Legislative

FUEL CLAUSE RIDER (Continued)

Section No. 5
~~1st~~2nd Revised Sheet No. 64.1
Cancelling ~~Original~~ 1st Revised 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~~ incurred during the previous calendar year, together with the projected true-up activity for January and February of the current calendar year, divided by the South Dakota retail kWh sales for the ~~most recent two month period~~previous calendar year. 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 costs. ~~as of the end of the month immediately preceding the fuel adjustment factor determination.~~ C C C C C

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: ~~L~~

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. ~~L~~

(Continued on Sheet No. 5-64.2)