

CONTROL AREA SERVICES AND OPERATIONS TARIFF

OTTER TAIL POWER COMPANY

Issued by: Rodney C.H. Scheel
Vice President, Delivery Services

Issued on: August 8, 2008

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TABLE OF CONTENTS

	Sheet No.
I. COMMON PROVISIONS	7
1 DEFINITIONS	7
1.1 Affiliate.....	7
1.2 Applicable Laws and Regulations	7
1.3 Applicant	7
1.4 Balancing Authority Agreement	7
1.5 Commission.....	7
1.6 Company.....	7
1.7 Company Transmission System.....	7
1.8 Confidential Information	8
1.9 Customer.....	8
1.10 DOE.....	8
1.11 Electric System.....	8
1.12 Eligible Customer	9
1.13 Embedded Local Balancing Authority Area.....	9
1.14 Emergency.....	9
1.15 Facility.....	10
1.16 FERC	10
1.17 Force Majeure.....	10
1.18 Generating Unit	10
1.19 Generator	11
1.20 Good Utility Practice	11
1.21 Governmental Authorities.....	11
1.22 Load Serving Entity.....	11
1.23 Local Balancing Authority.....	12
1.24 Local Balancing Authority Area.....	12
1.25 Local Balancing Authority Area Operator.....	12
1.26 Local Balancing Authority Area Services.....	13
1.27 Local Balancing Authority Area Transmission System	13
1.28 Metering Equipment	13
1.29 MISO or Midwest ISO	13
1.30 MISO TEMT or Midwest ISO TEMT	13
1.31 NERC	13
1.32 Net Electric Output.....	13

Issued by: Rodney C.H. Scheel
Vice President, Delivery Services

Effective: October 9, 2008
(or such date as the Midwest ISO's
Reversion Plan terminates)

Issued on: August 8, 2008

1.33	Party(ies)	14
1.34	Point of Interconnection	14
1.35	Regional Reliability Organization	14
1.36	Reliability Coordinator	14
1.37	Required Regulatory Approvals	15
1.38	Self-Supply	15
1.39	Self-Supply Provider	15
1.40	Service Agreement.....	15
1.41	Tariff.....	15
1.42	Transmission Owner	15
1.43	Transmission Provider	16
1.44	Transmission Provider's Tariff.....	16
II	LOCAL BALANCING AUTHORITY AREA SERVICES AND OPERATIONS	16
2	LOCAL BALANCING AUTHORITY AREA SERVICES	16
2.1	Nature Of Local Balancing Authority Area Services.....	16
2.2	Local Balancing Authority Area Services.....	18
3	OPERATIONS	20
3.1	General	20
3.2	Local Balancing Authority Area Operator Authority.....	21
3.3	Company Obligations	22
3.4	Customer Obligations	22
3.5	Generator Obligations.....	22
3.6	Coordination with Jointly Owned Units	23
3.7	Coordination with Units Connected to Facilities not Under Operational Control of Midwest ISO (e.g., subtransmission or distribution system).....	23
3.8	FERC, NERC, DOE, and MISO, and Regional Reliability Organization Compliance Requirements	24
3.9	Scheduling and Tagging	24
3.10	Operating Expenses	25
3.11	Operations for Generation Sources.....	25
3.12	Reimbursement of MISO Operations Charges or Penalties.....	28
3.13	Other Charges or Penalties	28
3.14	Operations Agreements	28
4	EMERGENCIES	29
4.1	Obligations	29
4.2	Notice	29
4.3	Immediate Action	29
4.4	Local Balancing Authority Operator Authority	30
4.5	Customer Authority	30

Issued by: Rodney C.H. Scheel
Vice President, Delivery Services

Effective: October 9, 2008
(or such date as the Midwest ISO's
Reversion Plan terminates)

Issued on: August 8, 2008

4.6	Emergency Actions by Generator	31
4.7	Emergency Actions by Load Serving Entity	32
4.8	Disconnection in Event of Emergency	33
4.9	Audit Rights	33
4.10	Limited Liability	34
4.11	Emergency Incident and Disturbance Report	34
5	METERING	34
5.1	General	34
5.2	Meter Failure	35
5.3	Billing Adjustments	35
5.4	Metering Data	35
5.5	Generating Station Service Metering	36
5.6	Substation Station Service Metering	36
6	COMMUNICATIONS AND RTU EQUIPMENT	37
6.1	General	37
6.2	Ownership of Communication and RTU Equipment	38
6.3	Requirements	38
7	INFORMATION REPORTING	39
7.1	Information Reporting Obligations	39
8	CONTRACTS AND AGREEMENTS	40
8.1	Local Balancing Authority Services and Operations Service Agreement	40
III	GENERAL PROVISIONS	40
9	CREDITWORTHINESS	40
9.1	Creditworthiness	40
9.2	Customer's Continuing Creditworthiness	41
10	PAYMENTS AND BILLING PROCEDURES	41
10.1	General	41
10.2	Invoice	42
10.3	Payment	42
10.4	Disputes	42
10.5	Waiver	43
10.6	Interest	43
10.7	Payment During Dispute	43
10.8	Collection Expenses	43
10.9	Record Retention	43
11	ASSIGNMENT	44
11.1	General	44
11.2	Assignment	44
11.3	Customer's Continuing Responsibility	45

Issued by: Rodney C.H. Scheel
Vice President, Delivery Services

Effective: October 9, 2008
(or such date as the Midwest ISO's
Reversion Plan terminates)

Issued on: August 8, 2008

	11.4	Company's Continuing Responsibility	45
12		INDEMNITY	46
	12.1	General	46
	12.2	Incidental and Consequential Damages	47
	12.3	Indemnification Procedures	47
13		FORCE MAJEURE	48
	13.1	Notice	48
	13.2	Duration of Force Majeure	48
	13.3	Liability Notwithstanding Force Majeure	48
	13.4	Obligation to Make Payments	49
14		BREACH, CURE AND DEFAULT	49
	14.1	General	49
	14.2	Events of Breach	49
	14.3	Continued Operation	50
	14.4	Cure and Default	50
	14.5	Right to Compel Performance	51
15		TERMINATION	51
	15.1	Expiration of Term	51
	15.2	Termination	52
	15.3	Survival of Rights	52
16		CONFIDENTIALITY	52
	16.1	Term	52
	16.2	Scope	53
	16.3	Release of Confidential Information	53
	16.4	Rights	54
	16.5	No Warranties	54
	16.6	Standard of Care	54
	16.7	Order of Disclosure	54
	16.8	Termination of Agreement	55
	16.9	Remedies	55
17		AUDIT RIGHTS	56
	17.1	Audit Rights	56
18		DISPUTES	56
	18.1	Submission	56
	18.2	Alternative Dispute Resolution	57
19		MISCELLANEOUS	57
	19.1	Waiver	57
	19.2	Governing Law	57
	19.3	Amendments	57

Issued by: Rodney C.H. Scheel
Vice President, Delivery Services

Effective: October 9, 2008
(or such date as the Midwest ISO's
Reversion Plan terminates)

Issued on: August 8, 2008

19.4	Grandfathered Agreements	58
SCHEDULE 1	SCHEDULING, SYSTEM CONTROL AND DISPATCH SERVICE.....	59
SCHEDULE 2	REACTIVE POWER SUPPLY FROM GENERATION OR OTHER SOURCES SERVICE ...	60
ATTACHMENT A	FORM OF SERVICE AGREEMENT FOR LOCAL BALANCING AUTHORITY SERVICES AND OPERATIONS.....	62
ATTACHMENT A1	LOCAL BALANCING AUTHORITY SERVICES OFFERED, REQUIRED, AND SELECTED	66
ATTACHMENT A2	METERING EQUIPMENT	67
ATTACHMENT A3	COMMUNICATION AND RTU EQUIPMENT.....	68
ATTACHMENT B	UMBRELLA FORM OF SERVICE AGREEMENT FOR LOCAL BALANCING AUTHORITY SERVICES AND OPERATIONS.....	70
ATTACHMENT B1	CONFIRMATION FORM FOR LOCAL BALANCING AUTHORITY SERVICES AND OPERATIONS	73
ATTACHMENT C	LIST OF ENTITIES OPERATING WITHIN THE OTTER TAIL POWER COMPANY LOCAL BALANCING AUTHORITY AREA	74

Issued by: Rodney C.H. Scheel
Vice President, Delivery Services

Effective: October 9, 2008
(or such date as the Midwest ISO's
Reversion Plan terminates)

Issued on: August 8, 2008

I COMMON PROVISIONS

1 DEFINITIONS

- 1.1 Affiliate:** With respect to a corporation, partnership, or other entity, each such other corporation, partnership, or other entity that controls, is controlled by, or is under common control directly or indirectly, through one or more intermediaries, with, such corporation, partnership, or other entity.
- 1.2 Applicable Laws and Regulations:** All applicable federal, state and local laws, ordinances, rules and regulations, and all duly promulgated orders and other duly authorized actions of any Governmental Authority having jurisdiction over the Parties, their respective facilities and/or the respective services they provide.
- 1.3 Applicant:** Any Eligible Customer requesting to make a generation, tie-line or substation interconnection to the Company's or other Transmission Owner's Electric System.
- 1.4 Balancing Authority Agreement:** The "Agreement Between Midwest ISO and Midwest ISO Balancing Authorities Relating to Implementation of the TEMT" which was filed October 5, 2004 in Docket Nos. ER04-691-002 and EL02-104-002, and is designated as FERC Electric Tariff, Rate Schedule No. 3.
- 1.5 Commission:** The Federal Energy Regulatory Commission or its successor.
- 1.6 Company:** The Otter Tail Power Company, who is also the Local Balancing Authority Operator as defined herein.
- 1.7 Company Transmission System:** All the facilities owned or controlled by the Company on the Company's side of the Points of Interconnection for the purpose

Issued by: Rodney C.H. Scheel
Vice President, Delivery Services

Effective: October 9, 2008
(or such date as the Midwest ISO's
Reversion Plan terminates)

Issued on: August 8, 2008

of providing wholesale or unbundled retail transmission service on the Company's Transmission System.

1.8 Confidential Information: Any confidential, proprietary or trade secret information of a plan, specification, pattern, procedure, design, device, list, concept, policy or compilation relating to the present or planned business of a Party, which is designated as Confidential by the Party supplying the information, whether conveyed orally, electronically, in writing, through inspection, or otherwise. Confidential Information shall include, without limitation, all information relating to a Party's technology, research and development, business affairs, and pricing, and any information supplied by either of the Parties to the other prior to the execution of the agreements under this Tariff. Information is Confidential Information only if it is clearly designated or marked in writing as confidential on the face of the document, or, if the information is conveyed orally or by inspection, if the Party providing the information orally informs the Party receiving the information that the information is confidential.

1.9 Customer: Any Eligible Customer (or its designated agent) that (i) executes a Service Agreement, or (ii) requests in writing that the Local Balancing Authority Operator file with the Commission a proposed unexecuted Service Agreement to receive Local Balancing Authority services under this Tariff.

1.10 DOE: The United States Department of Energy.

1.11 Electric System: The interconnected combination of generation, transmission, subtransmission, and distribution components comprising an electric utility, an

electric utility and independent power producer (“IPP”), or group of utilities and IPP(s).

