

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF SOUTH DAKOTA**

**In the Matter of the Petition of Otter Tail
Power Company to Establish a Transmission
Cost Recovery Tariff**

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) **SETTLEMENT STIPULATION**
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EL10-015

This Settlement Stipulation (Settlement) is made and entered into on this 11th day of November, 2011, by and between Otter Tail Power Company (OTP), and the Staff of the South Dakota Public Utilities Commission (Commission Staff). Throughout this Settlement OTP and Commission Staff will be referred to jointly as the Parties or individually as Party.

RECITALS

WHEREAS, pursuant to South Dakota Codified Law (SDCL) §§49-34A-25.1 through 49-34A-25.4, the South Dakota Legislature provides that the South Dakota Public Utilities Commission (Commission) may approve a tariff mechanism for the automatic annual adjustment of charges for the jurisdictional costs of new or modified transmission facilities with a design capacity of thirty-four and one-half kilovolts (34.5 kV) or more and which are more than five (5) miles in length (TCR rider).

WHEREAS, on November 5, 2010, OTP filed a petition with the Commission for approval to establish a TCR rider pursuant to state statute for the recovery of investments and expenses associated with new or modified transmission projects that are not included in base rates, and for the recovery of expenses or charges from the Midwest Independent Transmission System Operator (MISO) through Schedule 26 under the federally regulated MISO Open Access Transmission, Energy, and Operating Reserve Markets Tariff (MISO tariff).

WHEREAS, OTP is an active member of the Midwest Independent Transmission System Operator (MISO), and is assessed costs through the MISO tariff known as Schedule 26 charges, and such costs represent the charges OTP incurs from MISO as a Transmission Customer to pay its assigned portion of transmission investments made by transmission owners which are allowed cost allocation and recovery pursuant to the MISO tariff.

WHEREAS, in its petition filed on November 5, 2010, OTP proposed to flow the South Dakota jurisdictional portion of its Schedule 26 charges through the TCR rider for recoupment of these expenses from its South Dakota ratepayers as opposed to the

traditional method of accounting for such costs during a regular retail rate case proceeding.

WHEREAS, in its petition filed on November 5, 2010, OTP did not seek retail cost recovery for its investment in these regional transmission projects through the TCR rider, other than expense recovery of the Schedule 26 charges allocated to OTP, as described above. Instead, OTP proposed to leave these investments at the FERC jurisdictional level with no portion of these investments to be included as part of retail rate base.

WHEREAS, Commission Staff reviewed the petition and entered into extended negotiations with OTP regarding establishment of a TCR rider.

WHEREAS, the Parties recognize the developing nature of transmission investments and note a distinction should be made between transmission investments attributable to serving retail load requirements and investments made for non-retail, regional transmission purposes.

WHEREAS, the Parties recognize the undefined nature for structuring a TCR rider and agree various approaches can be utilized, but such structure must remain in the public's best interest and ensure costs included for recovery through the tariff are prudently incurred and achieve transmission system improvements at the lowest reasonable cost to ratepayers.

WHEREAS, the Parties wish to fully resolve all the issues outstanding in this matter and the Parties acknowledge they may have differing views to justify entering this Settlement which they deem just and reasonable.

THEREFORE, it is hereby agreed by and between OTP and Commission Staff as follows:

GENERAL PROVISIONS

1. This Settlement is made upon the express understanding that it constitutes a negotiated agreement. The provisions of this Settlement are not severable and shall become effective only after the Commission enters an order approving this Settlement without modification. In the event this Settlement is not approved in whole by the Commission, it shall be deemed withdrawn, without prejudice to any testimony, claims, positions or contentions which may have been made in this proceeding by any Party and no part of this Settlement shall be admissible as evidence or in any way described or discussed in any proceeding hereafter.

2. The provisions of this Settlement shall not be construed as, or deemed to be a precedent by any Party, the Commission, or other state or federal government regulatory body with respect to any issue, principle or interpretation or application of law and

regulations, for any purpose in connection with any proceeding before a court of law or any state or federal governmental regulatory body.

SPECIFIC UNDERSTANDINGS AND AGREEMENTS

1. **TCR Rider Tariff Mechanism:** The Parties agree OTP will establish a TCR rider tariff mechanism for the recovery of charges for the jurisdictional share of costs for new or modified transmission facilities and federally regulated costs charged to OTP to increase regional transmission capacity or reliability in accordance with state statute and the framework set forth under this Settlement.
2. **Regional Transmission Investment Allocation:** For the purpose of determining inclusion of regional transmission investments (those that qualify for regional cost allocation through MISO's tariff) in the TCR rider, the Parties agree to utilize a method of project cost allocation referred to by the Parties as the "hybrid" method. The Parties find this method best conforms to traditional ratemaking philosophy and facilitates proper allocation of transmission investments to the jurisdiction which has created a need for the investment. Specifically this method has been selected to address the large differential between the total amount of regional transmission investments made by OTP and the portion of the total investments which can be attributed to serving retail load versus regional transmission purposes.

Under this method, OTP's regional transmission investments will be allocated into state or FERC jurisdictions for recovery on a percent-of-responsibility basis. This allocation will be made as follows:

- A. All portions of the regional transmission investments for which OTP is allocated MISO Schedule 26 charges shall be allocated to the state jurisdiction. These investments shall be included in retail rate base for recovery through the TCR mechanism until rolled into base rates in a future general rate case. In addition, retail customers will be credited a pro-rata share of FERC authorized MISO Schedule 26 revenues associated with this retail load portion of the transmission investments.
- B. All portions of the regional transmission investments for which OTP is not allocated Schedule 26 charges shall be allocated to the FERC jurisdiction. OTP's revenue requirement for these transmission investments will be recovered through the MISO Schedule 26 revenues received for these investments.

3. **Transmission Facilities:** The Parties agree, under the framework described in Clause 2, the retail sales portion of the following regional transmission investments shall be included in retail rate base for rate recovery through the TCR mechanism.
 - a. Bemidji to Grand Rapids CAPX2020
 - b. Fargo to Monticello Phase I CAPX2020
 - c. Fargo to Monticello Phase II CAPX2020
 - d. Fargo to Monticello Phase III CAPX2020
 - e. Rugby Wind Farm Interconnection

In the future, OTP's investment in new transmission projects will require Commission approval in a future TCR annual update filing through which Commission Staff shall be provided an opportunity to review such projects for statutory compliance. Such projects may be regional, like those described in this Settlement or they may be local (projects that do not qualify for regional cost allocation through MISO's FERC authorized rates).

