



Fergus Falls, Minnesota

CONSERVATION IMPROVEMENT PROJECT (CIP) RIDER

DESCRIPTION	RATE CODE
Conservation Surcharge	MCIP
CIP Exempt Adjustment Credit	MCCRC

RULES AND REGULATIONS: Terms and conditions of this electric rate schedule and the General Rules and Regulations govern use of this rider.

APPLICATION OF RIDER: This rider is applicable to any electric service under all of the Company's retail rate schedules, except for Standby Service, Section 11.01 and those customers who have been granted an exemption under a large customer facility. The exemptions are as follows:

“Large Customer Facility” customers that have been exempted from the Company’s Conservation Improvement Program charges pursuant to Minn. Stat. 216B.241, Subd. 1a (b) shall receive a monthly exemption from conservation improvement program charges pursuant to Minn. Stat.216B.16, subd. 6b Energy Conservation Improvement. Such monthly exemption will be effective beginning January 1 of the year following the grant of exemption. Upon exemption from conservation program charges, the “Large Customer Facility” customers can no longer participate in the Company’s Energy Conservation Improvement Program.

CONSERVATION SURCHARGE AND EXEMPTION ADJUSTMENT: There shall be added to each non-exempt Customer's bill a Conservation Surcharge based on the applicable Conservation Surcharge Factor multiplied by the Customer's monthly energy use. The Conservation Surcharge shall not be applied to Meter(s) on Customer Account(s) granted exemption by the Commissioner of the Minnesota Department of Commerce, Division of Energy Resources (or successor agency) from CIP costs pursuant to Minn. Stat. 216B.241. Meter(s) on Customer Account(s) granted an exemption shall receive a Conservation Cost Recovery Charge (CCRC) Exemption Adjustment Credit.

The Conservation Surcharge Factor is \$0.00582 per kWh.

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DETERMINATION OF CONSERVATION SURCHARGE FACTOR: The Conservation Surcharge shall be the quotient of the Recoverable CIP Tracker Balance, divided by projected Minnesota non-exempt retail energy sales for a designated 12-month recovery period. The Surcharge may be adjusted annually by approval of the Minnesota Public Utilities Commission (MNPUC). The Recoverable CIP Tracker Balance is determined as described below, starting with the MNPUC accepted CIP Tracker account balance as of the end of the prior year. From this starting point:

1. Add financial incentives awarded by the MNPUC not reflected in the prior year-end CIP Tracker balance;



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2. Add current year CIP approved spending levels;
3. Subtract current year CIP cost recovery through base rates as estimated based on Company's projected non-exempt retail sales.

All costs appropriately charged to the CIP Tracker account shall be eligible for recovery through this Rider and all revenues received from the application of the Conservation Surcharge Factor shall be credited to the CIP Tracker account.

DETERMINATION OF (CCRC): The CCRC is the amount included in base rates dedicated to the recovery of CIP costs as approved by the MNPUC in the Company's most recent general rate case. All revenues received from the application of the CCRC shall be credited to the CIP Tracker account. The CCRC is approved and applied on a per kWh basis by dividing the test-year CIP expenses by the test-year sales volumes (net of CIP-exempt volumes).

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CCRC: \$0.00223 per kWh

DETERMINATION OF CCRC EXEMPTION ADJUSTMENT CREDIT:

For Meter(s) on Customer Account(s) granted a large customer facility exemption by the Commissioner of the Minnesota Department of Commerce, Division of Energy Resources (or successor agency) from CIP costs pursuant to Minn. Stat. 216B.241, the Conservation Surcharge Factor shall not apply and monthly bills will include a CCRC Exemption Adjustment Credit. The CCRC Exemption Adjustment Credit shall be determined by multiplying total billing exempt kWh by the applicable CCRC Exemption Adjustment Credit. For Meter(s) on Customers' Account(s) granted exemption by a decision of the Commissioner after the beginning of a calendar year shall be credited for any CIP collections billed after January 1st of the year following the Commissioner's decision. All credits associated with the CCRC Exemption Adjustment shall be included in the CIP Tracker account.

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CCRC Exemption Adjustment Credit: \$0.00223 per kWh

MANDATORY AND VOLUNTARY RIDERS: The amount of a bill for service will be modified by any Mandatory Rate Riders that must apply and by any Voluntary Rate Riders selected by the Customer, unless otherwise noted in this schedule. See Sections 12.00, 13.00 and 14.00 of the Minnesota electric rates for the matrices of riders.