1.12 Eligible Customer: Any creditworthy Load Serving Entity, Generator, or Embedded Local Balancing Authority.

1.13 Embedded Local Balancing Authority: A Local Balancing Authority that is wholly surrounded by and whose only boundary ties are with the Local Balancing Authority operated by the Company. An example of an Embedded Local Balancing Authority would be an IPP that has obtained NERC approval and certification to serve as its own Local Balancing Authority but which is physically “embedded” within the Company’s Local Balancing Authority. In the event that the Embedded Local Balancing Authority’s equipment failed and the IPP was unable to self-provide its required Local Balancing Authority services, it would then be dependent upon the surrounding Local Balancing Authority to provide such Local Balancing Authority services.

1.14 Emergency: Any abnormal system condition that requires automatic or immediate manual action to prevent or limit loss of transmission facilities or generation supply that could adversely affect the reliability of the Company Transmission System or the systems to which the Company Transmission System is directly or indirectly connected; provided however, that the inability of Company or Customers in the Local Balancing Authority to meet their load requirements because of insufficient generation resources shall not constitute an Emergency.

- 1.15 Facility:** The generating and/or transmission facility or facilities together with the other property, facilities, and equipment owned and/or controlled by the Customer on the Customer's side of the Point(s) of Interconnection.
- 1.16 FERC:** The Federal Energy Regulatory Commission, or its successor.
- 1.17 Force Majeure:** Any cause beyond the control of the Party affected, including but not restricted to, acts of God, flood, drought, earthquake, storm, fire, lightning, epidemic, war, riot, civil disturbance or disobedience, labor dispute, labor or material shortage, sabotage, acts of public enemy, explosions, orders, regulations or restrictions imposed by governmental, military, or lawfully established civilian authorities, which, in any of the foregoing cases, by exercise of due diligence such Party could not reasonably have been expected to avoid, and which, by the exercise of due diligence, it has been unable to overcome. No Party shall be relieved of liability for failure of performance to the extent that such failure is due to causes arising out of its own negligence or due to removable or remediable causes which it fails to remove or remedy within a reasonable time. Nothing contained in this Section shall be construed to require a Party to settle any strike or labor dispute. Mere economic hardship of a Party does not constitute Force Majeure. A Force Majeure event does not include an act of negligence or intentional wrongdoing.
- 1.18 Generating Unit:** An individual electric generating unit or group of units and its associated plant and apparatus with common connection points and meters whose electrical output is capable of being separately identified and metered that, in

either case, is located within the Company Local Balancing Authority; and capable of producing and delivering net energy (energy in excess of a generating station's internal power requirements).

- 1.19 Generator:** An entity, including an independent power producer, Commission-certified or self-certified qualifying facility or Commission-certified exempt wholesale generator, that: (i) owns, leases, or otherwise exercises operational control over a Generating Unit(s) located in or dynamically scheduled to the Company's Local Balancing Authority; (ii) generates electricity; and (iii) delivers such energy into or through the Company Local Balancing Authority.
- 1.20 Good Utility Practice:** Any of the practices, methods and acts engaged in or approved by a significant portion of the electric utility industry during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition. Good Utility Practice is not intended to be limited to the optimum practice, method or act to the exclusion of all others, but rather to be acceptable practices, methods or acts generally accepted in the region.
- 1.21 Governmental Authorities:** Any federal, state, provincial (Canada) or local governmental or tribal authority, court, commission, or any regulatory, administrative or other agency of the government.
- 1.22 Load Serving Entity:** Any entity, including a municipal Electric System and an

electric cooperative, authorized or required by law, regulatory authorization or requirement, agreement, or contractual obligation to supply energy, capacity and/or ancillary services to retail or wholesale customers located within the Local Balancing Authority, including an entity that takes service directly from the Local Balancing Authority to supply its own load within the Local Balancing Authority.

1.23 Local Balancing Authority: An operational entity or Joint Registration Organization, as defined in the NERC Rules of Procedure, which is (i) responsible for compliance to NERC for the subset of NERC Balancing Authority Reliability Standards defined in Midwest ISO's First Revised Rate Schedule FERC No. 3 ("Agreement Between Midwest ISO And Midwest ISO Balancing Authorities Relating To Implementation Of TEMT, As Amended On March 14, 2008") (hereinafter referred to as MISO BA Agreement) for their local area within the Midwest ISO Balancing Authority Area, (ii) a Party to the MISO BA Agreement, excluding the Midwest ISO, and (iii) shown in Appendix A of the MISO BA Agreement.

1.24 Local Balancing Authority Area: The collection of generation, transmission, and loads that are within the metered boundaries of a Local Balancing Authority.

1.25 Local Balancing Authority Area Operator: An individual at an Electric System control center ("Local Balancing Authority"), whose responsibility it is to monitor and control that Electric System in real time. The Local Balancing Authority Operator shall be Otter Tail Power Company.

- 1.26 Local Balancing Authority Area Services:** The required and optional services necessary to support the transmission of capacity and energy from generating units to loads and to maintain reliability within and among affected Local Balancing Authority Areas.
- 1.27 Local Balancing Authority Transmission System:** Includes any electric transmission system located (in whole or part) within the Company's Local Balancing Authority Area. Certain portions of the Local Balancing Authority Transmission System are owned by the Company and other portions are owned by other Transmission Owners.
- 1.28 Metering Equipment:** All metering equipment currently installed or to be installed at the Facility and/or other metering equipment, including revenue class hourly interval metering equipment.
- 1.29 MISO or Midwest ISO:** The Midwest Independent Transmission System Operator, Inc., or its successor.
- 1.30 MISO TEMT or Midwest ISO TEMT:** The open access transmission and energy markets tariff of the Midwest Independent Transmission System Operator, Inc. on file with FERC, as it may be amended or superseded, under which unbundled retail transmission service is provided on the Transmission System under MISO management.
- 1.31 NERC:** The North American Electric Reliability Corporation, or its successor.
- 1.32 Net Electric Output:** The total electric output of the Facility in excess of (a) the output Customer uses to operate the Facility, and (b) the output Customer uses in

the transformation and transmission of electric energy to the Interconnection Point.

1.33 Party(ies): the Local Balancing Authority Operator and the Customer that have executed a Service Agreement.

1.34 Point of Interconnection: The point or points, where the facilities of the Customer interconnect with the facilities of the Company or other Transmission Providers or Load Serving Entities within the Local Balancing Authority.

1.35 Regional Reliability Organization: The Regional Entities established in *Rules Concerning Certification of the Electric Reliability Organization; and Procedures for the Establishment, Approval, and Enforcement of Electric Reliability Standards*, Order No. 672, 114 FERC ¶ 61,104, *order on reh'g*, Order No. 672-A, 114 FERC ¶ 61,238 (2006) or NERC-approved regional organizations that have been delegated reliability responsibilities by NERC, or its successor organization, to ensure that a defined area of the Bulk Electric System is reliable, adequate, and secure. The Midwest Reliability Organization, or its successor organization, is the Company's Regional Reliability Coordinator.

1.36 Reliability Coordinator: The entity that is the highest level of authority who is responsible for the reliable operation of the Bulk Electric System, has the Wide Area view of the Bulk Electric System, and has the operating tools, processes and procedures, including the authority to prevent or mitigate emergency operating situations in both next day analysis and real-time operations. The Reliability Coordinator has the purview that is broad enough to enable the calculation of

Interconnection Reliability Operating Limits, which may be based on the operating parameters of transmission systems beyond any Transmission Operator's vision. The Midwest ISO is the Reliability Coordinator for the Company and the Local Balancing Authority Area that the Company operates.

- 1.37 Required Regulatory Approvals:** All Approvals required under Applicable Law to be obtained by a Party by virtue of the execution and delivery of the Service Agreement, including all Approvals required by (i) FERC, or (ii) any Public Utility Commission.
- 1.38 Self-Supply:** The provision by the Customer for said service using the Customer's own resources or resources obtained from third-party agent or entity other than the Local Balancing Authority Operator.
- 1.39 Self-Supply Provider:** The Customer or Customer's third-party entity or agent, other than the Local Balancing Authority Operator, which, on the Customer's behalf has arranged to provide for or provides said self-supply service.
- 1.40 Service Agreement:** The agreement executed by the Local Balancing Authority Operator and the Customer or filed unexecuted under this Tariff, as provided in Attachment A or Attachment B.
- 1.41 Tariff:** The Control Area Services and Operations Tariff of Otter Tail Power Company.
- 1.42 Transmission Owner "TO":** The entity or entities that own transmission facilities located within (in whole or part) the Otter Tail Power Company Local Balancing Authority other than Otter Tail Power Company.

1.43 Transmission Provider: Entity providing transmission service to the Customer that agrees to purchase Local Balancing Authority Services under the Service Agreement. For transmission service over Company's transmission facilities, that entity shall be MISO.

1.44 Transmission Provider's Tariff: The open access transmission tariff of the Transmission Provider on file with FERC, as it may be amended or superseded, under which unbundled retail transmission service is provided on the Transmission Provider's Transmission System, or the equivalent transmission and ancillary service rates or tariffs established by non-jurisdictional Transmission Providers.

II. LOCAL BALANCING AUTHORITY AREA SERVICES AND OPERATIONS

2 LOCAL BALANCING AUTHORITY AREA SERVICES

2.1 Nature Of Local Balancing Authority Area Services. The Company, as the Local Balancing Authority Operator, shall provide the following Local Balancing Authority Services to Customer pursuant to the rates, terms and conditions specified in this Tariff. These Local Balancing Authority Services shall be available to MISO, to customers under the MISO open access transmission tariff, and to other customers. The Customer shall purchase such Local Balancing Authority Services as required by Attachment A1, and may purchase such additional Local Balancing Authority Services designated as optional services in Attachment A1.

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- (a) Term. The minimum term of Local Balancing Authority Services shall be one hour and the maximum term shall be specified in the Service Agreement.
- (b) Reservation Priority. Local Balancing Authority Services shall be available on a first-come, first-served basis i.e., in the chronological sequence in which each Customer has reserved service.
- (c) Service Agreements. The Local Balancing Authority Operator shall offer standard form Service Agreements (Attachments A and B) to an Eligible Customer. Executed Service Agreements that contain the information required under the Tariff shall be filed with the Commission in compliance with applicable Commission regulations. Attachment A is a specific form of Service Agreement for entities within the Local Balancing Authority Area. Attachment B is an umbrella form of Service Agreement allowing the purchase of ancillary services from the Local Balancing Authority by an entity whether or not it is located within the Local Balancing Authority Area. If the Service Agreement is executed and conforming, the Service Agreement shall be included in Company's Electronic Quarterly Report. If the Service Agreement is executed and non-conforming, the Company shall file the Service Agreement with the Commission. If the Eligible Customer does not execute the Service Agreement, then the Local Balancing Authority Operator may file an unexecuted Service Agreement with the Commission. The Local Balancing Authority Operator shall file

any unexecuted Service Agreement with the Commission no later than thirty (30) days after service to the Eligible Customer begins under this Tariff. With regard to unexecuted Service Agreements, the Company and the Customer shall be bound by whatever the Commission determines, subject to rehearing and judicial review. If the Eligible Customer is interconnecting to the Company's Electric System, such Eligible Customer must enter into a Service Agreement with the Company within 60 days prior to facility synchronizing and/or becoming operational.