4. **Schedule 26 Expenses:** The Parties agree it is proper to utilize the TCR as the mechanism to flow through the jurisdictional share of Schedule 26 expenses incurred by OTP as an active member of MISO. Pursuant to SDCL 49-34A-25.1, the TCR rider applies only to new or modified transmission facilities with a design capacity of thirty-four and one-half kilovolts (34.5 kV) or more and which are more than five (5) miles in length. Under the MISO tariff, transmission projects eligible for cost allocation under Attachment FF are of the capacity and nature to comply with these SDCL requirements.
5. **Rate of Return:** The Parties agree OTP's revenue requirement for the retail load obligation of the transmission investments will be based on the rate of return established from OTP's most recent retail rate case (Commission Docket No. EL10-011) as permitted under SDCL 49-34A-25.2(2). The Parties agree, due to the unique characteristics of current transmission investments made by OTP--such as, the voluntary nature of OTP's investment in these transmission projects, the Schedule 26 revenue to be credited to OTP's South Dakota retail customers, and the assumption of risk by OTP's South Dakota retail customers of a portion of these investments--justifies maintaining the ROR at this established level. The Parties further agree, this negotiated ROR is based on the current status quo of these factors and if these factors change from the current status, such changes may justify a subsequent review and adjustment of the ROR to reflect different circumstances.
6. **Rate Design:** The Parties agree the TCR rate design will utilize the transmission demand allocation factor from OTP's last South Dakota general rate case (Commission Docket No. EL10-011) to allocate total revenue requirements to jurisdictions (South Dakota, 9.260463 percent) and rate classes. The large general service (LGS) class's portion of retail revenue requirements is 33.96%. The

remaining 66.04% of the retail revenue requirements will be collected from the non-LGS rate classes.

OTP's LGS rate design for the TCR rider will incorporate demand (\$/kW-month) and energy (¢/kWh) rates that recover the transmission project costs in a manner that follows existing LGS base rate design. Specifically, the LGS revenue requirements will be split between demand and energy based on the 2011 forecast base rate demand and energy revenue proportion of approximately 14% demand and 86% energy. As part of future filings, this split will be reviewed as necessary to reflect any material load changes. The LGS demand rate will be calculated as the LGS demand revenue requirements divided by the LGS class billing demand for the projected period. The LGS energy rate will be calculated as the LGS energy revenue requirements divided by the LGS kilowatt-hour sales for the projected period.

For the remaining retail rate classes (non-LGS) of controlled service, and lighting, and all other classes, OTP will incorporate an energy rate only. A rate for each class will be a separate energy-based (kWh) charge calculated as the revenue requirements divided by the kilowatt-hour sales for the projected period.

7. **Tracker Balance:** The Parties agree the tracker account balance will accrue monthly carrying charges at a rate of 1/12 of OTP's cost of capital times the tracker balance. Carrying charges on a over-collected balance will accrue to the benefit of retail customers and carrying charges on a under-collected balance will accrue to OTP.
8. **Effective Date & Projected Period:** The Parties agree the initial TCR mechanism will be implemented with an effective date of December 1, 2011 and shall remain in effect through December 2012. Further, the Parties agree costs which have gone uncollected for the period of January 1, 2011 to the first billing under the TCR will be recovered from the implementation date through the 2012 year, with actual collections reflected in the tracker balance to ensure no over- or under-recovery.
9. **Customer Notice:** The Parties agree OTP will provide individual customer notice to all affected South Dakota customers through a bill notation or bill stuffer included with the first billing to include the TCR rider following Commission approval, as provided on Attachment 10. TCR billings will be reflected as a separate line item on customer bills.
10. **Annual Reporting:** The Parties agree OTP will submit an annual TCR filing on a going forward basis to be received by the PUC by September 1 of each year. Based on this annual report, OTP will adjust the TCR rate each year based on actual costs and collections.

11. **Attachments:** The Parties agree the TCR rider shall be implemented according to the Attachments 1 through 11 made part of this Settlement and which are incorporated here by reference.

Dated: 11/16/11

South Dakota Public Utilities Staff

BY: [Signature]

Brian Jent
Title: Staff Attorney

Dated: 11/16/11

Otter Tail Power Company

BY: [Signature]

Tom BRAUSE
Title: VP Administration

Projected Revenue for December 2011-December 2012

Class		Units	Rate per Unit	Amount
Large General Service	(a)	408,107 kW	\$0.072	\$29,301
		217,480,154 kWh	0.083 ¢	179,994
Total LGS				<u>\$209,295</u>
Controlled service	(b)	47,531,608 kWh	0.020 ¢	\$9,721
Lighting	(c)	4,885,742 kWh	0.108 ¢	5,272
All other service		217,949,874 kWh	0.180 ¢	<u>392,063</u>
Total revenue				<u><u>\$616,351</u></u>

- (a) Rate Schedules 10.03 Large General Service and 10.05 Large General Service - Time of Day
- (b) Rate Schedules 14.01 Water Heating, 14.04 Interruptible Load (CT Metering), 14.05 Interruptible Load (Self-Contained Metering), 14.06 Deferred Load
- (c) Rate Schedules 11.03 Outdoor Lighting (energy only), 11.04 Outdoor Lighting

Summary of Revenue Requirements

<u>Revenue Requirements</u>	<u>2011-12</u>
Rugby Wind Interconnection	\$1,157
Bemidji CAPX 2020	190,664
Fargo CAPX 2020	382,245
	\$0
Schedule 26	28,245
Carrying cost	14,040
True Up	<u>0</u>
Total	<u><u>\$616,351</u></u>

Class Allocation and Rate Design

For all 2011 - 2012 Revenue Requirements collected from 12/1/2011 - 12/31/2012

		<u>2011-2012</u>
South Dakota revenue requirements		\$616,351 *
Large General Service class	33.96%	\$209,295
Controlled service	1.58%	9,721
Lighting	0.86%	5,272
All other service	63.61%	<u>392,063</u>
Total		\$616,351
Large General Service class	kW	408,107
Large General Service class	kWh	217,480,154
Controlled service	kWh	47,531,608
Lighting	kWh	4,885,742
All other service	kWh	217,949,874
Large General Service class	\$ / kW month	0.072 **
Large General Service class	cents / kWh	0.083
Controlled service	cents / kWh	0.020
Lighting	cents / kWh	0.108
All other service	cents / kWh	0.180

* Jurisdictional transmission allocation factor (D2 = 9.815717%) is from Otter Tail's last general rate case in South Dakota.

