXES**

The Company may include the cost of ad valorem taxes when determining the amount of the Fuel Cost Charge.

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**SALES OF RENEWABLE ENERGY CREDITS**

Ninety percent (90%) of the South Dakota state jurisdictional share of revenue generated by the sale of Renewable Energy Credits shall be credited to customers.

**EMISSION ALLOWANCES**

The South Dakota state jurisdictional share of revenue generated by the sale of emission allowances allocated to South Dakota shall be credited to customers.

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**GAINS FROM THE SALE OF CAPACITY**

Beginning with the 2023-2024 planning year and continuing thereafter, the Company shall credit to customers the South Dakota jurisdictional share of all gains from the sale of capacity in the Planning Resource Auction conducted by the Midcontinent Independent System Operator, Inc. (MISO).

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**NUCLEAR PRODUCTION TAX CREDITS**

The South Dakota state jurisdictional share of any nuclear production tax credits established by the Inflation Reduction Act of 2022, Pub. L. No. 117-169, 136 Stat. 1818 (2022), and earned by the Company will be allocated to South Dakota jurisdiction and returned to customers within 90 days of the Company receiving the credits.

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(Continued on Sheet No. 5-64.1)

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Date Filed:	05-24-23	By: Christopher B. Clark	Effective Date:	07-01-23
		President, Northern States Power Company, a Minnesota corporation		
Docket No.	EL22-017		Order Date:	06-08-23

**FUEL CLAUSE RIDER (Continued)**

Section No. 5  
1st Revised Sheet No. 64.1  
Cancelling Original Sheet No. 64.1

**CURRENT PERIOD COST OF ENERGY**

The current period cost of energy shall be the sum of the following qualifying costs for the most recent two month period, divided by the kWh sales for the same period, excluding Intersystem sales.

1. The fossil and nuclear fuel consumed in the Company's generating stations as recorded in Federal Energy Regulatory Commission (FERC) Accounts 151 and 518.
2. The net energy cost of energy purchases as recorded in FERC Account 555 exclusive of capacity or demand charges, when such energy is purchased on an economic dispatch basis.
3. The actual identifiable fossil and nuclear fuel costs associated with energy purchased for reasons other than identified in (2) above.
4. Net costs or revenues recorded in Accounts 456, 501 and 555 (and other appropriate accounts as determined by the Commission) linked to the Company's load serving obligation, associated with participation in wholesale electric energy and ancillary service 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.
5. Less the fuel related costs recovered through intersystem sales.

**FUEL COST TRUE-UP FACTOR**

The Fuel Cost True-up Factor is the cumulative balance of unrecovered or over recovered qualifying system energy and MISO costs from prior months divided by the South Dakota retail kWh sales for the most recent two month period. A carrying charge or credit will be included in the determination of the Fuel Cost True-Up Factor. Said charge or credit will be determined by applying one-twelfth of the overall rate of return granted by the South Dakota Public Utilities Commission in the most recent rate decision to the recorded balance of deferred fuel cost as of the end of the month immediately preceding the fuel adjustment factor determination.

**INTERSYSTEM SALES MARGINS**

Intersystem Sales Margins are defined as intersystem sales revenues less the sum of fuel, energy costs (including costs associated with MISO markets that are recorded in FERC Account 555), and any additional transmission costs incurred that are required to make such sales (referred to as "margins"). Retail customers will receive a per kWh credit for the retail share of total intersystem sales margins, as defined below:

1. Asset Based Margins: One hundred percent (100%) of the South Dakota state jurisdictional share of margins from asset based intersystem energy sales and ancillary services. These margins shall be the actual amounts of such margins recorded, subject to any MISO resettlements.

(Continued on Sheet No. 5-64.2)

Date Filed:	06-23-14	By: Christopher B. Clark	Effective Date:	07-01-15
		President, Northern States Power Company, a Minnesota corporation		
Docket No.	EL14-058		Order Date:	06-16-15

**SOUTH DAKOTA ELECTRIC RATE BOOK - SDPUC NO. 2**

**FUEL CLAUSE RIDER (Continued)**

Section No. 5  
3rd Revised Sheet No. 64.2  
Cancelling 2nd Revised Sheet No. 64.2

**INTERSYSTEM SALES MARGINS (CONTINUED)**

2. Non-Asset Based Margins: Thirty percent (30%) of the South Dakota state jurisdictional share of non-asset based margins from intersystem sales. These margins shall be the actual amounts of such margins recorded, subject to the FERC approved Joint Operating Agreement and any MISO resettlements. The retail share of the Non-Asset Based Margins will be calculated annually after the close of the calendar year, and will be credited to the Fuel Cost True-up Factor only if calendar year margins are positive. Margins equal to or less than \$100,000 will be refunded in one month and margins greater than \$100,000 will be refunded over 12 months.

The Company's retail customers will be served with the lowest cost resources available when the Company is engaged in asset-based transactions. For purposes of comparing which resources are lowest cost and for purposes of determining what order of dispatch constitutes "economic dispatch" under this rider, must-take and take-or-pay energy purchases and must-run resources, such as generation with minimum operating levels, intermittent wind, and run-of-river hydroelectric generation shall always be assigned to retail. Energy purchases that are necessary for reliable and adequate service to retail customers shall be procured at the lowest cost to the extent allowed by state or federal law or regulatory authority.

**PROPERTY TAX ADJUSTMENT PROVISION**

As permitted by SDCL 49-34A-25, a property tax adjustment will be determined annually and is defined as the difference between the South Dakota state jurisdictional share of property tax forecast for the calendar-year and the amount reflected in South Dakota base rates plus a true-up for prior year actual property tax recorded compared to that year's forecast. The resultant adjustment amount shall be recovered from customers. An annual adjustment amount equal to or less than \$100,000 will be recovered in one month and for an amount greater than \$100,000 will be recovered over a 12 month period beginning in April.

**RATE SCHEDULES BY SERVICE CATEGORY**

The FAF for each service category is applicable to the rate schedules as defined below:

**Residential**

Residential (E01, E03)  
Residential TOD (E02, E04)  
Residential Heat Pump Service (E06)  
Energy Controlled Non-Demand (E10)  
Limited Off-Peak (E11)

**Commercial and Industrial Non-Demand**

Energy Controlled Non-Demand (E10)  
Limited Off Peak (E11)  
Small General (E13)  
Small General TOD (E14, E18)  
Fire and Civil Defense Siren (E40)

**Commercial and Industrial Demand – Non-TOD**

General (E15)  
Peak Controlled (E20)

**Commercial and Industrial Demand – TOD**

General TOD (E16)  
Peak Controlled TOD (E21)  
Energy Controlled (E22)

**Outdoor Lighting**

Automatic Protective (E12)  
Street Lighting System (E30)  
Street Lighting Energy (E31)  
Street Lighting Energy – Metered (E32)

Date Filed: 06-23-14

By: Christopher B. Clark  
President, Northern States Power Company, a Minnesota corporation

Effective Date: 07-01-15

Docket No. EL14-058

Order Date: 06-16-15