- (d) Sufficiency of Ancillary Services. With regard to transactions under the MISO TEMT under which the Customer is purchasing Local Balancing Authority Services either directly or indirectly from the Company, Company expects that MISO will determine the adequacy of the ancillary services pursuant to Section 3 of its open access transmission tariff subject to the Customer or the Company challenging that determination either through dispute resolution procedures if applicable or at the Commission. For non-MISO transactions or if MISO does not make the determination, the Company shall determine the adequacy of the customer's ancillary services subject to the dispute resolution procedures prescribed in Section 18 if applicable or to Commission action.

2.2 Local Balancing Authority Services.

- (a) Scheduling, System Control and Dispatch Service. The Customer agrees to purchase Scheduling, System Control and Dispatch Service directly

from the Local Balancing Authority Operator or indirectly, by making arrangements with the Transmission Provider, who will then make arrangements with the Local Balancing Authority Operator for scheduling the movement of power through, out of, within, or into the Local Balancing Authority. The rates and/or methodology for Scheduling, System Control and Dispatch Service are described in Schedule 1 of this Tariff.

- (b) Reactive Power Supply from Generation or Other Sources Service. The Local Balancing Authority Operator agrees to provide Reactive Power Supply from Generation or Other Sources for movements of power through, out of, within, or into the Company's Transmission System. Customer agrees to purchase this service directly from the Local Balancing Authority Operator or indirectly by making arrangements with the Transmission Provider. The rates and/or methodology for Reactive Power Supply From Generation or Other Sources Service are described in Schedule 2 of this Tariff.

This service is required for maintaining acceptable voltages on the Company's transmission facilities located in the Company's Local Balancing Authority. In order to maintain acceptable voltages, generation facilities under the Local Balancing Authority Operator's control are operated to produce (or absorb) reactive power. The amount of Reactive Power Supply from Generation or Other Sources Service that must be

supplied with respect to the Customer's energy schedule will be determined based on the reactive power support necessary to maintain transmission voltages within limits that are generally accepted in the region and consistently adhered to by the Local Balancing Authority Operator.

3 OPERATIONS

3.1 General. For reliability purposes, the MISO has full operational authority for the transmission facilities under its control and is the Reliability Coordinator for its region. As a member of MISO, the Local Balancing Authority Operator follows the directions of the MISO in operating the Local Balancing Authority Transmission System, redispatching generation, providing reactive supply and voltage control from generation sources or other sources, or other ancillary services, and curtailing load, if so directed, in accordance with the MISO TEMT. The MISO has clear authority to direct all actions that affect the facilities under its control, while at the same time, Local Balancing Authority Operators within the MISO are responsible for operating their Local Balancing Authorities in a secure and reliable manner. In the event of a conflict between a Local Balancing Authority's direction and the MISO's direction, the MISO's direction shall be controlling, and, to the extent there is any discrepancy between the functions and responsibilities of the Local Balancing Authority as defined herein, and those

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defined in the Balancing Authority Agreement, the Balancing Authority Agreement shall prevail.

To this effect, the Company's and Customer's respective performances of the Service Agreement shall comply with the then-existing (or amended) and applicable requirements, directions, manuals, standards, and guidelines of MISO, the Regional Reliability Organization, and NERC (or any successor agency assuming or charged with similar responsibilities related to the operation and reliability of the North American electric interconnected transmission grid). To the extent that the Service Agreement does not specifically address or provide the mechanisms necessary to comply with such manuals, standards, or guidelines, the Company and Customer shall provide to the other Party all such information as may reasonably be required to comply with such requirements, directions, manuals, standards, or guidelines and shall operate, or cause to be operated, their respective facilities in accordance with such requirements, directions, manuals, standards, or guidelines. Where the Company is assessed, or otherwise incurs costs because of the Customer's failure to comply with the above requirements, directions, manuals, standards, or guidelines, the Customer shall be liable to the Company for those assessments or costs as provided in Sections 3.12 and 3.13.

3.2 Local Balancing Authority Operator. The Local Balancing Authority Operator, consistent with MISO operations protocol and Good Utility Practice, shall have all necessary authority to take whatever action the Local Balancing Authority Operator deems necessary, including giving orders to the Customer, in order to:

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(1) preserve the public health, safety and welfare; (2) preserve the reliability of the Local Balancing Authority Transmission System; (3) limit or prevent damage to the Local Balancing Authority Transmission System; and (4) expedite the restoration of electric service within the Local Balancing Authority. The Local Balancing Authority Operator shall use reasonable efforts to minimize the effect of such actions or interactions on the Customer.

3.3 Company Obligations. The Midwest ISO will have the responsibility to provide functional control and direction of the Company Transmission System, and the Company shall have direct control of the Company Transmission System. The Company shall operate and control the Local Balancing Authority Area (1) in a safe and reliable manner; (2) in accordance with Good Utility Practice; (3) in accordance with applicable operational and/or reliability criteria, protocols, and directives, including those of MISO, NERC (or any successor agency assuming or charged with similar responsibilities), and the Regional Reliability Organization; and (4) in accordance with the provisions of this Tariff.

3.4 Customer Obligations. The Customer shall operate (1) in a safe and reliable manner; (2) in accordance with Good Utility Practice; (3) in accordance with applicable operational and/or reliability criteria, protocols, and directives, including those of MISO, NERC (or any successor agency assuming or charged with similar responsibilities), and the Regional Reliability Organization; and (4) in accordance with the provisions of this Tariff.

3.5 Generator Obligations. Generators shall inform the Midwest ISO of any

consequential, negative impacts on the Generator of the direction provided by the Midwest ISO to the Generator. Generators shall operate in accordance with the requirements of the Local Balancing Authority of which it is a part and in accordance with all directives of its Local Balancing Authority Operator and Reliability Coordinator, provided that such requirements and directives are not inconsistent with the Midwest ISO Reliability Operating Procedures, the Midwest ISO TEMT, Good Utility Practice and the NERC and Regional Reliability Organization policies and standards and the directives of the Midwest ISO in accordance therewith.

3.6 Coordination with Jointly Owned Units. The Midwest ISO may need to provide direction to units connected to facilities within the Midwest ISO that are jointly owned. In such cases, where the multiple owners are transmission owners of the Midwest ISO, the joint owners must indicate to the Midwest ISO what operating entity the Midwest ISO will contact for communicating directives. The Midwest ISO, as Reliability Coordinator, will give directions to the designated operating entity for the unit in order to maintain the reliability of the system, regardless of whether one or more of the joint owners are not members of the Midwest ISO.

3.7 Coordination with Units Connected to Facilities not Under Operational Control of Midwest ISO (e.g., subtransmission or distribution system). The Midwest ISO may need to provide direction to generators connected to facilities within the Midwest ISO that are not under the direct operational control of the

Midwest ISO. The Midwest ISO will provide this direction through the Local Balancing Authority Operator. The Local Balancing Authority Operator will provide direction to such generators in accordance with the MISO Transmission Owners' Agreement and agreements or arrangements between the existing Generator and the Local Balancing Authority Operator.

3.8 FERC, NERC, DOE, MISO, and Regional Reliability Organization

Compliance Requirements. Customer shall comply with any and all applicable requirements, rules, or regulations of FERC, NERC, DOE, MISO, and/or the Regional Reliability Organization as presently exist and as may be established. Where operation of a Facility causes the Company to be out of compliance with any such applicable rules, regulations, and/or requirements of FERC, NERC, DOE, MISO, or the Regional Reliability Organization and where the Company is assessed a penalty, fee, or charge for such non-compliance, Customer agrees to be liable for such penalty, fee, or charge as if the Customer incurred the penalty, fee, or charge itself as provided in Sections 3.12 and 3.13.

3.9 Scheduling and Tagging. When producing capacity and/or energy for use by the Customer or other customers, a Customer with a dynamic schedule to a Balancing Authority that is external to the MISO Balancing Authority Area or a grandfathered agreement as identified in Attachment P to the Midwest ISO TEMT

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must provide the Local Balancing Authority Operator with hourly schedules identifying the amount of output in megawatt hours, and in accordance with the procedures as outlined by NERC, MISO, the Regional Reliability Organization, or any successor agency assuming or charged with similar responsibilities.

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Accordingly, the Customer will provide “tags” (including the Local Balancing Authority Operator on the tag) of all megawatts scheduled in accordance with the requirements of the NERC. Furthermore, pursuant to NERC Standard TOP-003-0 (or any subsequent revision to such presently existing NERC Standard) such customer shall provide the Local Balancing Authority Operator with planned outage information for scheduled generator outages planned for the next day.

3.10 Operating Expenses. Each Party shall be responsible for all expenses associated with operating and maintaining its own property, equipment, facilities, and appurtenances on its side of the Point of Interconnection, and as necessary to facilitate Local Balancing Authority transactions except that Company may recover all expenses of operating and maintaining its own property, equipment, facilities, and appurtenances as provided under this Tariff.

3.11 Operations for Generation Sources.

(a) Frequency Control. The Customer will operate its Generator consistent with and in accordance to the guidelines and requirements concerning frequency control as outlined by the Local Balancing Authority and in accordance with Good Utility Practice. Generators shall be equipped with governors as specified by the Local Balancing Authority Operator.

(b) Outages and Interruptions.

- (i) Outage Authority and Coordination. Absent the existence or imminence of an Emergency, the Customer may, after notifying the Local Balancing Authority Operator in accordance with Good Utility Practice, and in cooperation with the Local Balancing Authority Operator, remove from service its facilities that may impact the Local Balancing Authority as necessary to perform maintenance or testing or to install or replace equipment. The Customer shall use reasonable efforts to schedule such removal on a date mutually acceptable to all Parties, in accordance with Good Utility Practice.
- (ii) Outage Restoration.
 - a. Unplanned Outage. In the event of an unplanned outage of the Facility that adversely affects other facilities within the Local Balancing Authority Area, the Customer will use commercially reasonable efforts to promptly restore the Facility to service in accordance with Good Utility Practice.
 - b. Planned Outage. In the event of a planned outage of the Customer's Facility that adversely affects other facilities within the Local Balancing Authority Area, the Customer will use commercially reasonable efforts to promptly restore the Facility to service in accordance with Good

Utility Practice and in accordance with the notice given
pursuant to Section 3.11 (b)(i).

- (iii) Interruption. If at any time, in the Local Balancing Authority Operator's reasonable judgment, and exercised in accordance with Good Utility Practice, the continued operation of the Customer's Facility would cause an Emergency, the Local Balancing Authority Operator may curtail, interrupt, or reduce scheduled inter-/intra-energy from the Facility until the condition, which would cause the Emergency, is corrected. The Local Balancing Authority Operator shall give the Customer as much notice as is reasonably practicable of the Local Balancing Authority Operator's intention to curtail, interrupt, or reduce scheduled inter-/intra-energy delivery from the Customer's Facility in response to a condition that would cause an Emergency and, where practicable, allow suitable time for the Customer to remove or remedy such condition before any such curtailment, interruption, or reduction commences. In the event of any curtailment, interruption, or reduction, the Local Balancing Authority Operator shall promptly confer with the Customer regarding the conditions that gave rise to the curtailment, interruption, or reduction, and the Local Balancing Authority Operator shall give the Customer the Local Balancing Authority Operator's recommendation, if any, concerning the timely

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correction of such conditions. The Local Balancing Authority Operator shall promptly cease the curtailment, interruption, or reduction of scheduled inter-/intra-energy delivery when the condition that would cause the Emergency ceases to exist.

