

MINNESOTA POWER & LIGHT COMPANY
ELECTRIC RATE BOOK - VOLUME I

 SECTION V PAGE NO. 82
 REVISION ORIGINAL
RIDER FOR DISTRIBUTED GENERATION SERVICE
APPLICATION

To any Customer taking service under one of Company's following standard rate schedules: Residential Service (Schedule 10, 20, 30, 12, 22, 32), General Service (Schedule 15, 25, 35), Large Light and Power Service (Schedule 55, 75), Municipal Pumping Service (Schedule 66, 67, 87) and Large Power Service (Schedule 54, 74) and who has entered into the "State of Minnesota Interconnection Agreement for the Interconnection of Extended Parallel Distributed Generation Systems with Electric Utilities" with Company for the interconnection and operation of an on-site extended parallel distributed generation system. The distributed generation system must be:

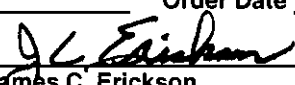
- a. an operable, permanently installed or mobile generation facility serving the customer receiving retail electric service at the same site; and
- b. fueled by natural gas or a renewable fuel, or another similarly clean fuel or combination of fuels of no more than 10 MW of interconnected capacity at a point of common coupling to Company's distribution system. The interconnection and operation of distributed generation systems at each point of common coupling shall be considered as a separate application of the Rider.

Service under this Rider shall be required for any Customer who meets the Application criteria in the previous paragraph, subject to the following exceptions: (i) any Customer who takes service, as applicable, under Company's Rider for Parallel Generation as established under Minnesota Rules Chapter 7835 – Cogeneration and Small Power Production; or (ii) any Customer, in lieu of service under this Rider, who pursues reasonable transactions outside this Rider as agreed to by Company and Customer.

Customer shall execute an electric service agreement and a power purchase agreement with Company for service under this Rider. The minimum term of service taken under this Rider shall be one (1) year or such longer period as may be required under the electric service agreement. Service under this Rider is subject to Company's Electric Service Regulations and any other rules as applicable. All provisions of the applicable standard rate schedule shall apply to service under this Rider except as noted below.

 Filing Date December 27, 2004 MPUC Docket No. E-015/M-04-2030
 Effective Date November 7, 2005 Order Date November 7, 2005

Approved by:


 James C. Erickson
 Director - Rates

MINNESOTA POWER & LIGHT COMPANY
ELECTRIC RATE BOOK - VOLUME I

 SECTION V PAGE NO. 82.1
 REVISION _____ ORIGINAL _____

RIDER FOR DISTRIBUTED GENERATION SERVICE
TYPE OF SERVICE

Output of the distributed generation system shall be provided at 60 hertz and at the voltage and phase relationship specified under Company's applicable standard rate schedule for service to Customer or as agreed to by Company and Customer.

RATE (Monthly)

The following charges and credits are applicable in addition to all charges for service being taken under Company's standard rate schedule:

Service Charge: \$15.83

Capacity/Energy Credits:

Customer may sell all the energy produced by the distributed generation system to Company, use all the distributed generation system energy to meet its own electric load requirements or use a portion of the energy from the distributed generation system and sell the remaining to Company.


Company shall purchase all capacity and energy made available by Customer from the distributed generation system. Such capacity and energy shall be purchased by Company under the rates, terms and conditions for such purchases as established by Company in a power purchase agreement with Customer.

Capacity Credits shall only be provided on that capacity available to Company which meets the accreditation requirements of the Mid-Continent Area Power Pool or successor organization. For applying the Capacity Credits, the capacity shall be determined during the 15-minute period of Customer's greatest accredited capacity delivered to Company during the billing month.

Capacity and Energy Credits shall be based on Company's calculation of avoided capacity and energy costs. The Capacity Credits in effect at the time Customer enters into a power purchase agreement with Company shall remain in effect for the length of the agreement. Energy Credits for use under the power purchase agreement shall vary by month and time period (on-peak and off-peak) and shall be updated annually for the upcoming calendar year. Upon written request by Customer and after Customer signs a confidentiality agreement,

Filing Date December 27, 2004 MPUC Docket No. E-015/M-04-2030
 Effective Date November 7, 2005 Order Date November 7, 2005

Approved by:


 James C. Erickson
 Director - Rates

MINNESOTA POWER & LIGHT COMPANY
ELECTRIC RATE BOOK - VOLUME I

 SECTION V PAGE NO. 82.2
 REVISION ORIGINAL
RIDER FOR DISTRIBUTED GENERATION SERVICE

Company shall provide Customer the current schedule of Capacity and Energy Credits.

