

COMPETITIVE SERVICE RIDER

Availability

Available at Association's discretion to Commercial and Industrial members that have electric service requirements which are subject to effective competition. Effective competition exists if a member is located in Association's service territory and has the ability to obtain its energy requirements from an energy supplier not rate-regulated by the Minnesota Public Utilities Commission.

Rate

Standard service rate provisions apply except the level of the demand and/or energy charges may be decreased for each member based on a consideration of member's load characteristics and lowest cost competitive energy supply.

Terms and Conditions of Service

1. Members must provide Association with information which documents that member is not likely to take service provided by any other electric tariff available from Association.
2. Minimum load served under this Rider is 500 kW.
3. Member must execute an electric service agreement with Association which will include:
 - a. The minimum rate under this Rider, which will recover at least the incremental cost of providing service, including the cost of incremental capacity that is to be added while the rate is in effect and any applicable on-peak or off-peak differential.
 - b. The maximum rate reduction possible under this Rider, which will not exceed the difference between the standard tariff and the cost to the member of the lowest cost competitive energy supply.
 - c. The term of service under this Rider, which must be no less than one year and no longer than five years.
 - d. The size of the load served under this Rider
 - e. Verification that member has been fully informed of the availability of an electric energy review. If no electric energy review is performed for member, an explanation of why an electric energy review was not necessary will be included.

COMPETITIVE SERVICE RIDER
(Continued)

4. The Association within a general rate case is allowed to seek recovery of the difference between the standard tariff and this Rider times the usage level during the test year period.
5. A rate under this Rider shall meet the conditions of Minnesota Statutes, Section 216B.03, Reasonable Rate, for other members in this same member class.
6. Unless the Commission determines that it would be in the public interest, a rate under this Rider shall not compete with district heating and cooling provided by a district utility defined by Minnesota Statutes, Section 216B.166, Subdivision 2, paragraph (c).
7. A rate offered under this Rider may not be offered to a member in which the Association has a financial interest greater than 50 percent.

Regulatory Review

This rate offered under this Rider will be effective on an interim basis after filing by Association of the proposed rate with the Commission and upon the date specified in the electric service agreement. If the Commission does not approve the rate, Association may seek to recover the difference in revenues between the interim competitive rate and the standard tariff from the member who was offered the competitive rate.

The Commission has the authority to approve, modify or reject a rate under this Rider. If the Commission approves the competitive rate, it becomes effective as agreed to by the Association and member. If the competitive rate is modified by the Commission, the Commission shall issue an order modifying the competitive rate subject to the approval of the Association and the member. Each party has ten days in which to reject the proposed modification. If no party rejects the proposed modifications, the Commission's order becomes final. If either party rejects the Commission's proposed modifications, the Association on its behalf or on the behalf of the member, may submit to the Commission a modified version of the Commission's proposal. The Commission shall accept or reject the modified version within 30 days. If the Commission rejects the competitive rate, it shall issue an order indicating the reasons for the rejection.