- (c) Company, as Local Balancing Authority Operator, Not Responsible for Customer Costs. The Company, as Local Balancing Authority Operator, is not responsible for costs or losses of the Customer associated in any way with such service interruptions or outages.

3.12 Reimbursement of MISO Operations Charges or Penalties. Customer agrees to reimburse the Local Balancing Authority Operator for charges or penalties imposed by the MISO on Local Balancing Authority as a result of the Customer's action or inaction. These costs do not include MISO Schedule 10 charges.

3.13 Other Charges or Penalties. Customer agrees to reimburse the Local Balancing Authority Operator for any charges or penalties in addition to those recovered under Section 3.12 arising from the Customer's action or inaction.

3.14 Operations Agreements. Attachment A contains a Form of Service Agreement for Local Balancing Authority Services and Operations. Even if the Customer does not take any Local Balancing Authority Services, each Customer shall be required to execute this Agreement or request that it be filed on an unexecuted basis. Among other things, this form of service agreement will demonstrate that the Customer is obligated to abide by Sections 3, 4, 5, and 6 of this Tariff.

Company shall file the Service Agreement either executed or unexecuted with the

Commission with the Company and Customer bound with regard to the unexecuted Service Agreement to whatever the Commission determines is appropriate, subject to rehearing and judicial review as provided in Section 2.1.

4 EMERGENCIES

4.1 Obligations. Each Party will comply with the Emergency procedures of NERC, MISO, the Regional Reliability Organization or any successor agency assuming or charged with similar responsibilities, in addition to Local Balancing Authority and Customer Emergency procedures, as applicable, with respect to Emergencies.

4.2 Notice. Company shall provide the Customer with prompt notification under the circumstances of an Emergency that may reasonably be expected to affect the Customer's operation of its Facility or the joint use facilities, to the extent the Company is aware of the Emergency. The Customer shall provide the Company with prompt notification under the circumstances of an Emergency that may reasonably be expected to affect the Company Transmission System, adjacent transmission system, or the joint use facilities, to the extent the Customer is aware of the Emergency. To the extent the Party becoming aware of an Emergency is aware of the facts of the Emergency, such notification shall describe the Emergency, the extent of the damage or deficiency, its anticipated duration, and the corrective action taken and/or to be taken, and shall be followed as soon as practicable with written notice.

4.3 Immediate Action. In the event of an Emergency, the Party becoming aware of the Emergency may, in accordance with Good Utility Practice and using its

reasonable judgment, take such action as is reasonable and necessary to prevent, avoid, or mitigate injury and danger to or loss of, life or property. With the exception of joint use facilities, in the event the Customer has identified an Emergency involving the Local Balancing Authority Transmission System, the Customer shall obtain the consent of the Local Balancing Authority Operator prior to performing any manual switching operations unless, in the Customer's reasonable judgment, immediate action is required. Party will cease such action as soon as practicable after the end of the Emergency.

4.4 Local Balancing Authority Operator. The Local Balancing Authority Operator may, consistent with MISO operations protocol and/or Good Utility Practice, take whatever actions or inactions with regard to the Local Balancing Authority Transmission System the Company deems necessary during an Emergency in order to: (1) preserve public health, safety, and welfare; (2) preserve the reliability of the Local Balancing Authority Transmission System; (3) limit or prevent damage to the Local Balancing Authority Transmission System; and (4) expedite restoration of electric service within the Local Balancing Authority Area. The Company shall use reasonable efforts to minimize the effect of such actions or inactions on the Customer.

4.5 Customer Authority. The Customer may, consistent with Good Utility Practice, take whatever actions or inactions with regard to the Facility the Customer deems necessary during an Emergency in order to: (1) preserve public health and safety; (2) preserve the reliability of the Facility; (3) limit or prevent damage; and (4)

expedite restoration of service. The Customer shall use reasonable efforts to minimize the effect of such actions or inactions on the Local Balancing Authority Transmission System. The Local Balancing Authority Operator shall use reasonable efforts to assist in such actions.

4.6 Emergency Actions by Generator. During an Emergency as declared by the Midwest ISO and/or Local Balancing Authority Operator on the Company or Local Balancing Authority Transmission System or on an adjacent transmission system, the Local Balancing Authority Operator has the authority to direct the Customer to increase or decrease real power production (measured in MW) and/or reactive power production (measured in MVAR), within the design and operational limitations of the Facility equipment in operation at the time, in order to maintain Local Balancing Authority Transmission System security. In the event of such a declaration of an Emergency, determinations that: (1) the Local Balancing Authority Transmission System security is in jeopardy, and (2) there is a need to increase or decrease reactive power production, even if real power production is adversely affected, will be made solely by the Local Balancing Authority Operator or designated representative if such determinations are not made by MISO. The Customer will honor the Local Balancing Authority Operator's orders and directives concerning real power and/or reactive power output within the design limitations of the Facility's equipment in operation at the time, such that the security of the Local Balancing Authority Transmission System is maintained.

The Local Balancing Authority Operator shall restore Local Balancing Authority

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Transmission System conditions to normal as quickly as possible to alleviate any such Emergency. The Local Balancing Authority Operator will take all reasonable steps to equitably allocate among all generating units and other reactive compensation resources the responsibility to provide reactive power support to the Local Balancing Authority Transmission System.

4.7 Emergency Actions by Load Serving Entity. During an Emergency as declared by the Local Balancing Authority Operator on the Local Balancing Authority Area or Company Transmission System, the Local Balancing Authority Operator has the authority to direct the Customer to shed load in order to maintain Local Balancing Authority Transmission System security. In the event of such a declaration of an Emergency, determinations: (1) that Local Balancing Authority Transmission System security is in jeopardy, and (2) that there is a need to shed load, will be made solely by the Local Balancing Authority Operator or designated representative (unless such determinations have been made by the MISO). The Customer will honor the Local Balancing Authority Operator's orders and directives concerning such load shed, such that the security of the Local Balancing Authority Transmission System is maintained. The Local Balancing Authority Operator shall restore Local Balancing Authority Transmission System conditions to normal as quickly as possible to alleviate any such Emergency. The Local Balancing Authority Operator will take all reasonable steps to equitably allocate among all customers the responsibility to shed load.

4.8 Disconnection in Event of Emergency. The Local Balancing Authority Operator shall have the right to disconnect the Facility without notice if, in the Local Balancing Authority Operator's judgment or Generator's judgment, an Emergency exists and immediate disconnection is necessary to protect persons or property from damage or interference caused by Customer's Facilities or lack of proper or properly operating system protection facilities. The Customer shall be notified of such disconnection. For purposes of this Section 4.8, system protection facilities may be deemed by the Local Balancing Authority Operator to be not properly operating if the Local Balancing Authority Operator's review under Section 4 discloses irregular or otherwise insufficient maintenance on the system protection facilities or that maintenance records do not exist or are otherwise insufficient to demonstrate that adequate maintenance has been and is being performed. If such maintenance records do not exist or are otherwise insufficient to demonstrate that adequate maintenance has been and is being performed, Customer shall have a reasonable opportunity to demonstrate to the Local Balancing Authority Operator that the system protection facilities are operating properly through alternative documentation or by physical demonstration, provided that such alternative documentation or physical demonstration shall be subject to acceptance by the Local Balancing Authority Operator in the exercise of its reasonable judgment.

4.9 Audit Rights. Each Party shall keep and maintain record of actions taken during an Emergency that may reasonably be expected to impact the other Party's facilities and make such records available for third party independent audit upon

the request and expense of the party affected by such action. Any such request for an audit will be no later than twenty-four (24) months following the action taken.

4.10 Limited Liability. Except as provided in Section 10 in this Tariff, no Party shall be liable to any other for any action it takes in responding to an Emergency so long as such action is made in good faith and consistent with Good Utility Practice.

4.11 Emergency Incident and Disturbance Report. The Customer is required to submit Form EIA-417 data within the required reporting time to the Local Balancing Authority Operator as per the reporting criteria set forth in the U.S. Department of Energy, Energy Information Administration, Form EIA-417.

5 METERING

5.1 General. Company or Customer shall provide, install, operate and maintain suitable Metering Equipment necessary to meet its obligations under this Tariff and/or Attachment A2 of the Service Agreement. If necessary, Metering Equipment shall be either located or adjusted, at Company's option, in such manner to account for any transformation or interconnection losses between the location of the meter and the Points of Interconnection. Metering quantities, in analog and/or digital form, shall be provided to Company or Customer upon request. All reasonable costs associated with the administration of Metering Equipment and the provision of metering data to Customer shall be borne by Customer. The costs of administration and of providing metering data shall be separately itemized on Company's invoice to Customer. All reasonable costs

associated with either the initial installation of metering, or any changes to Metering Equipment requested by Customer including the actual cost of the Metering Equipment, shall be borne by Customer.

5.2 Meter Failure. Should a meter installed at the Customer's Facility fail to register during any period of time, the Net Electric Output delivered to the Company during such period shall be estimated jointly by the Company and the Customer, in close coordination and cooperation with each other, based on the best information available.

5.3 Billing Adjustments. If at any time, any Metering Equipment is found to be inaccurate by a margin of greater than that allowed under applicable criteria, rules, and standards of Good Utility Practice, such Metering Equipment will be made accurate or replaced. Meter readings and billings for the period of the inaccuracy will be adjusted insofar as the extent of the meter inaccuracy can be reasonably ascertained. Each Party will comply with any reasonable request of the other Party concerning the sealing of the meters, the presence of a representative of the other Party when the seals are broken and the test are made, and other matters affecting the accuracy of the measurement of electricity delivered from or to the Facility.

5.4 Metering Data. If hourly energy readings are requested by Company, Customer shall report same to Company's representatives as designated pursuant to Section 6 of the Service Agreement, by telephone or electronically or as the Parties otherwise agree, on a schedule to be agreed upon. At Customer's expense,

Customer's metered data shall be telemetered to a location designated by Company and one or more locations designated by Customer.

- (a) Interval Metering. The Customer will install revenue class hourly interval or other such appropriate Metering Equipment. The equipment shall be capable of storing metering data for 30 days and of providing reading on demand.
- (b) Metering Data Reporting. The Customer will provide electronic data formats on a monthly basis for energy delivered during each calendar month as well as total energy delivered per calendar month and will permit continuous reading by the Facility and the Company.
- (c) Unit Aggregation. Locations with multiple generating units should have aggregated net output metering.

5.5 Generating Station Service Metering. All plant auxiliary power transformers (non-generator step-down transformers) that are not connected to the low side of the main power transformer and lines directly connected to the Local Balancing Authority Transmission System shall have metering facilities installed to provide bi-directional real and reactive power and energy flow. Metering instrument transformers shall be connected to or compensated to the high side (transmission voltage side) of the power transformer, unless otherwise agreed to by the Parties.

5.6 Substation Station Service Metering. All substation auxiliary power transformers that are not connected to the low side of the main power transformer and lines directly connected to the Local Balancing Authority Transmission

System shall have metering facilities installed to provide bi-directional real and reactive power and energy flow. Metering instrument transformers shall be connected to or compensated to the high side (transmission voltage side) of the power transformer, unless otherwise agreed to by the Parties.

