



Fergus Falls, Minnesota

Minnesota Public Utilities Commission  
Section 13.10  
**ELECTRIC RATE SCHEDULE**  
**Revenue Decoupling Mechanism Rider**

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First revision

**REVENUE DECOUPLING MECHANISM (RDM) RIDER**

DESCRIPTION	RATE CODE
Basket #1	MRDB1
Basket #2	MRDB2
Basket #3	MRDB3
Basket #4	MRDB4
Basket #5	MRDB5
Basket #6	MRDB6
Service Basket definitions included in Revenue Decoupling Mechanism Components and Process section below.	

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**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 bills for electric service provided under the Company's retail rate schedules in Section 9.01 Residential Service, 9.02 Residential Demand Control Service, 9.03 Farm Service, 10.01 Small General Service, 10.02 General Service, 10.03 General Service – Time of Use, 10.04 Large General Service Secondary, 11.02 Irrigation Service, and 11.05 Municipal Pumping Service.

**REVENUE DECOUPLING ADJUSTMENT:** There shall be included on each Minnesota Customer's monthly bill a Revenue Decoupling Adjustment, 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.



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**RATE:**

<b>REVENUE DECOUPLING ADJUSTMENT (Refund) / Surcharge)</b>	
<b>Energy Charge per kWh:</b>	<b>kWh</b>
Basket #1	0.1661 ¢/kWh
Basket #2	0.3417 ¢/kWh
Basket #3	(0.1587) ¢/kWh
Basket #4	0.2884 ¢/kWh
Basket #5	(2.4147) ¢/kWh
Basket #6	(0.1657) ¢/kWh
Service Basket definitions included in Revenue Decoupling Mechanism Components and Process section below.	

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**PURPOSE:** The purpose of the Revenue Decoupling Mechanism (RDM) is to set forth the procedures used to adjust, on an annual basis, the rates for the customers taking service under the applicable tariffs as approved by the Minnesota Public Utilities Commission. Rate adjustments will be made in order for the company to reconcile actual revenues with authorized revenues. The authorized revenue calculations will be made using the revenue per meter basis in order to determine the necessary annual adjustment.

**TERM:** Each year during the term of this rider, the Company shall compute a Revenue Decoupling Adjustment (RDA) for each Service Basket. The adjustment is based on the balance in the RDM Deferral Account on December 31 for each basket and the total forecasted Service Basket kWh sales for October 1 through September 30 of the following year for each basket.

**DEFINITIONS:** For purposes of calculating the RDM using a per-meter basis the following definitions apply:

1. Actual Base Revenue (ABR) is the dollar amount billed after applying the per-kWh rates to electric consumption, and per-kW rates to billing demand and facilities charge demand.



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2. Authorized Revenue per Meter (ARPM) is the authorized test year energy, demand and facility charge revenue divided by test year meter count.
3. Service Basket RDM Deferral is the monthly amount that is calculated for each Service Basket.
4. Cumulative Deferral (CD) is the total of the monthly Service Basket RDM deferrals during the Deferral Period.
5. Meter Count (M) is the actual meter count for each deferral month.
6. Basket Deferral Amount (BDA) is the amount of annual, cumulative deferral that is allocated back to the service baskets, after the application of the 4 percent cap to the CD.
7. Revenue Decoupling Adjustment (RDA) is the annual adjustment applied to customer bills in order to true up the actual revenue amounts to authorized revenue amounts.
8. Service Basket is a group of customers with similar usage characteristics, for which a common set of RDM parameters (e.g., ARPM) is developed and applied.

**REVENUE DECOUPLING MECHANISM COMPONENTS AND PROCESS:** This section describes the Service Baskets and calculation process.

Separate calculations are made for six Service Baskets, as defined below:

1. Residential & Farm Service RPM Basket: Sections 9.01 Residential Service, 9.02 Residential Demand Control Service, and 9.03 Farm Service.
2. Small General Service RPM Basket: Section 10.01 Small General Service.
3. General Service RPM Basket: Sections 10.02 General Service and 10.03 General Service – Time of Use.
4. Large General Service RPM Basket: Section 10.04 Large General Service Secondary.



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5. Irrigation Service RPM Basket: Section 11.02 Irrigation Service.
6. Municipal Pumping Service RPM Basket: Section 11.05 Municipal Pumping Service.

**RDM Calculation 1:**

$$(1) \text{ Service Basket RDM Deferral} = (\text{ARPM} \times \text{M}) - \text{ABR}$$

The monthly ARPM values used in RDM Calculation 1 are contained in the table below.

Month	Service Basket 1 ARPM	Service Basket 2 ARPM	Service Basket 3 ARPM	Service Basket 4 ARPM	Service Basket 5 ARPM	Service Basket 6 ARPM
January	\$51.55	\$55.55	\$633.56	\$4,153.49		\$156.25
February	\$51.55	\$55.55	\$633.56	\$4,153.49		\$156.25
March	\$51.55	\$55.55	\$633.56	\$4,153.49		\$156.25
April	\$51.55	\$55.55	\$633.56	\$4,153.49		\$156.25
May	\$51.55	\$55.55	\$633.56	\$4,153.49	\$50.39	\$156.25
June	\$58.12	\$71.10	\$583.49	\$4,473.36	\$233.71	\$198.49
July	\$58.12	\$71.10	\$583.49	\$4,473.36	\$233.71	\$198.49
August	\$58.12	\$71.10	\$583.49	\$4,473.36	\$233.71	\$198.49
September	\$58.12	\$71.10	\$583.49	\$4,473.36	\$233.71	\$198.49
October	\$51.55	\$55.55	\$633.56	\$4,153.39	\$50.39	\$156.25
November	\$51.55	\$55.55	\$633.56	\$4,153.39		\$156.25
December	\$51.55	\$55.55	\$633.56	\$4,153.39		\$156.25
<b>Annual Total</b>	<b>\$644.87</b>	<b>\$728.83</b>	<b>\$7,402.42</b>	<b>\$51,120.72</b>	<b>\$995.61</b>	<b>\$2,043.95</b>

For each basket, the Cumulative Deferral will consist of the balance in the RDM Deferral Account on December 31. This balance is equal to the sum of the 12 monthly Service Basket RDM Deferrals plus any under or over recovery of the previous Annual RDM Deferral.

Basket Deferral Amount (BDA) for each Service Basket = Lesser of: (a) the CD or (b) 4 percent of the sum of the Service Basket's ABR and the total dollar amount billed to customers in the Service Basket for Customer Charges and Facilities Charges.



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**RDM Calculation 2:**

For each service basket, the Revenue Decoupling Adjustment (RDA) is found by dividing the BDA by the service basket's forecasted kWh. The resulting Revenue Decoupling Adjustment (RDA) will be applied to each Service Basket beginning on October 1 of the following year and remain in effect for 12 months.

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**MANDATORY AND VOLUNTARY RIDERS:** The amount of a bill for service will be modified by any applicable Mandatory Rate Riders 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.