Delivery Charge (\$/kw):

Company may require any Customer with a distributed generation system of 1 MW or greater nameplate capacity rating to pay a Delivery Charge for all capacity and energy made available by Customer from the distributed generation system. Such Delivery Charge shall compensate Company for any additional distribution, transmission and ancillary services not included under this Rider provided by Company to Customer through Company's participation in the Midwest Independent Transmission System Operator or successor organization. For applying the Delivery Charge, the capacity shall be determined during the 15-minute period of Customer's greatest capacity delivered to Company during the billing month.

Distribution Credits:

If the installation of the distributed generation system results in Company delaying or avoiding distribution investment, Company shall provide Distribution Credits to Customer that reflect the avoided distribution cost.

Company shall provide, upon Customer's written request, a list of substation areas or feeders that could be likely candidates for Distribution Credits as determined through Company's normal distribution planning process. Upon receiving an application from Customer for the interconnection and operation of a distributed generation system, Company shall perform an initial screening study to determine if the project has the potential to receive Distribution Credits. Customer shall be responsible for the cost of such screening study. If Company's initial study shows that there exists potential for Distribution Credits, Company shall, at its own expense, pursue further study to determine the Distribution Credits, as part of its annual distribution capacity study.

Line Loss Credits:

If the installation of the distributed generation system results in Company avoiding additional line losses, Company shall provide Line Loss Credits to Customer that reflect the additional line loss savings.

 Filing Date December 27, 2004 MPUC Docket No. E-015/M-04-2030
 Effective Date November 7, 2005 Order Date November 7, 2005

 Approved by:
 James C. Erickson
 Director - Rates

MINNESOTA POWER & LIGHT COMPANY
ELECTRIC RATE BOOK - VOLUME I

 SECTION V PAGE NO. 82.3
 REVISION ORIGINAL
RIDER FOR DISTRIBUTED GENERATION SERVICE

Company shall perform, upon Customer's written request, a specific line loss study to determine if the project has the potential to receive Line Loss Credits. Customer shall be responsible for the cost of such line loss study.

Renewable Credits:

If Company's purchase of capacity and energy from the distributed generation system results in Company meeting a requirement to obtain renewable capacity and energy, Company shall provide Renewable Credits to Customer that equal the additional avoided cost of the renewable addition or purchase. The purchase price of such Renewable Credits shall be net of payment for capacity and energy identified above.

In the event that Customer producing the power receives renewable credits, (that is, the Customer is paid by the Company the avoided cost of renewable energy purchases), then the transaction represented by the power purchase agreement will constitute a transfer from the Customer to the Company of the property rights, for those renewable attributes specific to the renewable energy generated by the Customer and for which the Company paid renewable credits.

Customer may receive either renewable credits or tradable emission credits but not both.


Tradable Emission Credits:

If Company's purchase of capacity and energy from the distributed generation system results in Company receiving an economic value associated with tradable emissions, Company shall provide Tradable Emission Credits to Customer that equal the credit revenues associated with the distributed generation system of such Tradable Emission Credits received by Company. Customer may receive either renewable credits or tradable emission credits but not both.

In the event that Customer producing the power receives tradable emission credits, then the transaction represented by the power purchase agreement will constitute a transfer from the Customer to Company of the property rights, if any, for those tradable emission credits received by Customer and for which Company paid tradable emission credits.

 Filing Date December 27, 2004 MPUC Docket No. E-015/M-04-2030
 Effective Date November 7, 2005 Order Date November 7, 2005

Approved by:


 James C. Erickson
 Director - Rates

**MINNESOTA POWER & LIGHT COMPANY
ELECTRIC RATE BOOK - VOLUME I**

SECTION V PAGE NO. 82.4
REVISION ORIGINAL

RIDER FOR DISTRIBUTED GENERATION SERVICE

SERVICE CONDITIONS

1. All electricity delivered to Company by Customer shall be measured by one or more meters installed at a single point of common coupling or as determined by Company. Company's meter for distributed generation service shall measure the flow of capacity and energy from Customer to Company only. Any flow of capacity and energy from Company to Customer shall be separately metered.

2. Service shall be provided under this Rider if Company has sufficient capacity available in existing transmission and distribution facilities to provide such service at the location where service is requested.

3. Customer shall pay Company the installed cost of any additional required facilities which are not supported by this Rider.

4. Company shall not be liable for any loss or damage, including consequential damages, caused by or resulting from any limitation in providing service under this Rider.

PROCESS AND TECHNICAL DOCUMENTS AVAILABILITY

Company distributed generation system process and technical documents are available at www.mnpower.com or by contacting Company at 218-722-2625 or 30 West Superior Street, Duluth, MN 55802.

Filing Date December 27, 2004 MPUC Docket No. E-015/M-04-2030
Effective Date November 7, 2005 Order Date November 7, 2005

Approved by: 
James C. Erickson
Director - Rates