6 COMMUNICATIONS AND RTU EQUIPMENT

6.1 General. Company or Customer shall provide, install, own and maintain communication and remote terminal unit equipment ("Communication and RTU Equipment") at facilities necessary to meet its obligations under this Tariff and/or Attachment A3 of the Service Agreement. Generating units five (5) MW or greater, Points of Interconnection establishing new Local Balancing Authority boundaries or Balancing Authority boundaries, and load serving substations or transmission interconnections connected to integrated transmission facilities served at 41.6 kV or above and located within the Company's Local Balancing Authority Area are required to install said Communication and RTU Equipment. Facilities interconnecting with Company-owned facilities will communicate with the Company's EMS system. All reasonable costs associated with the administration of Communication and RTU Equipment shall be borne by Customer. The costs of administration and of providing Communication and RTU Equipment shall be separately itemized on Company's invoice to Customer. All reasonable installation, operations, and maintenance costs associated with either the initial installation of Communication and RTU Equipment, as more fully described in Attachment A3, or any changes to Communication and RTU

Equipment requested by Customer, shall be borne by Customer including the costs of the Communication and RTU Equipment. The Customer will be responsible for any costs associated with future changes to Communication and RTU equipment requirements or standards as ordered by NERC, MISO, or any successor agency assuming or charged with similar responsibilities.

6.2 Ownership of Communication and RTU Equipment. Subject to Section 6.1, Company or Customer, shall provide and install Communication and RTU Equipment, as per Company's specifications, necessary to communicate with the Facility. Company or Customer, as mutually agreed and specified in Attachment A3, shall own and maintain Communication and RTU Equipment.

6.3 Requirements.

(a) Customer Obligations. At Customer's expense, Customer shall maintain satisfactory operating communications with the Local Balancing Authority Operator or representative, as designated by Company. At manned generation units, Customer will provide standard voice and facsimile communications at its Facility control room through use of the public telephone system. At unmanned generation units, Customer will provide standard voice communication at its Facility through the use of the public telephone system. Customer will also provide a 4-wire, full duplex data circuit (or circuits) operating at baud rates as reasonably specified by Company. Any required maintenance of such communications equipment shall be performed at Customer's expense, but may be performed by

Customer or by Company. Communications and RTU Equipment shall be maintained and activated under, but not be limited to, the following events: system paralleling or separation, scheduled and unscheduled shutdowns, equipment clearances, and hourly and daily load data.

- (b) Remote Terminal Unit. An RTU or equivalent data collection and transfer equipment acceptable to both Parties shall be installed by Customer, or by Company at Customer's expense, to gather accumulated and instantaneous data to be telemetered to a location(s) designated by Company through use of a dedicated point-to-point data circuit(s) as indicated in Section 6.3

(a). Customer shall install or facilitate installation of such equipment as soon as practicable, provided that installation shall be accomplished within a time period of no more than 180 days following notice by Company and, as applicable, prior to initial operation of the Facility. The communication protocol for this data circuit(s) will be specified by Company.

Instantaneous bi-directional analog real power and reactive power flow information, as described for the specific location in Attachment A2, must be telemetered directly to the location(s) specified by Company.

7 INFORMATION REPORTING

- 7.1 Information Reporting Obligations.** The Customer shall, in accordance with Good Utility Practice, promptly provide to the Local Balancing Authority Operator all relevant information, documents, or data regarding the Customer's facilities and equipment which may reasonably be expected to pertain to the

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Reversion Plan terminates)

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reliability of the facilities and equipment within the Local Balancing Authority Area and which has been reasonably requested by the Local Balancing Authority Operator.

- (a) DOE/EIA Form EIA-417 Reporting. The Emergency Incident and Disturbance Report as established by the DOE/EIA in Form 417 must be submitted to the Local Balancing Authority Operator in accordance with the provisions set forth in said form.

8 CONTRACTS AND AGREEMENTS

8.1 Local Balancing Authority Services and Operations Service Agreement. All facilities or entities scheduling within, in, or out of the Company's Local Balancing Authority are required to sign a Service Agreement. Whether the Applicant is seeking interconnection with the Company or another Transmission Owner located within the Company's Local Balancing Authority, the Applicant must enter into a Service Agreement with the Company no later than 60 days prior to unit(s) synchronization.

III. GENERAL PROVISIONS

9 CREDITWORTHINESS

9.1 Creditworthiness. For the purpose of determining the ability of the Customer to meet its obligations related to service hereunder, the Company may require reasonable credit review procedures. This review shall be made in accordance with standard commercial practices. In addition, the Company may require the

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Customer to provide and maintain in effect during the term of the Service Agreement, an unconditional and irrevocable letter of credit as security to meet its responsibilities and obligations under the Service Agreement, or an alternative form of security proposed by the Customer and acceptable to the Company and consistent with commercial practices established by the Uniform Commercial Code that protects the Company against the risk of non-payment.

9.2 Customer's Continuing Creditworthiness. In the event Customer's creditworthiness becomes unsatisfactory to Company in its reasonably exercised discretion for amounts for which payment is not otherwise assured, Company may demand that Customer provide, at Customer's option (but subject to Company's acceptance based upon reasonably exercised discretion), either (i) the posting of a letter of credit; (ii) a cash prepayment; (iii) the posting of other acceptable collateral or security by the Customer; (iv) a guarantee agreement executed by a creditworthy entity; or (v) some other mutually agreeable method of satisfying Company. Failure of Customer to provide such reasonably satisfactory assurances of its ability to make payment under the Service Agreement within seven (7) days of demand therefore shall be an event of Default under Section 14 of this Tariff and Company shall have the right to exercise any of the remedies provided for in Section 14.

10 PAYMENTS AND BILLING PROCEDURES

10.1 General. Within a reasonable time after the first day of each month, each Party shall prepare and deliver to the other Party an invoice for those reimbursable

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services provided to the other Party under the Service Agreement during the preceding month.

10.2 Invoice. Each invoice shall delineate the month in which the services were provided, shall fully describe the services rendered, and shall be itemized to reflect the services performed or provided.

10.3 Payment. Payments for amounts billed under Service Schedules hereto shall be paid so that such payments are received by the Party to be paid on the 20th day of the invoicing month or the tenth (10) day after receipt of the bill, whichever is later. All payments shall be made in immediately available funds payable to the other Party, or by wire transfer to a bank named and account designated by the invoicing Party. If the due date of any payment falls on a Sunday or holiday, payment shall be made on the next business day.

10.4 Disputes. All invoiced amounts shall be paid on or before the invoice payment due date. In the event of a billing dispute, the Local Balancing Authority will continue to provide Local Balancing Authority Services under the Service Agreement as long as the Customer pays disputed amounts on or before the due date. In the event the dispute is resolved in favor of the Party disputing payment, the Party required to pay back disputed amounts shall, within thirty (30) days of resolution of the dispute, make payment with interest as calculated in accordance with Section 10.6.

10.5 Waiver. Payment of an invoice shall not relieve the paying Party from any other responsibilities or obligations it has under the Service Agreement, nor shall such payment constitute a waiver of any claims arising hereunder.

10.6 Interest. Any amount due under the Service Agreement, which is not timely paid, shall accrue interest from the due date of the invoice to the date of payment.

When payments are made by mail, invoices shall be considered as having been paid on the date of receipt by the other Party. The interest amount shall be determined using the interest rate applicable to any amount due during a given month and shall be calculated using the methodology for refunds pursuant to Section 35.19(a) of FERC's Regulations, 18 CFR § 35.19(a), or the maximum interest rate permitted under Minnesota law, whichever is less. Interest shall be calculated for the period during which the payment is overdue or the period during which the refund is accruing interest.

10.7 Payment During Dispute. In the event of a billing dispute between the Company and the Customer, each Party shall continue to provide services and pay all invoices pending resolution of the dispute.

10.8 Collection Expenses. Neither Party shall be responsible for the other Party's costs of collecting amounts due under the Service Agreement or Tariff, including attorney fees and expenses and the expenses of arbitration except in the event of a Default as provided in Section 14.

10.9 Record Retention. Each Party shall keep complete and accurate records of its operations under the Service Agreement and shall maintain such data as may be

necessary to determine the reasonableness and accuracy of all relevant data, estimates or invoices submitted to it hereunder. All records regarding the Service Agreement shall be maintained for the current year and entire preceding year, or such longer period as may be required by any Governmental Authorities.

11 ASSIGNMENT

11.1 General. Neither Party shall voluntarily assign its rights nor delegate its duties under the Service Agreement, or any part of such rights or duties, without the written consent of the other Party, which consent shall not be unreasonably withheld, except in connection with the sale, merger, or transfer of a substantial portion of its properties (or in the case of Company, its transmission facilities) including the facilities which it owns so long as the assignee in such a sale, merger, or transfer assumes directly all rights, duties and obligations arising under the Service Agreement and such assignor shall be, without further action, released from its obligation hereunder. Any such assignment or delegation made without such written consent shall be null and void. In addition, Company, shall be entitled to assign the Service Agreement to an affiliate, subsidiary of Company, or other entity responsible for Local Balancing Authority responsibilities. Assignment is only permitted where the assignee is a creditworthy entity, in accordance with Section 9.

11.2 Assignment. Notwithstanding the foregoing, Customer may assign the Service Agreement executed by the Company and Customer under this Service Agreement (and shall be, without further action, released from obligation hereunder) without

Company's prior consent to any future owner of the Customer's facilities, so long as the assignee complies with the provisions of Section 9 and assumes in writing all rights, duties, and obligations arising under the Service Agreement or Tariff. Company shall, if requested by such lenders, execute its standard documents and certificates as may be requested with respect to the assignment and status of the Service Agreement, provided such documents do not change the rights of Company under the Service Agreement except with respect to providing notice and reasonable opportunity to cure. In the event of any foreclosure by such lenders, the purchasers at such foreclosure or any subsequent purchaser, shall upon request, be entitled to the rights and benefits of (and be bound by) the Service Agreement so long as said purchaser is entitled to interconnect within the Local Balancing Authority Area.

11.3 Customer's Continuing Responsibility. Except as set forth in this Section 11, no assignment or transfer of rights or obligations under the Service Agreement by the Customer shall relieve the Customer from full liability and financial responsibility for the performance therefore after any such transfer or assignment unless and until the transferee or assignee shall agree in writing to assume the obligations and duties of the Customer under this Tariff and applicable agreements and the Company has consented in writing to such assumption; said consent not to be unreasonably withheld or delayed.

11.4 Company's Continuing Responsibility. Except as set forth in this Section 11, no assignment or transfer of rights or obligations under this Tariff by the

Company shall relieve the Company from full liability and financial responsibility for the performance therefore after any such transfer or assignment unless and until the transferee or assignee shall agree in writing to assume the obligations and duties of the Company under the Service Agreement and the Customer has consented in writing to such assumption; said consent not to be unreasonably withheld or delayed.

12 INDEMNITY

12.1 General. The Local Balancing Authority Operator and Customer shall indemnify and hold harmless each other, and each other's respective officers, shareholders, stakeholders, managers, representatives, directors, agents and employees, and affiliated and associated companies, from and against any and all loss, liability, damage, cost or expense, including damage and liability for bodily injury to or death of persons, or damage to property of persons (including reasonable attorney's fees and expenses, litigation costs, consultant fees, investigation fees and sums paid in settlements of claims and any such fees and expenses incurred in enforcing this indemnity or collecting any sums due hereunder) (collectively, "Loss") to the extent arising out of, in connection with or resulting from (i) the indemnifying Party's breach of any of the representations or warranties made in, or failure to perform any of its obligations under, the Service Agreement or Tariff; or (ii) the negligence or willful misconduct of the indemnifying Party or its contractors and regardless whether arising under Applicable Laws and Regulations or otherwise; provided, however, that no Party shall have any

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indemnification obligations under this Section 12.1 with respect to any Loss to the extent the Loss results from the negligence or willful misconduct of the Party seeking indemnity.

