

GENERATION COST RECOVERY RIDER

DESCRIPTION	RATE CODE
All Services	NGCR

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

APPLICATION OF RIDER: This rider is applicable to electric service under all of the Company’s Retail Rate Schedules in Section 9, 10, 11, 12, and 14, except for Section 14.09 (*TailWinds*).

COST RECOVERY CHARGE: There shall be included on each North Dakota customer’s monthly bill a Generation Cost Recovery (GCR) charge based on the applicable cost recovery factor multiplied by the Customer’s monthly bill. The Customer’s monthly bill shall be based on all applicable charges and credits under the Company’s retail rate schedules in Sections 9, 10, 11, 12, and 14, except for Section 14.09 (*TailWinds*). The GCR charge will not apply to any Mandatory Riders or sales tax and any local assessments 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.

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Generation Cost Recovery Factor 6.041 percent
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DETERMINATION OF GENERATION COST RECOVERY CHARGE: The GCR Factor shall be determined by dividing the forecasted *balance of the GCR Tracker account* by the *forecasted retail revenues subject to the GCR Factor*. The forecasted GCR Tracker balance and retail revenues shall be based on the forecast for the appropriate 12 month period (or such other period as may be approved by the Commission). The GCR Factor shall be rounded to the nearest 0.001 percent.

The *balance of the GCR Tracker account* for determination of the GCR Factor shall include annual revenue requirements and any true-up balance described as follows:

The annual revenue requirements associated with these investments eligible for recovery under NDCC 49-02, 49-05, and 49-06 that are determined by the Commission to be eligible for recovery under this GCR Rider. A standard model will be used to calculate the total forecasted North Dakota revenue requirements for eligible measures for the designated period. C

True-up: For each recovery period, a true-up adjustment to the GCR Tracker account will be calculated reflecting the difference between actual prior period GCR recoveries and actual prior period revenue requirements. Any resulting over/under recovery will be reflected as a carryover balance and included in calculating the next GCR Factor plus carrying charges or credits accrued at the rate of return approved in Otter Tail Power Company's most recent general rate case.

All costs appropriately charged to the GCR Tracker account shall be eligible for recovery through this Rider, and all revenues recovered from the applicable GCR Factor shall be credited to the GCR Tracker account.

Forecasted retail revenues used for calculating the GCR Factor shall include the forecast of retail electric revenue collected through all applicable charges and credits under the Company's retail rate schedules in Sections 9, 10, 11, 12 and 14, except for Section 14.09 (**TailWinds**). Retail revenue used for calculating the GCR Factor will not include any Mandatory Riders. C

The GCR Factor may be adjusted annually (or other approved periods) with approval of the Commission.

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 North Dakota electric rates for the matrices of riders.