** LGS revenue is 14% demand and 86% energy

Otter Tail Power Company
Transmission Cost Recovery Rider
Docket EL10-015

TRACKER SUMMARY

Line	2012												YE Projected	
	January Projected	February Projected	March Projected	April Projected	May Projected	June Projected	July Projected	August Projected	September Projected	October Projected	November Projected	December Projected		
Requirements Compared to Billed:														
Revenue Requirements														
1	Rugby Wind Interconnection	52	52	52	52	52	52	52	52	52	52	52	52	626
2	Bemidji	11,558	11,558	11,558	11,558	11,558	11,558	11,558	11,558	11,558	11,558	11,558	11,558	138,695
3	Fargo (I, II, and III)	22,282	22,287	22,292	22,296	22,301	22,306	22,310	22,313	22,320	22,320	22,320	22,320	267,666
4														0
5	Total	33,892	33,897	33,902	33,906	33,911	33,916	33,920	33,923	33,930	33,930	33,930	33,930	406,987
6	MISO Schedule 26 - expense/(revenue)	7,814	8,655	13,265	5,463	4,338	(8,704)	(1,394)	573	3,530	3,340	(7,521)	(4,119)	25,241
7	Net Revenue Requirement	41,706	42,552	47,167	39,370	38,249	25,211	32,526	34,497	37,460	37,270	26,408	29,811	432,228
8														
9	Billed (forecast kWh x billing factor)	55,916	55,964	52,045	46,081	42,767	41,125	43,080	43,788	44,260	40,829	47,767	50,212	563,853
10														
11	Difference	(14,209)	(13,412)	(4,878)	(6,711)	(4,518)	(15,914)	(10,554)	(9,292)	(6,820)	(3,559)	(21,359)	(20,401)	(131,625)
12														
13	Cummulative Difference	103,749	90,338	85,460	78,749	74,231	58,317	47,763	38,472	31,652	28,093	6,734	(13,667)	(13,667)
14														
15	Carrying Charge Calculation	796	706	677	634	606	498	427	364	318	295	146	3	3
16	Cumulative Carrying Charge	9,366	10,072	10,749	11,383	11,989	12,487	12,914	13,278	13,596	13,892	14,038	14,040	14,040
17	Carrying cost	8.50%	8.50%	8.50%	8.50%	8.50%	8.50%	8.50%	8.50%	8.50%	8.50%	8.50%	8.50%	8.50%
18	Monthly Rate													
19		796	706	677	634	606	498	427	364	318	295	146	3	3
20		9,366	10,072	10,749	11,383	11,989	12,487	12,914	13,278	13,596	13,892	14,038	14,040	14,040
21														
22														
23														
24	Forecasted Sales (MWh)	44,028	44,066	40,980	36,284	33,675	32,382	33,921	34,479	34,866	32,149	37,612	39,537	443,979
25														
26	Total Cumulative Diff. including Carrying Cost	113,115	100,409	96,209	90,131	86,220	70,804	60,677	51,750	45,248	41,984	20,772	373	
27														

SUMMARY		13 month rate
Year		12/11-12/12
Revenue requirements		\$602,311
Carrying Charge		14,040
True-up		0
True up		0
Total requirements		\$616,351
Projected sales in MWh		485,022
Average Rate		\$0.00127

Other Tail Power Company
Transmission Rider - Revenue Requirements
Bemidji-Grand Rapids Project
Docket EL10-015

Line	Year>>													2011
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Projected	Projected	Projected	Projected	Projected	Projected	Projected
	January	February	March	April	May	June	July	August	September	October	November	December	Total	Total
Retail Load Responsibility Only														
1	RATE BASE													
2	0	0	0	0	0	0	0	0	0	0	0	0	0	0
3	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4	0	0	0	0	0	0	0	0	0	0	0	0	0	0
5	1,769,490	2,966,462	3,427,985	2,940,167	3,627,930	3,312,628	3,543,584	5,257,481	5,894,736	7,868,083	8,789,711	10,017,548	10,017,548	10,017,548
6	0	0	0	0	0	0	0	0	0	0	0	0	0	0
7	0	0	0	0	0	0	0	0	0	0	0	0	0	0
8	1,769,490	2,966,462	3,427,985	2,940,167	3,627,930	3,312,628	3,543,584	5,257,481	5,894,736	7,868,083	8,789,711	10,017,548	10,017,548	10,017,548
9														
10	4,685,158	4,685,158	4,685,158	4,685,158	4,685,158	4,685,158	4,685,158	4,685,158	4,685,158	4,685,158	4,685,158	4,685,158	4,685,158	4,685,158
11														
12	32,549	33,190	33,190	33,190	33,190	33,190	33,190	33,190	33,190	33,190	33,190	33,190	33,190	397,638
13														
14	21,808	20,695	20,695	20,695	20,695	20,695	20,695	20,695	20,695	20,695	20,695	20,695	20,695	249,450
15														
16	EXPENSES													
17	O&M and Depreciation													
18	0	0	0	0	0	0	0	0	0	0	0	0	0	0
19	0	0	0	0	0	0	0	0	0	0	0	0	0	0
20	0	0	0	0	0	0	0	0	0	0	0	0	0	0
21	0	0	0	0	0	0	0	0	0	0	0	0	0	0
22														
23	21,808	20,695	20,695	20,695	20,695	20,695	20,695	20,695	20,695	20,695	20,695	20,695	20,695	249,450
24	33,551	31,838	31,838	31,838	31,838	31,838	31,838	31,838	31,838	31,838	31,838	31,838	31,838	383,770
25														
26														
27	11,743	11,143	11,143	11,143	11,143	11,143	11,143	11,143	11,143	11,143	11,143	11,143	11,143	134,319
28	11,743	11,143	11,143	11,143	11,143	11,143	11,143	11,143	11,143	11,143	11,143	11,143	11,143	134,319
29														
30														
31														
32	REVENUE REQUIREMENTS													
33	11,743	11,143	11,143	11,143	11,143	11,143	11,143	11,143	11,143	11,143	11,143	11,143	11,143	134,319
34	32,549	33,190	33,190	33,190	33,190	33,190	33,190	33,190	33,190	33,190	33,190	33,190	33,190	397,638
35	44,292	44,333	44,333	44,333	44,333	44,333	44,333	44,333	44,333	44,333	44,333	44,333	44,333	531,957
36														
37	0	0	0	0	0	0	0	0	0	0	0	0	0	0
38	44,292	44,333	44,333	44,333	44,333	44,333	44,333	44,333	44,333	44,333	44,333	44,333	44,333	531,957
39														
40	4,102	4,352	4,352	4,352	4,352	4,352	4,352	4,352	4,352	4,352	4,352	4,352	4,352	51,969

SUPPORTING INFORMATION / DATA

Line 1	SD Capstructure with allowed ROE per order.	SD Capstructure with allowed ROE per order.	
2	Capital Structure	Capital Structure	Property tax
3	Debt	Thru 1/31/2011 2.61% From 2/1/2011 3.20%	2010 composite rate 1.88%
4	Preferred equity	Preferred equity 0.14% 0.00%	
5	Common equity	Common equity 5.59% 5.30%	
6	Total	Total 8.34% 8.50%	Book Depreciation
7			2010 composite rate 1.9562%
8			
9			
10			
11	Statutory Tax Rate	Statutory Tax Rate	
12	Tax conversion factor	Thru 1/31/2011 35.00% From 2/1/2011 35.00%	
13		Tax conversion factor 1.5385 1.5385	
14		Transmission Revenue 0.00% 0.00%	
		SD share - D2 factor 9.26% 9.82%	