12.2 Incidental and Consequential Damages. Neither the Local Balancing Authority Operator or Customer shall be liable in statute, contract, in tort (including negligence), strict liability, or otherwise to the other Party, its agents, representatives, its affiliated and associated companies, and/or its assigns, for any incidental or consequential loss or damage whatsoever, including, but not limited to, loss of profits or revenue on work not performed, for loss of use of or under-utilization of the other Party's facilities, or loss of use of revenues or loss of anticipated profits, resulting from either Party's performance or nonperformance of an obligation imposed on it by the Service Agreement or Tariff.

12.3 Indemnification Procedures. Any Party seeking indemnification under the Service Agreement or Tariff shall give the other Party notice of such claim promptly but in any event on or before the earlier of the tenth (10th) day after the Party's actual knowledge of such claim or action or the ninetieth (90th) day from commencement of the event or circumstance giving rise to the claim. Such notice shall describe the claim in reasonable detail, and shall indicate the amount (estimated if necessary) of the claim that has been actually and materially prejudiced as a result of the failure to provide such notice, such notice will be a condition precedent to any liability of the other Party under the provisions for indemnification contained in this Section 12. Neither Party may settle or

compromise any claim for which indemnification is sought under this Section without prior consent of the other Party; provided, however, said consent shall not be unreasonably withheld or delayed.

13 FORCE MAJEURE

13.1 Notice. The Party unable to carry out an obligation imposed on it by the Service Agreement due to Force Majeure shall notify the other Party in writing or by telephone within a reasonable time after the occurrence of the cause relied on.

13.2 Duration of Force Majeure. Except as set forth in Section 13.4, no Party will be considered in Default as defined in Section 14.1 as to any obligation under the Service Agreement if prevented from fulfilling the obligation due to an event of Force Majeure. A Party shall not be responsible for any non-performance under the Agreement due to Force Majeure whether occurring on the Company Transmission System, Company's other systems, the Facility, the facilities or any connecting Electric System affecting the Party's operations. A Party shall be excused from whatever performance is affected only while a "Force Majeure" situation exists and while the Party attempts in good faith to alleviate such situation, except with respect to any labor disturbance. As soon as the non-performing Party is able to resume performance of its obligations excused as a result of the occurrence of Force Majeure, such Party shall give prompt notice thereof to the other Party.

13.3 Liability Notwithstanding Force Majeure. Subject to the provisions of Section 12, a Party shall not, however, be relieved of liability for failure of performance if

such failure be due to causes arising out of its own negligence or to removable or remediable causes which it fails to remove or remedy with reasonable dispatch.

13.4 Obligation to Make Payments. Any Party's obligation to make payments for services incurred shall not be suspended by Force Majeure.

14 BREACH, CURE AND DEFAULT

14.1 General. A breach of the Service Agreement or Tariff ("Breach") shall occur upon the failure by a Party to perform or observe any material term or condition of the Service Agreement or Tariff. A default ("Default") shall occur upon the failure of a Party in Breach of the Service Agreement or Tariff to cure such Breach in accordance with the provisions of Section 14.4.

14.2 Events of Breach. A Breach shall include:

- (a) The failure to pay any amount when due;
- (b) The failure to comply with any material term or condition of the Service Agreement or Tariff, including but not limited to any material Breach of a representation, warranty or covenant ;
- (c) If a Party: (1) becomes adjudicated bankrupt; (2) files a voluntary petition in bankruptcy under any provision of any federal or state bankruptcy law or shall consent to the filing of any bankruptcy or reorganization petition against it under any similar law; (3) makes a general assignment for the benefit of its creditors; or (4) consents to the appointment of a receiver, trustee or liquidator;

- (d) Assignment of the Service Agreement in a manner inconsistent with the terms of this Tariff;
- (e) Failure of either Party to provide such access rights, or a Party's attempt to revoke or terminate such access rights, as provided under this Tariff; or
- (f) Failure of either Party to provide information or data to the other Party as required under this Tariff, provided the Party entitled to the information or data requires such information or data to satisfy its obligations under this Tariff or the Service Agreement.

14.3 Continued Operation. In the event of a Breach or Default by either Party, the Parties shall continue to operate and maintain, as applicable, such DC power systems, protection and Metering Equipment, telemetering equipment, SCADA equipment, transformers, secondary systems, communications equipment, building facilities, software, documentation, structural components, and other facilities and appurtenances that are reasonably necessary for the Company to operate and maintain the Local Balancing Authority Transmission System, or for the Customer to operate and maintain its facilities, in a safe and reliable manner.

14.4 Cure and Default. Upon the occurrence of an event of Breach, the Party not in Breach (hereinafter the "Non-Breaching Party"), when it becomes aware of the Breach, shall give written notice of the Breach to the Breaching Party (the "Breaching Party") and to any other person a Party to the Service Agreement identifies in writing to the other Party in advance. Such notice shall set forth, in reasonable detail, the nature of the Breach, and where known and applicable, the

steps necessary to cure such Breach. Upon receiving written notice of the Breach hereunder, the Breaching Party shall have thirty (30) days to cure such Breach. If the Breach is such that it cannot be cured within thirty (30) days, the Breaching Party will commence in good faith all steps as are reasonable and appropriate to cure the Breach within such thirty (30) day time period and thereafter diligently pursue such action to completion. In the event the Breaching Party fails to cure the Breach, or to commence reasonable and appropriate steps to cure the Breach, within thirty (30) days of becoming aware of the Breach, the Breaching Party will be in Default.

14.5 Right to Compel Performance. Notwithstanding the foregoing, upon the occurrence of an event of Default, the non-Defaulting Party shall be entitled to: (1) commence an action to require the Defaulting Party to remedy such Default and specifically perform its duties and obligations hereunder in accordance with the terms and conditions hereof, and (2) exercise such other rights and remedies as it may have in equity or at law. The non-Defaulting Party shall be entitled to recoup its reasonable attorneys fees related to its actions in response to the Default such as actions to collect monies due.

15 TERMINATION

15.1 Expiration of Term. Except as otherwise specified in this Section 15, (a) Local Balancing Authority Services for the Customer terminates at the conclusion of the Term of the Service Agreement as stated in Section 14.0 of the Service Agreement or at the conclusion of the transaction, if the agreement is for ancillary

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Issued on: August 8, 2008

services under the umbrella service agreement in Attachment B consistent with the agreements and this Tariff.

15.2 Termination. A Party may terminate the Service Agreement upon the Default of other Party. Subject to the limitations set forth in Section 15.3, in the event of a Default, a non-Defaulting Party may terminate the applicable agreement only upon the later of

- (a) Its giving of written notice of termination to the other Party; and
- (b) For any termination of the Service Agreement, the filing at FERC of a notice of termination for the Service Agreement, which filing must be accepted for filing by FERC.

15.3 Survival of Rights. Termination of the Service Agreement shall not relieve either Party of any of its liabilities and obligations arising hereunder prior to the date that termination becomes effective, and each Party may take whatever judicial or administrative actions as appear necessary or desirable to enforce its rights hereunder subject to collection of reasonable attorneys fees as provided in Section 14.5.

16 CONFIDENTIALITY

16.1 Term. During the term of the Service Agreement and for a period of three (3) years after the expiration or termination of the Service Agreement, except as otherwise provided in this Section 16 and Section 17, each Party shall hold in confidence and shall not disclose to any person Confidential Information.

16.2 Scope. Confidential Information shall not include information that the receiving Party can demonstrate: (1) is generally available to the public other than as a result of a disclosure by the receiving Party; (2) was in the lawful possession of the receiving Party on a non-confidential basis before receiving it from the disclosing Party; (3) was supplied to the receiving Party without restriction by a third party, who, to the knowledge of the receiving Party, after due inquiry, was under no obligation to the other Party to keep such information confidential; (4) was independently developed by the receiving Party without reference to Confidential Information of the disclosing Party; (5) is, or becomes, publicly known, through no wrongful act or omission of the receiving Party or breach ; or (6) is required, in accordance with Section 16.7 of this Tariff, to be disclosed by any federal or state government or agency or is otherwise required to be disclosed by law or subpoena, or is necessary in any legal proceeding establishing rights and obligations under this agreement. Information designated as Confidential Information will no longer be deemed confidential if the Party that designated the information as confidential notifies the other Party that it no longer is confidential.

16.3 Release of Confidential Information. Neither Party shall release or disclose Confidential Information to any other person, except to its employees, consultants or to parties who may be or considering providing financing to or equity participation with Customer, on a need-to-know basis in connection with the applicable agreement, so long as such person has first been advised of the confidentiality provisions of this Section 16 and has agreed to comply with such

provisions. Notwithstanding the foregoing, a Party providing Confidential Information to any person shall remain primarily responsible for any release of Confidential Information in contravention of this Section 16.

16.4 Rights. Each Party retains all rights, title, and interest in the Confidential Information that each Party discloses to the other Party. The disclosure by each Party to the other Party of Confidential Information shall not be deemed a waiver by either Party or any other person or entity of the right to protect the Confidential Information from public disclosure.

16.5 No Warranties. By providing Confidential Information, neither Party makes any warranties or representations as to its accuracy or completeness. In addition, by supplying Confidential Information, neither Party obligates itself to provide any particular information or Confidential Information to the other Party nor to enter into any further agreements or proceed with any other relationship or joint venture.

16.6 Standard of Care. Each Party shall use at least the same standard of care to protect Confidential Information it receives as that it uses to protect its own Confidential Information from unauthorized disclosure, publication or dissemination. Each Party may use Confidential Information solely to fulfill its obligations to the other Party under the applicable agreement or to Governmental Authorities having jurisdiction.

16.7 Order of Disclosure. If a Governmental Authority with the right, power, and apparent authority to do so requests or requires either Party, by subpoena, oral

deposition, interrogatories, requests for production of documents, administrative order, or otherwise, to disclose Confidential Information, that Party shall provide the other Party with prompt prior written notice to the extent possible of such request(s) or requirement(s) so that the other Party may seek an appropriate protective order or agreement, or waive compliance with the terms of the Service Agreement. Notwithstanding the absence of a protective order or agreement, or waiver, the Party may disclose such Confidential Information which, in the opinion of its counsel, the Party is legally compelled to disclose. Each Party will use reasonable effort to obtain reliable assurance that confidential treatment will be accorded any Confidential Information so furnished.

16.8 Termination of Agreement. Upon termination of the applicable agreement for any reason, each Party shall, within ten (10) days of receipt of a written request from the other Party, use reasonable efforts to destroy, erase, or delete (with such destruction, erasure and deletion certified in writing to the other Party) or return to the other Party, without retaining copies thereof, any and all written or electronic Confidential Information received from the other Party.

