
RATE DESIGNATION: ENERGY SUPPLY COST ADJUSTMENT Rider 1M
CLASS OF SERVICE: ALL SCHEDULES SO DESIGNATED
SERVICE AREA: ALL MINNESOTA SERVICE AREA

There shall be added to or deducted from the net monthly bill \$0.00001 per Kilowatt-hour for each \$0.00001 increase above or decrease below \$0.02465 in the energy supply cost per Kilowatt-hour sales.

The energy supply cost adjustment for each billing month shall be derived from the following formula:

$$\text{Monthly Adjustment} = Fm/Sm - 0.02465$$

Where:

Fm is Total Fuel and Purchased Power Cost and Sm is Total kWh Sales (retail sales plus firm municipal sales) for the first two months of the three month period immediately preceding the billing month, all as defined below.

- a. Total Fuel and Purchased Power Cost shall be the sum of the following:
1. The cost of fuel consumed in the Company's generating stations, including the Company's share of fuel consumed in jointly owned or leased generating stations, as recorded in Accounts 151 and 518,
 2. The energy cost of purchased power included in Account 555, exclusive of capacity or demand charges, irrespective of the designation assigned to such transaction, when such energy is purchased on an economic dispatch basis,
 3. The net energy cost of purchases from a qualifying facility, as that term is defined in 18 C.F.R. Part 292 and Minnesota Rule 7835.0100, subp. 19, as amended, whether or not those purchases occur on an economic dispatch basis, and all fuel and purchased energy expenses incurred by the Company over the duration of any Minnesota Public Utilities Commission (Commission) approved contract, as provided for by Minnesota Statutes, Section 216B.1645, to satisfy the renewable energy obligations set forth in Minnesota Statutes, Section 216B.1691,
 4. All Midwest Independent Transmission System Operator, Inc. (MISO) costs and revenues authorized to flow through the Energy Supply Cost Adjustment charge by the Commission, subject to the applicable terms of the Commission orders, and excluding MISO costs and revenues that are recoverable in base rates, less,
 5. The energy-related revenue recovered through inter-system sales.
- b. Total kWh Sales shall be all kWhs sold excluding inter-system sales for the same period.

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Effective Date: February 17, 2012

By: Erik C. Madsen – Director, Regulatory Affairs

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