Retail Load Responsibility Only													
Line	2012 Projected January	2012 Projected February	2012 Projected March	2012 Projected April	2012 Projected May	2012 Projected June	2012 Projected July	2012 Projected August	2012 Projected September	2012 Projected October	2012 Projected November	2012 Projected December	2012 Total
1	RATE BASE												
2	0	0	0	0	0	0	0	0	0	0	0	0	0
3	0	0	0	0	0	0	0	0	0	0	0	0	0
4	0	0	0	0	0	0	0	0	0	0	0	0	0
5	10,712,610	11,135,994	12,040,390	12,395,221	12,717,535	12,849,064	12,968,292	13,095,778	13,194,347	13,278,736	13,547,773	13,815,410	13,815,410
6	0	0	0	0	0	0	0	0	0	0	0	0	0
7	0	0	0	0	0	0	0	0	0	0	0	0	0
8	10,712,610	11,135,994	12,040,390	12,395,221	12,717,535	12,849,064	12,968,292	13,095,778	13,194,347	13,278,736	13,547,773	13,815,410	13,815,410
9	0	0	0	0	0	0	0	0	0	0	0	0	0
10	12,443,746	12,443,746	12,443,746	12,443,746	12,443,746	12,443,746	12,443,746	12,443,746	12,443,746	12,443,746	12,443,746	12,443,746	12,443,746
11	0	0	0	0	0	0	0	0	0	0	0	0	0
12	88,152	88,152	88,152	88,152	88,152	88,152	88,152	88,152	88,152	88,152	88,152	88,152	1,057,825
13	0	0	0	0	0	0	0	0	0	0	0	0	0
14	54,965	54,965	54,965	54,965	54,965	54,965	54,965	54,965	54,965	54,965	54,965	54,965	659,581
15	EXPENSES												
16	O&M and Depreciation												
17	0	0	0	0	0	0	0	0	0	0	0	0	0
18	0	0	0	0	0	0	0	0	0	0	0	0	0
19	0	0	0	0	0	0	0	0	0	0	0	0	0
20	0	0	0	0	0	0	0	0	0	0	0	0	0
21	0	0	0	0	0	0	0	0	0	0	0	0	0
22	0	0	0	0	0	0	0	0	0	0	0	0	0
23	Income before Taxes												
24	54,965	54,965	54,965	54,965	54,965	54,965	54,965	54,965	54,965	54,965	54,965	54,965	659,581
25	84,562	84,562	84,562	84,562	84,562	84,562	84,562	84,562	84,562	84,562	84,562	84,562	1,014,740
26	0	0	0	0	0	0	0	0	0	0	0	0	0
27	0	0	0	0	0	0	0	0	0	0	0	0	0
28	29,597	29,597	29,597	29,597	29,597	29,597	29,597	29,597	29,597	29,587	29,597	29,597	355,159
29	29,597	29,597	29,597	29,597	29,597	29,597	29,597	29,597	29,597	29,587	29,597	29,597	355,159
30	0	0	0	0	0	0	0	0	0	0	0	0	0
31	REVENUE REQUIREMENTS												
32	29,597	29,597	29,597	29,597	29,597	29,597	29,597	29,597	29,597	29,597	29,597	29,597	355,159
33	88,152	88,152	88,152	88,152	88,152	88,152	88,152	88,152	88,152	88,152	88,152	88,152	1,057,825
34	117,749	117,749	117,749	117,749	117,749	117,749	117,749	117,749	117,749	117,749	117,749	117,749	1,412,984
35	0	0	0	0	0	0	0	0	0	0	0	0	0
36	0	0	0	0	0	0	0	0	0	0	0	0	0
37	0	0	0	0	0	0	0	0	0	0	0	0	0
38	117,749	117,749	117,749	117,749	117,749	117,749	117,749	117,749	117,749	117,749	117,749	117,749	1,412,984
39	0	0	0	0	0	0	0	0	0	0	0	0	0
40	11,558	11,558	11,558	11,558	11,558	11,558	11,558	11,558	11,558	11,558	11,558	11,558	138,695

SUPPORTING INFORMATION / DATA

Line	SD Capstructure with allowed ROE per order.	SD Capstructure with allowed ROE per order.	Ratio	Cost	WA Cost	Property tax
1	Capital Structure	Capital Structure				
2	Debt	Debt	46.995%	6.81%	3.20%	2011 composite rate
3	Preferred equity	Preferred equity	0.000%	0.00%	0.00%	1.77%
4	Common equity	Common equity	53.005%	10.00%	5.30%	
5	Total	Total	100.00%		8.50% Overall Return	
6						Book Depreciation
7						2011 composite rate
8						1.9338%
9						
10	Project life (years)	Book	Tax			
11		50	15-year MACRS			
12	Statutory Tax Rate	Statutory Tax Rate	35.00%			
13	Tax conversion factor	Tax conversion factor	1.5385			
14		Transmission Revenue	0.00%			
		SD share - D2 factor	9.816%			

Year>>	2011 Actual January	2011 Actual February	2011 Actual March	2011 Actual April	2011 Actual May	2011 Actual June	2011 Actual July	2011 Projected August	2011 Projected September	2011 Projected October	2011 Projected November	2011 Projected December	2011 Projected Total
Retail Load Responsibility Only													
1	RATE BASE												
2	0	0	0	0	0	0	0	0	0	0	0	7,679,223	7,679,223
3	0	0	0	0	0	0	0	0	0	0	0	0	0
4	0	0	0	0	0	0	0	0	0	0	0	7,679,223	7,679,223
5	2,491,541	3,232,811	5,275,403	7,015,770	6,170,795	6,035,727	7,016,799	7,314,871	7,542,655	7,621,349	7,679,640	0	0
6													
7	0	0	0	0	0	0	0	0	0	0	0	(2,687,728)	(2,687,728)
8	2,491,541	3,232,811	5,275,403	7,015,770	6,170,795	6,035,727	7,016,799	7,314,871	7,542,655	7,621,349	7,679,640	4,991,495	4,991,495
9													
10	5,684,857	5,684,857	5,684,857	5,684,857	5,684,857	5,684,857	5,684,857	5,684,857	5,684,857	5,684,857	5,684,857	5,684,857	5,684,857
11													
12	39,494	40,272	40,272	40,272	40,272	40,272	40,272	40,272	40,272	40,272	40,272	40,272	482,484
13													
14	26,482	25,110	25,110	25,110	25,110	25,110	25,110	25,110	25,110	25,110	25,110	25,110	302,677
15													
16	EXPENSES												
17	O&M and Depreciation												
18	0	0	0	0	0	0	0	0	0	0	0	0	0
19	9,599	9,599	9,599	9,599	9,599	9,599	9,599	9,599	9,599	9,599	9,599	9,599	116,188
20	0	0	0	0	0	0	0	0	0	0	0	0	0
21	9,599	9,599	9,599	9,599	9,599	9,599	9,599	9,599	9,599	9,599	9,599	9,599	116,188
22													
23	Income before Taxes												
24	26,482	25,110	25,110	25,110	25,110	25,110	25,110	25,110	25,110	25,110	25,110	25,110	302,677
25	40,710	38,632	38,632	38,632	38,632	38,632	38,632	38,632	38,632	38,632	38,632	38,632	465,857
26													
27	Income Taxes												
28	14,249	13,521	13,521	13,521	13,521	13,521	13,521	13,521	13,521	13,521	13,521	13,521	162,980
29	14,249	13,521	13,521	13,521	13,521	13,521	13,521	13,521	13,521	13,521	13,521	13,521	162,980
30													
31	REVENUE REQUIREMENTS												
32													
33	23,848	23,120	23,120	23,120	23,120	23,120	23,120	23,120	23,120	23,120	23,120	23,120	278,168
34	39,494	40,272	40,272	40,272	40,272	40,272	40,272	40,272	40,272	40,272	40,272	40,272	482,484
35	63,342	63,392	63,392	63,392	63,392	63,392	63,392	63,392	63,392	63,392	63,392	63,392	760,652
36													
37	0	0	0	0	0	0	0	0	0	0	0	0	0
38	63,342	63,392	63,392	63,392	63,392	63,392	63,392	63,392	63,392	63,392	63,392	63,392	760,652
39													
40	6,217	6,222	6,222	6,222	6,222	6,222	6,222	6,222	6,222	6,222	6,222	6,222	74,663