16.9 Remedies. Monetary damages would be inadequate to compensate a Party for the other Party's breach of its obligations under this Section 16. Each Party shall be entitled to equitable relief, by way of injunction or otherwise, if the first Party breaches or threatens to breach its obligations under this Section 16, which equitable relief shall be granted without bond or proof of damages, and the receiving Party shall not plead in defense that there would be an adequate remedy

at law. Such remedy shall not be deemed to be an exclusive remedy for the breach of this Section 16, but shall be in addition to all other remedies available at law or in equity. Furthermore, the covenants contained herein are necessary for the protection of legitimate business interests and are reasonable in scope. No Party, however, shall be liable for indirect, incidental or consequential or punitive damages of any nature or kind resulting from or arising in connection with this Section 16.

17 AUDIT RIGHTS

17.1 Audit Rights. Subject to the requirements of confidentiality under Section 16 of this Tariff, either Party shall have the right, during normal business hours, and upon prior reasonable notice to the other Party, to audit each other's accounts and records pertaining to either Party's performance and/or satisfaction of obligations arising under the Service Agreement or Tariff. Any audit authorized by this Section 17.1 shall be performed at the offices where such accounts and records are maintained and shall be limited to those portions of such accounts and records that relate to obligations under the Service Agreement or Tariff.

18 DISPUTES

18.1 Submission. Any claim or dispute, which either Party may have against the other, arising out of the Service Agreement or Tariff shall be submitted in writing to the other Party not later than the latter of sixty (60) days after the circumstances which gave rise to the claim or dispute have taken place or sixty (60) days of discovery of such circumstances. The submission of any claim or dispute shall

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include a concise statement of the question or issue in dispute, together with relevant facts and documentation to fully support the claim.

18.2 Alternative Dispute Resolution. If any such claim or dispute arises, the Parties shall use their best efforts to resolve the claim or dispute, initially through good faith negotiations or upon the failure of such negotiations, through mutually agreed to Alternative Dispute Resolution (“ADR”) techniques, which may include arbitration before one neutral arbitrator conducted in Fergus Falls, Minnesota, in accordance with the rules of the American Arbitration Association’s Commercial Arbitration Rules. All negotiations pursuant to these procedures for the resolution of Disputes will be confidential, and shall be treated as compromise and settlement negotiations for purposes of the Federal Rules of Evidence and State Rules of Evidence.

19 MISCELLANEOUS

19.1 Waiver. Any waiver at any time by either Party of its rights with respect to a Default, or with respect to any other matters arising in connection with the Service Agreement shall not be deemed a waiver or continuing waiver with respect to any subsequent Default or other matter.

19.2 Governing Law. The validity, interpretation and performance of the Service Agreement and each of its provisions shall be governed by the applicable laws of the State of Minnesota.

19.3 Amendments. Nothing contained herein shall be construed as affecting in any way the right of the Company or Customer to unilaterally make application to

FERC for a change in rates, terms or conditions of service or any other change of this Tariff or the Service Agreements under Sections 205 and 206 of the Federal Power Act and pursuant to FERC's Rules and Regulations promulgated thereunder. The Company reserves the right to file rate schedules with FERC concerning any services the Company deems necessary for reliable and orderly bulk power system management, including but not limited to any standby or related services that may arise from a failure by Customer to meet Local Balancing Authority Service obligations covered by the Service Agreement.

19.4 Grandfathered Agreements. Nothing in this Tariff or a Service Agreement is intended to abrogate pre-existing agreements that were not under the Otter Tail OATT.

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SCHEDULE 1

Scheduling, System Control And Dispatch Service

This service is required to schedule the movement of power through, out of, within, or into a Local Balancing Authority. This service can be provided only by the operator of the Local Balancing Authority in which the transmission facilities used for transmission service are located. Scheduling, System Control and Dispatch Service is to be provided directly by the Local Balancing Authority Operator. The Customer must purchase this service from the Local Balancing Authority Operator. The charges for Scheduling, System Control and Dispatch Service are to be based on the rates set forth below.

Basic Charge:

\$0.04975/kW-Month

\$0.01148/kW-Week

\$0.00164/kW-Day

\$0.00007/kW-Hour

times the Customer's load coincident with the Local Balancing Authority peak load.

Scheduling, System Control and Dispatch Service under this Schedule 1 will be superseded by MISO's Schedule 1 when the same service is provided pursuant to the Midwest ISO TEMT.

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SCHEDULE 2

Reactive Power Supply From Generation or Other Sources Service

In order to maintain transmission voltages on the Company's transmission facilities located in the Local Balancing Authority within acceptable limits, generation facilities and non-generation resources capable of providing this service that are under the control of the Local Balancing Authority Operator are operated to produce (or absorb) reactive power. Thus, if this service is not already provided for under other agreements or tariffs, Reactive Power Supply from Generation or Other Sources Service must be provided for each transaction on the Company's transmission facilities located within the Local Balancing Authority. The amount of Reactive Power Supply from Generation or Other Sources Service that must be supplied with respect to the Customer's energy schedule will be determined based on the reactive power support necessary to maintain transmission voltages within limits that are generally accepted in the region and consistently adhered to by the Local Balancing Authority Operator.

The Local Balancing Authority Operator must provide and the Customer must purchase this service from the Local Balancing Authority Operator. Although the Customer is required to take this ancillary service from the Local Balancing Authority Operator, the Customer may reduce the charge for this service to the extent it can reduce its requirement for reactive supply.

Reactive Power Supply from Generation or Other Sources Service is to be provided directly by the Local Balancing Authority Operator for energy schedules on the Company's transmission facilities unless otherwise supplied through Self-Provision or through pre-existing agreements or tariffs. If Reactive Power Supply from Generation or Other Sources Service is provided to the Customer by the Local Balancing Authority Operator, the Customer shall

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compensate the Local Balancing Authority Operator for Reactive Power Supply from Generation or Other Sources Service pursuant to the charges set forth below.

Basic Charge:

\$0.10722/kW-Month

\$0.02474/kW-Week

\$0.00353/kW-Day

\$0.00015/kW-Hour

times the Customer's reserved capacity or the Customer's peak load responsibility.

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ATTACHMENT A

Form of Service Agreement for Local Balancing Authority Services and Operations

- 1.0 THIS SERVICE AGREEMENT is made and entered into this _____ day of _____, 20__, by and between _____, a [_____] organized and existing under the laws of the State of _____, sometimes hereinafter referred to as "Customer," and Otter Tail Power Company, a division of Otter Tail Corporation, a corporation organized and existing under the laws of the State of Minnesota, sometimes hereinafter referred to as "Company" or "Local Balancing Authority Operator." Customer and Company each may be referred to as a "Party," or collectively as the "Parties."
- 2.0 The Customer has been determined by the Local Balancing Authority Operator to be a Customer under Section 2 of the Control Area Services and Operations Tariff ("Tariff").
- 3.0 The Customer agrees to supply information the Local Balancing Authority Operator deems reasonably necessary in accordance with Good Utility Practice in order for it to provide the requested service.
- 4.0 The Local Balancing Authority Operator agrees to provide and the Customer agrees to take and pay for Local Balancing Authority Services detailed in Attachment A1 in accordance with the provisions of the Tariff and this Service Agreement. The Metering Equipment and Communication and RTU Equipment required for the service is as specified in Attachments A2 and A3, respectively.
- 5.0 The Local Balancing Authority Operator and the Customer agree to be bound by the terms of this Tariff and to follow orders, directions, and procedures as detailed in such Tariff.
- 6.0 Any notice, demand or request required or permitted to be given by either Party to the other and any instrument required or permitted to be tendered or delivered by either Party to the other may be so given, tendered or delivered, as the case may be, by depositing the same in any United States Post Office with postage prepaid, for transmission by certified or registered mail, addressed to the Party, or personally delivered to the Party, at the address set out below:

To Company:

**Manager, System Operations
Otter Tail Power Company
215 South Cascade Street**

To Customer:

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Vice President, Delivery Services

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- 7.0 Subject to Required Regulatory Approval, including, without limitation, acceptance by FERC under Section 205 of the Federal Power Act, the Service Agreement shall become effective when executed by the Parties or the date allowed by the Commission.
- 8.0 Termination Upon Default. This Service Agreement may be terminated upon a Party's Default in accordance with the provisions of Section 14 of the Tariff.
- 9.0 Material Adverse Change. In the event of a material change in law or regulation that adversely affects, or may reasonably be expected to adversely affect, either Party's rights and/or obligations under the Service Agreement, the Parties will negotiate in good faith any amendment or amendments to the Service Agreement necessary to adapt the terms of the Service Agreement to such change in law or regulation, and the Company shall file such amendment or amendments with FERC. If, within sixty (60) days after the occurrence of any event described in this Section 9.0, the Parties are unable to reach agreement on any such amendments, the Parties may proceed under Section 18 of the Tariff to resolve any disputes related thereto; and, Company shall have the right to make a unilateral filing with FERC to modify the Service Agreement pursuant to Section 205 or any other applicable provision of the Federal Power Act and FERC's rules and regulations thereunder, and Customer shall have the right to make a unilateral filing with FERC to modify the Service Agreement pursuant to Section 206 or any other applicable provision of the Federal Power Act and FERC's rules and regulations thereunder; provided that each Party shall have the right to protest any such filing by the other Party and to participate fully in any proceeding before FERC in which such modifications may be considered. Nothing in the Service Agreement shall limit the rights of the Parties or of FERC under Sections 205 or 206 of the Federal Power Act and FERC's rules and regulations thereunder. For the purposes of this Section 9.0, the term "material" or "materially" shall not include any change to a tariff or rate schedule accepted or approved by FERC. If a Party is unable to fully perform the Service Agreement due to the occurrence of an event described in this Section 9.0 and such inability is not based on economic reasons, such Party shall not be deemed to be in Default of its obligations under the Service Agreement, provided that such Party is seeking dispute resolution under Section 18 of the Tariff or before FERC, to the extent that (i) such Party is unable to perform as a result of such an event and (ii) such Party acts in accordance with its obligations under this Section 9.0.
- 10.0 The Company shall file the Service Agreement with FERC, if non-conforming or unexecuted. If executed and conforming, this Service Agreement shall be included in Company's Electronic Quarterly Report.
- 10.1 Nothing contained in the Service Agreement shall be construed as affecting in any way the right of the Company to unilaterally make application to the Commission for a change in rates, terms and conditions, charges, classification of service, Service Agreement, rule or regulation under Section 205 of the Federal Power Act

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and pursuant to the Commission's rules and regulations promulgated thereunder.

- 10.2 Nothing contained in the Service Agreement shall be construed as affecting in any way the ability of any Party receiving service under the Service Agreement to exercise its rights under the Federal Power Act and pursuant to the Commission's rules and regulations promulgated thereunder.
- 11.0 The applicable provisions of the Service Agreement shall continue in effect after expiration, cancellation, or termination hereof to the extent necessary to provide for final billings, billing adjustments, and the determination and enforcement of liability and indemnification obligations arising from acts or events that occurred while the Service Agreement was in effect.
- 12.0 Customer Representations. The Customer represents and warrants that it has all requisite authority to enter into the Service Agreement and that it has acquired (or will acquire before transactions hereunder commence) all Required Regulatory Approvals associated with this transaction and related transactions.
- 13.0 The Tariff is incorporated herein and made part hereof.
- 14.0 This Service Agreement shall expire on _____, 20__.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be duly executed by their duly authorized officers on the day and year first above written.

