

PROPERTY TAX ADJUSTMENT RIDER

Application

Applicable to all bills for retail electric service under Dakota Electric's retail rate schedules.

Rider

There shall be included on each member's bill a Property Tax Adjustment which shall be the applicable Property Tax Adjustment factor multiplied by the member's energy usage before any applicable city surcharge or sales tax. The Property Tax Adjustment factor shall be reflected on member bills through a "Resource and Tax Adjustment" line item on member bills. The applicable Property Tax Adjustment factor shall be determined annually as described below.

Determination of the Property Tax Adjustment Factor

The Property Tax Adjustment factor shall be determined by first allocating the incremental annual property tax expense to each class according to each class' relative responsibility for property taxes as determined in the most recent general rate case class cost of service study. Each class allocation will then be divided by projected retail energy sales applicable to each class to determine the property tax adjustment factor for each class.

Calendar-year property tax adjustment factors will be recovered during the period from January 1 through December 31. The property tax adjustment factor shall be filed with the Public Utilities Commission each year before implementation.

Recoverable Property Tax Expenses

Recoverable Property Tax expenses shall be the incremental property tax expense not recovered through base rates as estimated for the designated projected twelve month recovery period, plus unrecovered or less over-recovered Recoverable Property Tax expenses for a prior designated twelve month recovery period.