SUPPORTING INFORMATION / DATA													
1	SD Capstructure with allowed ROE per order.												
2	Capital Structure	Thru 1/31/2011 From 2/1/2011 Thru 1/31/2011 From 2/1/2011 Thru 1/31/2011 From 2/1/2011											
3	41.15%	Debt	41.15%	46.995%	6.34%	6.81%	2.61%	3.20%	Property tax	2011 composite rate			1.50%
4	3.00%	Preferred equity	3.00%	0.000%	4.75%	0.00%	0.14%	0.00%					
5	55.85%	Common equity	55.85%	53.005%	10.00%	10.00%	5.58%	5.30%					
6	100.00%	Total	100.00%	100.00%									
7													
8	Tax												
9	15-year MACRS												
10	Thru 1/31/2011 From 2/1/2011												
11	35.00%	Statutory Tax Rate	35.00%	35.00%									
12	1.53846	Tax conversion factor	1.5385	1.6385									
13	Transmission Revenue												
14	SD share - D2 factor												

Line	Retail Load Responsibility Only													Total
	2012 Projected January	2012 Projected February	2012 Projected March	2012 Projected April	2012 Projected May	2012 Projected June	2012 Projected July	2012 Projected August	2012 Projected September	2012 Projected October	2012 Projected November	2012 Projected December	2012 Projected	
1	RATE BASE													
2	7,716,298	7,749,933	7,763,967	7,817,201	7,850,635	7,884,466	7,907,909	7,955,005	7,955,005	7,955,005	7,955,005	7,856,005	7,856,005	7,955,005
3	(10,751)	(21,554)	(32,404)	(43,301)	(54,245)	(65,236)	(76,274)	(87,345)	(98,482)	(109,619)	(120,756)	(131,893)	(133,644)	(133,644)
4	7,705,547	7,728,379	7,731,563	7,773,900	7,796,390	7,819,230	7,831,635	7,867,660	7,856,523	7,845,386	7,834,249	7,823,112	7,821,361	7,821,361
5	0	0	0	0	0	0	0	0	0	0	0	0	0	0
6														
7	(2,683,965)	(2,690,184)	(2,676,387)	(2,672,573)	(2,668,742)	(2,664,895)	(2,661,032)	(2,657,157)	(2,653,259)	(2,649,361)	(2,645,463)	(2,641,565)	(2,640,953)	(2,640,953)
8	5,021,582	5,048,195	5,074,776	5,101,327	5,127,848	5,154,338	5,170,603	5,210,503	5,203,264	5,196,025	5,188,786	5,181,547	5,180,409	5,180,409
9														
10	5,128,484	5,128,484	5,128,484	5,128,484	5,128,484	5,128,484	5,128,484	5,128,484	5,128,484	5,128,484	5,128,484	5,128,484	5,128,484	5,128,484
11														
12	36,330	36,330	36,330	36,330	36,330	36,330	36,330	36,330	36,330	36,330	36,330	36,330	36,330	435,985
13														
14	22,653	22,653	22,653	22,653	22,653	22,653	22,653	22,653	22,653	22,653	22,653	22,653	22,653	271,835
15														
16	EXPENSES													
17	<i>O&M and Depreciation</i>													
18	0	0	0	0	0	0	0	0	0	0	0	0	0	0
19	9,944	9,944	9,944	9,944	9,944	9,944	9,944	9,944	9,944	9,944	9,944	9,944	9,944	119,325
20	10,751	10,803	10,850	10,897	10,944	10,991	11,038	11,071	11,137	11,137	11,137	11,137	11,137	137,693
21	20,695	20,747	20,794	20,841	20,888	20,935	20,982	21,016	21,081	21,081	21,081	21,081	21,081	257,218
22														
23	22,653	22,653	22,653	22,653	22,653	22,653	22,653	22,653	22,653	22,653	22,653	22,653	22,653	271,835
24	34,851	34,851	34,851	34,851	34,851	34,851	34,851	34,851	34,851	34,851	34,851	34,851	34,851	418,208
25														
26														
27	12,198	12,198	12,198	12,198	12,198	12,198	12,198	12,198	12,198	12,198	12,198	12,198	12,198	146,373
28	12,198	12,198	12,198	12,198	12,198	12,198	12,198	12,198	12,198	12,198	12,198	12,198	12,198	146,373
29														
30														
31														
32	REVENUE REQUIREMENTS													
33	32,892	32,944	32,991	33,038	33,086	33,133	33,180	33,213	33,279	33,279	33,279	33,279	33,279	397,591
34	36,330	36,330	36,330	36,330	36,330	36,330	36,330	36,330	36,330	36,330	36,330	36,330	36,330	435,985
35	69,223	69,275	69,322	69,369	69,416	69,463	69,510	69,543	69,609	69,609	69,609	69,609	69,609	833,556
36														
37	0	0	0	0	0	0	0	0	0	0	0	0	0	0
38	69,223	69,275	69,322	69,369	69,416	69,463	69,510	69,543	69,609	69,609	69,609	69,609	69,609	833,556
39														
40	6,795	6,800	6,804	6,809	6,814	6,819	6,823	6,826	6,833	6,833	6,833	6,833	6,833	81,820

Line	SUPPORTING INFORMATION / DATA												
1	SD Capstructure with allowed ROE per order.												
2	Capital Structure	Ratio		Cost	WA Cost	Property tax							
3	Debt	46.995%		6.81%	3.20%	2012 composite rate						1.50%	
4	Preferred equity	0.000%		0.00%	0.00%								
5	Common equity	53.005%		10.00%	5.30%								
6	Total	100.00%			8.50% Overall Return	Book Depreciation						1.6357%	
7													
8													
9													
10													
11	Statutory Tax Rate	35.00%											
12	Tax conversion factor	1.4385											
13													
14	SD share - D2 factor	9.816%											