By:_____

By:_____

Title:_____

Title:_____

Otter Tail Power Company

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ATTACHMENT A1

Local Balancing Authority Services Offered, Required, And Selected

Schedule	Load Serving Entity	Generator	Embedded Local Balancing Authority	Customer must initialize here for any Optional services it requests the Local Balancing Authority Operator to provide.
1. Scheduling, System Control and Dispatch Service	R	R	RS ¹	—
2. Reactive Power Supply from Generation or Other Sources Service	RS	RS ²	RS	—

KEY: **R** = Required and provided by the Local Balancing Authority Operator
 RS = Required with Self-Supply optional

¹ While this service allows for Self-Supply provisions, the service is also required to be obtained from the Local Balancing Authority Operator in the event that the Self-Supply Provider fails to provide this service.

² If the Generator or its power supply customer is taking transmission service within the Otter Tail Local Balancing Authority Area under an agreement or other applicable tariff, the Generator or its power supply customer, as applicable, is responsible for paying the Local Balancing Authority Operator for this schedule; provided, however, that if generator or its power supply customer is taking transmission service under the MISO TEMT, all reactive service charges related to such service will be provided under the MISO TEMT.

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ATTACHMENT A2

Metering Equipment

This Attachment A2 is a part of this Service Agreement between Customer and Otter Tail Power Company, as Local Balancing Authority Operator.

The Metering Equipment necessary to provide Local Balancing Authority Services is to be located

_____.

Metering Equipment to be Furnished by Company

Company, at Customer's expense, will provide, own, operate, and maintain Metering Equipment as required for on-site metering as follows: _____

_____.

Customer and Company hereby acknowledge and agree that the cost listed below is only an estimate and that Customer hereby agrees to and shall reimburse Company for all actual costs, including any applicable taxes associated with the Company's construction of Metering Equipment, or Company's acquisition of any Metering Equipment provided to Company by Customer as set forth in this Attachment A2. The cost for the Metering Equipment is estimated to be \$ _____.

Customer hereby agrees to and Customer shall provide reasonable and adequate security, as determined within Company's sole reasonable discretion, for payment and performance of obligations set forth in this Attachment A2.

Metering Equipment to be Furnished by Customer

Customer, at Customer's expense, will provide, own, operate, and maintain Metering Equipment as required for communications from the Customer's Facility to the location specified by Company as follows: _____

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ATTACHMENT A3

Communication and RTU Equipment

This Attachment A3 is a part of this Service Agreement between Customer and Otter Tail Power Company, as Local Balancing Authority Operator.

The Communication and RTU Equipment necessary to provide Local Balancing Authority Services is to be located

Communication and RTU Equipment to be Furnished by Company

Company, at Customer's expense, will provide, own, operate, and maintain Communication and RTU Equipment as required for on-site communications as follows: _____

Customer and Company hereby acknowledge and agree that the cost listed below is only an estimate and that Customer hereby agrees to and shall reimburse Company for all actual costs, including any applicable taxes associated with the Company's construction of Communication and RTU Equipment, or Company's acquisition of any Communication and RTU Equipment provided to Company by Customer as set forth in this Attachment A3. The cost for the Communication and RTU Equipment is estimated to be \$ _____.

Customer hereby agrees to and Customer shall provide reasonable and adequate security, as determined within Company's sole reasonable discretion, for payment and performance of obligations set forth in this Attachment A3.

Communication and RTU Equipment to be Furnished by Customer

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Customer, at Customer's expense, will provide, own, operate, and maintain Communication and RTU Equipment as required for communications from the Customer's Facility to the location specified by Company as follows: _____

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Vice President, Delivery Services

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ATTACHMENT B

**Umbrella Form of Service Agreement for Local Balancing Authority Services and
Operations**

- 1.0 THIS SERVICE AGREEMENT is made and entered into this _____ day of _____, 20__, by and between _____, a [_____] organized and existing under the laws of the State of _____, sometimes hereinafter referred to as "Customer," and Otter Tail Power Company, a division of Otter Tail Corporation, a corporation organized and existing under the laws of the State of Minnesota, sometimes hereinafter referred to as "Company" or "Local Balancing Authority Operator." Customer and Company each may be referred to as a "Party," or collectively as the "Parties."
- 2.0 The Customer has been determined by the Local Balancing Authority Operator to be a Customer under Section 2 of the Tariff.
- 3.0 Service under this Service Agreement shall be provided by the Local Balancing Authority Operator upon request by an authorized representative of the Customer. The Customer shall submit the attached confirmation form (Attachment B1) to Company to schedule service.
- 4.0 The Customer agrees to supply information the Local Balancing Authority Operator deems reasonably necessary in accordance with Good Utility Practice in order for it to provide the requested service.
- 5.0 The Local Balancing Authority Operator agrees to provide and the Customer agrees to take and pay for Local Balancing Authority Services in accordance with the provisions of the Control Area Services and Operations Tariff (hereinafter referred to as "Tariff") and this Service Agreement.
- 6.0 Any notice, demand or request required or permitted to be given by either Party to the other and any instrument required or permitted to be tendered or delivered by either Party to the other may be so given, tendered or delivered, as the case may be, by depositing the same in any United States Post Office with postage prepaid, for transmission by certified or registered mail, addressed to the Party, or personally delivered to the Party, at the address set out below:

To Company:

**Director, System Operations
Otter Tail Power Company
215 South Cascade Street**

To Customer:

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- 7.0 Subject to Required Regulatory Approval, including, without limitation, acceptance by FERC under Section 205 of the Federal Power Act, the Service Agreement shall become effective when executed by the Parties or the date allowed by the Commission.
- 8.0 Termination Upon Default. This Service Agreement may be terminated upon a Party's Default in accordance with the provisions of Section 14 of the Tariff.
- 9.0 Material Adverse Change. In the event of a material change in law or regulation that adversely affects, or may reasonably be expected to adversely affect, either Party's rights and/or obligations under the Service Agreement, the Parties will negotiate in good faith any amendment or amendments to the Service Agreement necessary to adapt the terms of the Service Agreement to such change in law or regulation, and the Company shall file such amendment or amendments with FERC. If, within sixty (60) days after the occurrence of any event described in this Section 9.0, the Parties are unable to reach agreement on any such amendments, the Parties may proceed under Section 18 of the Tariff to resolve any disputes related thereto; and, Company shall have the right to make a unilateral filing with FERC to modify the Service Agreement pursuant to Section 205 or any other applicable provision of the Federal Power Act and FERC's rules and regulations thereunder, and Customer shall have the right to make a unilateral filing with FERC to modify the Service Agreement pursuant to Section 206 or any other applicable provision of the Federal Power Act and FERC's rules and regulations thereunder; provided that each Party shall have the right to protest any such filing by the other Party and to participate fully in any proceeding before FERC in which such modifications may be considered. Nothing in the Service Agreement shall limit the rights of the Parties or of FERC under Sections 205 or 206 of the Federal Power Act and FERC's rules and regulations thereunder. For the purposes of this Section 9.0, the term "material" or "materially" shall not include any change to a tariff or rate schedule accepted or approved by FERC. If a Party is unable to fully perform the Service Agreement due to the occurrence of an event described in this Section 9.0 and such inability is not based on economic reasons, such Party shall not be deemed to be in Default of its obligations under the Service Agreement, provided that such Party is seeking dispute resolution under Section 18 of the Tariff or before FERC, to the extent that (i) such Party is unable to perform as a result of such an event and (ii) such Party acts in accordance with its obligations under this Section 9.0.
- 10.0 The Company shall file the Service Agreement with FERC, if nonconforming or unexecuted. If the Service Agreement is conforming and executed, Company shall include the Service Agreement in its Electric Quarterly Report.
- 10.1 Nothing contained in the Service Agreement shall be construed as affecting in any way the right of the Company to unilaterally make application to the Commission for a change in rates, terms and conditions, charges, classification of service,

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Service Agreement, rule or regulation under Section 205 of the Federal Power Act and pursuant to the Commission's rules and regulations promulgated thereunder.

- 10.2 Nothing contained in the Service Agreement shall be construed as affecting in any way the ability of any Party receiving service under the Service Agreement to exercise its rights under the Federal Power Act and pursuant to the Commission's rules and regulations promulgated thereunder.
- 11.0 The applicable provisions of the Service Agreement shall continue in effect after expiration, cancellation, or termination hereof to the extent necessary to provide for final billings, billing adjustments, and the determination and enforcement of liability and indemnification obligations arising from acts or events that occurred while the Service Agreement was in effect.
- 12.0 Customer Representations. The Customer represents and warrants that it has all requisite authority to enter into the Service Agreement and that it has acquired (or will acquire before transactions hereunder commence) all Required Regulatory Approvals associated with this transaction and related transactions.
- 13.0 The Tariff is incorporated herein and made part hereof.
- 14.0 This Service Agreement shall expire on _____, 20__.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be duly executed by their duly authorized officers on the day and year first above written.

By:_____

By:_____

Title:_____

Title:_____

Otter Tail Power Company

Issued by: Rodney C.H. Scheel
Vice President, Delivery Services

Effective: October 9, 2008
(or such date as the Midwest ISO's
Reversion Plan terminates)

Issued on: August 8, 2008

ATTACHMENT B1

Confirmation Form for Local Balancing Authority Services and Operations

1.0 In accordance with the Service Agreement, dated as of _____ by Otter Tail Power company, a division of Otter Tail Corporation (“Company” or “Local Balancing Authority Operator”) and _____ (“Customer”), the Customer requests Local Balancing Authority Services.

2.0 Term of Transaction: _____
State Date: _____
Termination Date: _____

3.0 Local Balancing Authority Services to be provided by the Local Balancing Authority Operator:

4.0 Service under this Agreement may be subject to some combination of the charges detailed below, and will be determined in accordance with the terms and conditions of the Tariff.

5.0 Any notice or request made to the Customer regarding this Agreement shall be made to the following representative as indicated below:

Name: _____
Title: _____
Phone: _____
Fax: _____
E-mail: _____

6.0 The Tariff and Service Agreement are incorporated herein and made a part hereof.

IN WITNESS WHEREOF, the Parties have caused this Transaction Specification Sheet to be executed by their respective authorized officials.

OTTER TAIL POWER COMPANY

By: _____
Name: _____
Title: _____
Date: _____

Customer

By: _____

Issued by: Rodney C.H. Scheel
Vice President, Delivery Services

Effective: October 9, 2008
(or such date as the Midwest ISO’s
Reversion Plan terminates)

Issued on: August 8, 2008

ATTACHMENT C
List of Entities Operating Within the Otter Tail Power Company Local Balancing
Authority Area

<u>Company</u>	<u>Headquarters/Regional Office</u>
Central Power Electric Cooperative	Minot, ND
East River Electric Power Cooperative	Madison, SD
Xcel Energy	Minneapolis, MN
Great River Energy	Elk River, MN
Minnesota Power	Duluth, MN
Minnkota Power Cooperative, Inc.	Grand Forks, ND
Missouri River Energy Services	Sioux Falls, SD
Montana-Dakota Utilities Co.	Bismarck, ND
Northwestern Public Service	Huron, SD
Otter Tail Power Company	Fergus Falls, MN
Western Area Power Administration	Billings, MT (Upper Great Plains Regional Office)

Issued by: Rodney C.H. Scheel
Vice President, Delivery Services

Issued on: August 8, 2008

Effective: October 9, 2008
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