

Hi Eric,

In response to your question on how the Net Levelized Rate is calculated, please refer to the following explanation:

If the contract term (in years) is the first year Otter Tail anticipates having a deficit in capacity or later, the equation for the Net Levelized Rate is the number of years into the deficit multiplied by the Net Capacity Rate, divided by the contract term.

So, for the year 2021, the Net Levelized Rate is  $(1 * \$8.94) / 8 = \$1.12$  (1=first year of deficit)

For the year 2022, the Net Levelized Rate is  $(2 * \$9.07) / 9 = \$2.02$  (2=second year of deficit)

And so on.

If the contract term is within the time period where we have no deficit (in Otter Tail's case, between the years of 2014 and 2021), then the Net Capacity Rate is \$0.00, and so is the Net Levelized Rate.

Please let me know if you have any further questions.

*Debbie*

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