Line	Year>>	2011 Actual January	2011 Actual February	2011 Actual March	2011 Actual April	2011 Actual May	2011 Actual June	2011 Actual July	2011 Projected August	2011 Projected September	2011 Projected October	2011 Projected November	2011 Projected December	2011 Projected Total
Retail Load Responsibility Only														
1		RATE BASE												
2		0	0	0	0	0	0	0	0	0	0	0	0	0
3		0	0	0	0	0	0	0	0	0	0	0	0	0
4		0	0	0	0	0	0	0	0	0	0	0	0	0
5		0	0	0	0	0	0	0	0	0	0	0	0	0
6		1,763,169	1,822,288	1,867,630	1,908,884	1,919,609	1,978,099	2,289,413	2,551,690	3,423,507	4,368,503	5,525,984	6,592,699	6,592,699
7		0	0	0	0	0	0	0	0	0	0	0	0	0
8		1,763,169	1,822,288	1,867,630	1,908,884	1,919,609	1,978,099	2,289,413	2,551,690	3,423,507	4,368,503	5,525,984	6,592,699	6,592,699
9														
10		2,902,623	2,902,623	2,902,623	2,902,623	2,902,623	2,902,623	2,902,623	2,902,623	2,902,623	2,902,623	2,902,623	2,902,623	2,902,623
11														
12		20,165	20,562	20,562	20,562	20,562	20,562	20,562	20,562	20,562	20,562	20,562	20,562	246,351
13														
14		13,511	12,821	12,821	12,821	12,821	12,821	12,821	12,821	12,821	12,821	12,821	12,821	154,543
15														
EXPENSES														
16		O&M and Depreciation												
17		0	0	0	0	0	0	0	0	0	0	0	0	0
18		0	0	0	0	0	0	0	0	0	0	0	0	0
19		0	0	0	0	0	0	0	0	0	0	0	0	0
20		0	0	0	0	0	0	0	0	0	0	0	0	0
21		0	0	0	0	0	0	0	0	0	0	0	0	0
22														
23		Income before Taxes												
24		13,511	12,821	12,821	12,821	12,821	12,821	12,821	12,821	12,821	12,821	12,821	12,821	154,543
25	1.5385	20,786	19,725	19,725	19,725	19,725	19,725	19,725	19,725	19,725	19,725	19,725	19,725	237,759
26														
27		Income Taxes												
28		7,275	6,904	6,904	6,904	6,904	6,904	6,904	6,904	6,904	6,904	6,904	6,904	83,216
29	35.00%	7,275	6,904	6,904	6,904	6,904	6,904	6,904	6,904	6,904	6,904	6,904	6,904	83,216
30														
31		REVENUE REQUIREMENTS												
32		7,275	6,904	6,904	6,904	6,904	6,904	6,904	6,904	6,904	6,904	6,904	6,904	83,216
33		20,165	20,562	20,562	20,562	20,562	20,562	20,562	20,562	20,562	20,562	20,562	20,562	246,351
34														
35		27,441	27,466	27,466	27,466	27,466	27,466	27,466	27,466	27,466	27,466	27,466	27,466	329,567
36														
37	0.00%	0	0	0	0	0	0	0	0	0	0	0	0	0
38		27,441	27,466	27,466	27,466	27,466	27,466	27,466	27,466	27,466	27,466	27,466	27,466	329,567
39														
40		2,693	2,696	2,696	2,696	2,696	2,696	2,696	2,696	2,696	2,696	2,696	2,696	32,349

SUPPORTING INFORMATION / DATA

Line	SD Capstructure with allowed ROE per order.	SD Capstructure with allowed ROE per order.	From 1/31/2011	Thru 1/31/2011	From 2/1/2011	Thru 1/31/2011	From 2/1/2011	Property tax
1	Capital Structure	Capital Structure	41.15%	46.955%	6.34%	6.81%	3.20%	2011 composite rate
2	Debt	Debt	3.00%	0.000%	4.75%	0.00%	0.14%	1.88%
3	Preferred equity	Preferred equity	55.86%	53.005%	10.00%	10.00%	5.69%	
4	Common equity	Common equity	100.00%	100.00%		8.34%	8.50%	
5	Total	Total						Book Depreciation
6								2011 composite rate
7								1.6150%
8								
9		Project life (years)	Book	50	Tax	15-year MACRS		
10			Thru 1/31/2011	From 2/1/2011				
11	Statutory Tax Rate	35.00%	35.00%	35.00%				
12	Tax conversion factor	1.53846	1.5385	1.5286				
13			Transmission Revenue	0.00%	100.00%			
14			SD share - D2 factor	9.26%	9.82%			

Line	Retail Load Responsibility Only												Total
	2012 Projected January	2012 Projected February	2012 Projected March	2012 Projected April	2012 Projected May	2012 Projected June	2012 Projected July	2012 Projected August	2012 Projected September	2012 Projected October	2012 Projected November	2012 Projected December	2012
1	RATE BASE												
2	0	0	0	0	0	0	0	0	0	0	0	0	0
3	0	0	0	0	0	0	0	0	0	0	0	0	0
4	0	0	0	0	0	0	0	0	0	0	0	0	0
5	7,940,986	9,120,883	10,252,065	11,400,147	12,344,986	13,166,582	14,259,453	15,233,822	16,343,000	17,660,715	18,767,447	19,595,765	16,595,765
6	0	0	0	0	0	0	0	0	0	0	0	0	0
7	7,940,986	9,120,883	10,252,065	11,400,147	12,344,986	13,166,582	14,259,453	15,233,822	16,343,000	17,660,715	18,767,447	19,595,765	16,595,765
8	0	0	0	0	0	0	0	0	0	0	0	0	0
9	13,282,965	13,282,965	13,282,965	13,282,965	13,282,965	13,282,965	13,282,965	13,282,965	13,282,965	13,282,965	13,282,965	13,282,965	13,282,965
10	0	0	0	0	0	0	0	0	0	0	0	0	0
11	94,097	94,097	94,097	94,097	94,097	94,097	94,097	94,097	94,097	94,097	94,097	94,097	1,129,166
12	0	0	0	0	0	0	0	0	0	0	0	0	0
13	58,672	58,672	58,672	58,672	58,672	58,672	58,672	58,672	58,672	58,672	58,672	58,672	704,064
14	Available for return (equity portion of rate base)												
15	EXPENSES												
16	O&M and Depreciation												
17	0	0	0	0	0	0	0	0	0	0	0	0	0
18	0	0	0	0	0	0	0	0	0	0	0	0	0
19	0	0	0	0	0	0	0	0	0	0	0	0	0
20	0	0	0	0	0	0	0	0	0	0	0	0	0
21	0	0	0	0	0	0	0	0	0	0	0	0	0
22	Total O&M and Depreciation Expense												
23	58,672	58,672	58,672	58,672	58,672	58,672	58,672	58,672	58,672	58,672	58,672	58,672	704,064
24	90,265	90,265	90,265	90,265	90,265	90,265	90,265	90,265	90,265	90,265	90,265	90,265	1,083,175
25	Taxable income (grossed up)												
26	Income Taxes												
27	31,593	31,593	31,593	31,593	31,593	31,593	31,593	31,593	31,593	31,593	31,593	31,593	379,111
28	31,593	31,593	31,593	31,593	31,593	31,593	31,593	31,593	31,593	31,593	31,593	31,593	379,111
29	Current and Def Income Taxes												
30	Total Income Tax Expense												
31	REVENUE REQUIREMENTS												
32	31,593	31,593	31,593	31,593	31,593	31,593	31,593	31,593	31,593	31,593	31,593	31,593	379,111
33	94,097	94,097	94,097	94,097	94,097	94,097	94,097	94,097	94,097	94,097	94,097	94,097	1,129,166
34	Expenses												
35	125,690	125,690	125,690	125,690	125,690	125,690	125,690	125,690	125,690	125,690	125,690	125,690	1,508,277
36	Return on rate base												
37	0	0	0	0	0	0	0	0	0	0	0	0	0
38	125,690	125,690	125,690	125,690	125,690	125,690	125,690	125,690	125,690	125,690	125,690	125,690	1,508,277
39	Subtotal revenue requirements												
40	12,337	12,337	12,337	12,337	12,337	12,337	12,337	12,337	12,337	12,337	12,337	12,337	148,048
41	Adjustments												
42	Transmission Revenue												
43	Total revenue requirements												
44	SD share - D2 factor												

