ADJUSTMENT CLAUSE

1. The applicable energy or demand charges shall be increased or decreased quarterly, by an adjustment amount per kilowatt-hour of sales (to the nearest 0.001¢) or kilowatt of demand (to the nearest 1.0¢) equal to the difference between the delivered cost of energy, delivered cost of fuel, ad valorem taxes paid, and Commission approved fuel incentives pursuant to SDCL 49-34A-25 ("qualified costs") per kilowatt-hour of sales or kilowatt of demand and the base cost per kilowatt hour or kilowatt included in applicable standard base rates, if any.

2. Qualified costs include:
   a. Delivered cost of energy:

      i. The net cost of energy delivered to the distribution system pursuant to filed wholesale transmission rates as recorded in Accounts 456 and 565 of the Federal Energy Regulatory Commission's Uniform System of Accounts for Public Utilities and Licensees.

   b. Delivered cost of fuel:

      i. Fossil and nuclear fuel consumed in the utility's own plants, and the utility's share of fossil and nuclear fuel consumed in jointly owned or leased plants; plus

      ii. The actual identifiable fossil and nuclear fuel costs associated with energy purchased for reasons other than identified in paragraph (b)(iii) below; plus

      iii. The net energy cost of energy purchases, including short-term capacity purchases (one year or less) and exclusive of long-term capacity or demand charges (irrespective of the designation assigned to such transaction) when such energy is purchased on an economic dispatch basis. Included therein may be such costs as the charges for economy energy purchases and the charges as a result of scheduled outage, all such kinds of energy being purchased by the utility to substitute for its own higher cost energy; and less T T

      iv. The cost of fossil and nuclear fuel recovered through inter-system sales including the fuel costs related to economy energy sales and other energy sold on an economic dispatch basis.

      v. The cost of fossil fuel shall include those items listed in Account 151 of the Federal Energy Regulatory Commission's Uniform System of Accounts for Public Utilities and Licensees. The cost of nuclear fuel shall be that as shown in Account 518, except that if Account 518 also contains any expense for fossil fuel which has already been included in the cost of fossil fuel, it shall be deducted from this account.

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vi. Revenue generated by the Sale of Renewable Energy Credits less expenses will be credited to customers.

vii. The cost of reagents and treated water used by the Company to operate its generating plants, in compliance with the associated United States Environmental Protection Agency rules and regulations.

viii. Production Tax Credits ("PTC's") provided by the generation of energy from the Company's Wind Generation Facilities. The Inflation Reduction Act of 2022 created the ability for utilities to monetize PTC's generated after 2022. PTC's generated after that date may be passed through the fuel tracker, net of the costs of transferability. T T T T T

c. Ad Valorem Taxes paid:
All ad valorem taxes accrued and adjusted for actual tax payments less recovery through (a) or (b) above, if any.

d. Commission approved fuel incentives:
All Commission approved incentives, if any, less recovery pursuant to (a), (b), or (c) above, if any.

3. Sales shall be all kilowatt hours sold, excluding inter-system sales. Sales shall be equated to the sum of generation, purchases, and interchange-in, less energy associated with pumped storage operations, less inter-system sales referred to in paragraph (2) (b) (iv) above, less system losses.

4. Variances in actual qualified costs incurred and costs recovered through the Adjustment Clause mechanism will be separately measured monthly for the delivered cost of energy, delivered cost of fuel, ad valorem taxes paid, and South Dakota Public Utilities Commission approved fuel incentives. All accrued over or under variances shall be assessed a carrying charge or credit based upon the overall rate of return allowed by the South Dakota Public Utilities Commission in the Company's last general rate filing. Each applicable end-of-quarter true-up balance, adjusted for the next nine month's estimated over or under collection of cost, will be amortized into rates over the last twelve months of the subsequent thirteen month period.

ADJUSTMENT CLAUSE RATES

	Per KWH Per Month	
Delivered Cost of Energy - Energy Charge:		
Rate No. 10 - Residential Service	$0.01133	R
Rate No. 11 - Residential Service with Space Heating	$0.01133	R
Rate No. 14 - Residential Space Heating and Cooling	$0.01133	R
Rate No. 15 - Residential Dual Fuel and Controlled Services	$0.01133	R
Rate No. 16 - Interruptible Irrigation Service	$0.01233	R
Rate No. 17 - Irrigation Service	$0.01233	R
Rate No. 18 - Off Peak Irrigation Service	$0.01233	R
Rate No. 21 - General Service	$0.01233	R
Rate No. 23 - Commercial Water Heating	$0.01233	R
Rate No. 24 - Commercial Space Heating and Cooling	$0.01233	R
Rate No. 25 - All-Inclusive Commercial Service	$0.01233	R
Rate No. 41 - Municipal Pumping Service	$0.01033	R
Rate No. 70 - Controlled Off Peak Service	$0.00866	R
Rate No. 19 - Reddy-Guard, Rate No. 56 - Street and Area Lighting	$0.01133	R

	Per KW Per Month	
Delivered Cost of Energy - Demand Charge:		
Rate No. 33 - Commercial and Industrial Service	$2.67	R
Rate No. 34 - Large Commercial and Industrial Service	$2.67	R

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ADJUSTMENT CLAUSE RATES (cont'd)	Per KWH Per Month	
Ad Valorem Taxes Paid - Energy Charge		
Rate No. 10 - Residential Service	$0.00352	R
Rate No. 11 - Residential Service with Space Heating	$0.00352	R
Rate No. 14 - Residential Space Heating and Cooling	$0.00352	R
Rate No. 15 - Residential Dual Fuel and Controlled Services	$0.00352	R
Rate No. 16 - Interruptible Irrigation Service	$0.00383	R
Rate No. 17 - Irrigation Service	$0.00383	R
Rate No. 18 - Off Peak Irrigation Service	$0.00383	R
Rate No. 21 - General Service	$0.00383	R
Rate No. 23 - Commercial Water Heating	$0.00383	R
Rate No. 24 - Commercial Space Heating and Cooling	$0.00383	R
Rate No. 25 - All-Inclusive Commercial Service	$0.00383	R
Rate No. 41 - Municipal Pumping Service	$0.00323	R
Rate No. 70 - Controlled Off Peak Service	$0.00270	R
Rate No. 19 - Reddy-Guard, Rate No. 56 - Street and Area Lighting	$0.00357	R
	Per KW Per Month	
Ad Valorem Taxes Paid - Demand Charge:		
Rate No. 33 - Commercial and Industrial Service	$0.83	R
Rate No. 34 - Large Commercial and Industrial Service	$0.83	R
	Per KWH Per Month	
Delivered Cost of Fuel - All Energy Usage:		
All Rate Schedules	$0.02690	R