Line	SUPPORTING INFORMATION / DATA											
1	SD Capstructure with allowed ROE per order.											
2	Capital Structure	Capital Structure										
3	Debt	46.995%	Ratio	6.81%	Cost	3.20%	WA Cost	2012 composite rate	1.50%	Property tax	1.50%	
4	Preferred equity	0.000%		0.00%		0.00%						
5	Common equity	53.005%		10.00%		5.30%						
6	Total	100.00%				8.50%	Overall Return	Book Depreciation	2012 composite rate	1.6357%		
7	Tax											
8	15-year MACRS											
9												
10												
11	Statutory Tax Rate	35.00%										
12	Tax conversion factor	1.5385										
13	Transmission Revenue	0.00%										
14	SD share - D2 factor	9.816%										

Retail Load Responsibility Only													Total	
	2012 Projected January	2012 Projected February	2012 Projected March	2012 Projected April	2012 Projected May	2012 Projected June	2012 Projected July	2012 Projected August	2012 Projected September	2012 Projected October	2012 Projected November	2012 Projected December	Total 2012	
1	RATE BASE													
2	0	0	0	0	0	0	0	0	0	0	0	0	0	
3	0	0	0	0	0	0	0	0	0	0	0	0	0	
4	0	0	0	0	0	0	0	0	0	0	0	0	0	
5	1,253,884	1,522,725	1,894,085	2,294,942	2,695,897	3,195,932	3,709,903	4,277,585	4,845,956	5,305,320	5,745,807	6,187,030	6,187,030	
6	0	0	0	0	0	0	0	0	0	0	0	0	0	
7	0	0	0	0	0	0	0	0	0	0	0	0	0	
8	1,253,984	1,522,725	1,894,085	2,294,942	2,695,897	3,195,932	3,709,903	4,277,585	4,845,956	5,305,320	5,745,807	6,187,030	6,187,030	
9	3,391,307	3,391,307	3,391,307	3,391,307	3,391,307	3,391,307	3,391,307	3,391,307	3,391,307	3,391,307	3,391,307	3,391,307	3,391,307	
10	0	0	0	0	0	0	0	0	0	0	0	0	0	
11	24,024	24,024	24,024	24,024	24,024	24,024	24,024	24,024	24,024	24,024	24,024	24,024	288,280	
12	0	0	0	0	0	0	0	0	0	0	0	0	0	
13	14,980	14,980	14,980	14,980	14,980	14,980	14,980	14,980	14,980	14,980	14,980	14,980	179,756	
14	0	0	0	0	0	0	0	0	0	0	0	0	0	
15	EXPENSES													
16	OSM and Depreciation													
17	0	0	0	0	0	0	0	0	0	0	0	0	0	
18	0	0	0	0	0	0	0	0	0	0	0	0	0	
19	0	0	0	0	0	0	0	0	0	0	0	0	0	
20	0	0	0	0	0	0	0	0	0	0	0	0	0	
21	0	0	0	0	0	0	0	0	0	0	0	0	0	
22	0	0	0	0	0	0	0	0	0	0	0	0	0	
23	14,980	14,980	14,980	14,980	14,980	14,980	14,980	14,980	14,980	14,980	14,980	14,980	179,756	
24	23,046	23,046	23,046	23,046	23,046	23,046	23,046	23,046	23,046	23,046	23,046	23,046	276,548	
25	0	0	0	0	0	0	0	0	0	0	0	0	0	
26	8,066	8,066	8,066	8,066	8,066	8,066	8,066	8,066	8,066	8,066	8,066	8,066	96,792	
27	8,066	8,066	8,066	8,066	8,066	8,066	8,066	8,066	8,066	8,066	8,066	8,066	96,792	
28	0	0	0	0	0	0	0	0	0	0	0	0	0	
29	0	0	0	0	0	0	0	0	0	0	0	0	0	
30	0	0	0	0	0	0	0	0	0	0	0	0	0	
31	0	0	0	0	0	0	0	0	0	0	0	0	0	
32	REVENUE REQUIREMENTS													
33	8,066	8,066	8,066	8,066	8,066	8,066	8,066	8,066	8,066	8,066	8,066	8,066	96,792	
34	24,024	24,024	24,024	24,024	24,024	24,024	24,024	24,024	24,024	24,024	24,024	24,024	288,280	
35	32,090	32,090	32,090	32,090	32,090	32,090	32,090	32,090	32,090	32,090	32,090	32,090	385,082	
36	0	0	0	0	0	0	0	0	0	0	0	0	0	
37	0	0	0	0	0	0	0	0	0	0	0	0	0	
38	32,090	32,090	32,090	32,090	32,090	32,090	32,090	32,090	32,090	32,090	32,090	32,090	385,082	
39	0	0	0	0	0	0	0	0	0	0	0	0	0	
40	3,150	3,150	3,150	3,150	3,150	3,150	3,150	3,150	3,150	3,150	3,150	3,150	37,799	

SUPPORTING INFORMATION / DATA													
1	SD Capstructure with allowed ROE per order.	SD Capstructure with allowed ROE per order.											
2	Capital Structure	Ratio	Cost	WA Cost	Property tax								
3	Debt	46.995%	6.81%	3.20%	2012 composite rate								1.50%
4	Preferred equity	0.000%	0.00%	0.00%									
5	Common equity	53.005%	10.00%	5.30%									
6	Total	100.00%		8.50%	Overall Return	Book Depreciation						1.6357%	
7													
8													
9													
10													
11	Statutory Tax Rate	Statutory Tax Rate	35.00%										
12	Tax conversion factor	Tax conversion factor	1.5385										
13		Transmission Revenue	0.00%										
14		SD share - D2 factor	9.818%										

**9.01 - Residential Electric Service –
 Monthly Bill Example Summer¹**

Usage (kWh)	Present Rates	TCR	Percent Increase
800	\$71.78	\$1.44	2.01%
900	\$79.38	\$1.62	2.04%
1,000	\$86.97	\$1.80	2.07%
2,000	\$162.87	\$3.60	2.21%
3,000	\$238.77	\$5.40	2.26%
4,000	\$314.67	\$7.20	2.29%

¹Summer season is considered June through September.

**9.03 - Farm Electric Service –
 Monthly Bill Example Summer¹**

Usage (kWh)	Present Rates	TCR	Percent Increase
1,000	\$89.21	\$1.80	2.02%
3,000	\$235.60	\$5.40	2.29%
5,000	\$380.26	\$9.00	2.37%
8,000	\$597.25	\$14.40	2.41%
11,000	\$814.24	\$19.80	2.43%
14,000	\$1,031.23	\$25.20	2.44%

¹Summer season is considered June through September.

²We've assumed the customers are three phase customers for this comparison.

**10.01 - General Service Under 20 kW –
 Secondary Service Monthly Bill Example**

Usage (kWh)	Demand (kW)	Present Rates	TCR	Percent Increase
1,500	5.1	\$130.58	\$2.70	2.07%
2,500	8.6	\$205.16	\$4.50	2.19%
3,500	12.0	\$275.95	\$6.30	2.28%
4,500	15.4	\$346.74	\$8.10	2.34%
5,500	18.8	\$417.53	\$9.90	2.37%
6,500	22.3	\$488.32	\$11.70	2.40%

¹Summer season is considered June through September.

²We've assumed a 40 percent load factor for this comparison.

**10.02 - General Service - 20 kW and Greater –
 Monthly Bill Example Summer¹**

Usage (kWh)	Demand (kW) ²	Present Rates	TCR	Percent Increase
10,500	36.0	\$757.96	\$18.90	2.49%
12,500	42.8	\$899.98	\$22.50	2.50%
14,500	49.7	\$1,042.11	\$26.10	2.50%
16,500	56.5	\$1,184.13	\$29.70	2.51%
18,500	63.4	\$1,326.27	\$33.30	2.51%
20,500	70.2	\$1,468.28	\$36.90	2.51%

¹Summer season is considered June through September.

²We've assumed a 40 percent load factor for this comparison.

**10.03 Large General Service – Monthly Bill
 Example Summer¹**

Usage (kWh)	Demand (kW)	Present Rates	TCR	Percent Increase
50,000	114.2	\$3,069.71	\$49.72	1.62%
75,000	171.2	\$4,578.80	\$74.58	1.63%
100,000	228.3	\$6,088.65	\$99.44	1.63%
150,000	342.5	\$9,108.36	\$149.16	1.64%
200,000	456.6	\$12,127.29	\$198.88	1.64%
300,000	684.9	\$18,165.94	\$298.31	1.64%

¹Summer season is considered June through September.

²We've assumed a 60 percent load factor for this comparison.

Otter Tail Power Company
Transmission Cost Recovery Rider
Docket No. EL10-015

SCHEDULE 26		2008												YE	
		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec		
Line		Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	
1	MISO Schedule 26 Expense														0
2															
3	South Dakota share	0.00%	0	0	0	0	0	0	0	0	0	0	0	0	0
4	Sum		0	0	0	0	0	0	0	0	0	0	0	0	0
SCHEDULE 26		2009													
6		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YE	
7		Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	
8	MISO Schedule 26 Expense														0
9															
10	South Dakota share	0.00%	0	0	0	0	0	0	0	0	0	0	0	0	0
SCHEDULE 26		2010													
12		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YE	
13		Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Projected	
14	MISO Schedule 26 Expense														0
15	MISO Schedule 26 Revenue		0												0
16	Net Schedule 26		0	0	0	0	0	0	0	0	0	0	0	0	0
17	South Dakota share	0.00%	0	0	0	0	0	0	0	0	0	0	0	0	0
SCHEDULE 26		2011													
19		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YE	
20		Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Projected	Projected	Projected	Projected	Projected	
21	MISO Schedule 26 Expense	98,085	263,224	244,971	256,072	198,610	187,017	209,602	225,474	226,042	225,305	183,104	196,324	2,513,839	
22	MISO Schedule 26 Revenue	(78,363)	(200,499)	(182,504)	(187,913)	(166,791)	(218,095)	(255,743)	(291,471)	(224,436)	(224,436)	(224,436)	(224,436)	(2,462,123)	
23	Net Schedule 26	9.26%	19,732	62,725	62,467	68,160	28,819	(31,079)	(46,141)	(65,967)	1,606	869	(41,332)	(28,112)	31,716
24	South Dakota share	9.82%	1,827	6,157	6,132	6,690	2,829	(3,051)	(4,529)	(6,476)	158	85	(4,057)	(2,759)	3,113
SCHEDULE 26		2012													
26		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YE	
27		Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	
28	MISO Schedule 26 Expense	636,349	644,914	691,881	612,395	600,936	468,059	542,535	562,579	592,699	590,766	480,111	514,777	6,938,001	
29	MISO Schedule 26 Revenue	(556,737)	(556,737)	(556,737)	(556,737)	(556,737)	(556,737)	(556,737)	(556,737)	(556,737)	(556,737)	(556,737)	(556,737)	(6,680,849)	
30	Net Schedule 26	79,612	88,177	135,144	55,658	44,199	(88,678)	(14,202)	5,842	35,962	34,029	(76,626)	(41,960)	257,152	
31	Minnesota share	9.82%	7,814	8,655	13,265	5,463	4,338	(8,704)	(1,394)	573	3,530	3,340	(7,521)	(4,119)	25,241

Notice to Otter Tail Power Company Customers

Otter Tail Power Company has upgraded transmission facilities to help ensure continued reliable service and to bring renewable energy to our South Dakota customers. The South Dakota Public Utilities Commission has approved a Transmission Cost Recovery Rider as a separate line item on your monthly electric bill beginning December 1, 2011 to recover the cost of these transmission upgrades and expansions.

The current Transmission charge is:

Class	¢ / kWh	\$/ kW
Large General Service	0.083¢	\$0.072
Controlled Service	0.020¢	N/A
Lighting	0.108¢	N/A
All other service	0.180¢	N/A

For more information contact Customer Service at 800-257-4044 or place an inquiry from our web site at www.otpco.com.



Fergus Falls, Minnesota

TRANSMISSION COST RECOVERY RIDER

DESCRIPTION	RATE CODE
Large General Service	71-510
Controlled Service	71-511
Lighting	71-512
All Other Service	71-513

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

APPLICATION OF SCHEDULE: This rate schedule is applicable to any electric service under all of the Company's retail rate schedules.

COST RECOVERY FACTOR: There shall be included on each South Dakota Customer's monthly bill a Transmission Cost Recovery charge, which shall be calculated before any applicable municipal payment adjustments and sales taxes as provided in the General Rules and Regulations for the Company's electric service. The following charges are applicable in addition to all charges for service being taken under the Company's standard rate schedules.

RATE:

TRANSMISSION COST RECOVERY			
Energy Charge per kWh:		kWh	kW
Large General Service	(a)	0.083 ¢/kWh	\$0.072
Controlled Service	(b)	0.020 ¢/kWh	N/A
Lighting	(c)	0.108 ¢/kWh	N/A
All Other Service		0.180 ¢/kWh	N/A

(a) Rate schedules 10.03 Large General Service, 10.05 Large General Service – Time of Day, 14.02 Real Time Pricing Rider and 14.03 Large General Service Rider.
 (b) Rate Schedules 14.01 Water Heating, 14.04 Interruptible Load (CT Metering), 14.05 Interruptible Load (Self-Contained Metering), 14.06 Deferred Load, and 14.07 Fixed Time of Delivery
 (c) Rate Schedules 11.03 Outdoor Lighting (energy only) and 11.04 Outdoor Lighting

SOUTH DAKOTA PUBLIC UTILITIES COMMISSION
 Filed on: November 5, 2010
 Approved by order dated: (DATE)
 Docket No. EL10-015

Thomas R. Brause
 Vice-President,
 Administration

EFFECTIVE with bills rendered on and after December 1, 2011, in South Dakota



Fergus Falls, Minnesota

DETERMINATION OF DEMAND CHARGE (LARGE GENERAL SERVICE CLASS ONLY): The demand charge shall be billed according to the demand charge as defined in the applicable rate schedule the Customer is taking service. N
N
N

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 Minnesota electric rates for the matrices of riders. N
N
N

SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION
Filed on: November 5, 2010
Approved by order dated: (DATE)
Docket No. EL10-015

Thomas R. Brause
Vice-President,
Administration

EFFECTIVE with bills
rendered on and after
December 1, 2011,
in South Dakota