

**STATE OF NORTH DAKOTA**  
**PUBLIC SERVICE COMMISSION**

**Otter Tail Power Company  
Deferred Accounting – Big Stone II  
Application**

**Case No. PU-09-739**

**Otter Tail Power Company  
Discontinue Prudence – Big Stone II  
Application**

**Case No. PU-10-30**

**ORDER ON BIG STONE II COST RECOVERY RIDER**

**July 30, 2013**

**Preliminary Statement**

On March 29, 2013 the North Dakota Public Service Commission (Commission) received Otter Tail Power Company's (OTP or Company) 2013 Big Stone II Cost Recovery Rider Report and supporting work papers in compliance with the Settlement Agreement in Case Nos. PU-09-739 and PU-10-30 adopted by the Commission on June 25, 2010. As part of the filing, the Company requested to be allowed to extend the Rider for an additional six months at the same adjustment rates. This would allow the Company to recover the remaining transmission costs that could not be reassigned to other projects.

On May 7, 2013 OTP provided an update to the filing to add carrying costs to the proposed additional recovery amount. In order to keep the adjustment rates the same, the Company further requested that the Rider be extended for eight months.

On May 28, 2013 the Commission issued a notice of filing and notice of opportunity for hearing. A deadline of July 15, 2013 was set for comments and requests for a hearing. No comments or requests were received.

On June 6, 2013 OTP filed a supplemental filing to further explain the costs that the Company proposes to recover from August 2013 through February 2014 including additional detail on the costs that cannot be recovered through other projects.

**Findings of Fact**

1. OTP is an investor-owned electric utility headquartered in Fergus Falls, Minnesota authorized to provide public utility service in North Dakota.
2. On June 25, 2010 the Commission issued an order approving the settlement agreement allowing for a 36 month collection of costs through a rider to recover the Big Stone II generation project costs. As per the settlement agreement, the Company would establish an annual rate in order that one-third of the costs be recovered each year. At least 60 days prior to the end of each annual period, OTP would report to the Commission.

3. The annual report was to include: (1) the amount recovered during the period, (2) the actual billing determinants for the non-LGS and LGS classes for the reporting period, (3) the amount of over- or under-collection in order to add a "True-up Amount" to the amount to be recovered in the next annual period, and (4) the true up remaining at the end of the 36 month recovery period was to be collected or refunded to customers in a one-time adjustment.

4. While the Company could have made minor adjustments to the rates each year, the Company kept the rates the same for the entire 36 month period which for the Large General Service class is 7.5 cents per kW and 0.062 cents per kWh. For all other service classes, the charge is 0.083 cents per kWh.

5. As part of the settlement agreement, the Company did not include the transmission costs associated with Big Stone II in the rider. The settlement agreement stated that if the Company was not able to use the transmission facilities for other projects, it could request recovery of those costs at a later time. The purpose of the March 29, 2013 filing was to request recovery of the transmission costs that could not be recovered from any other projects and extend the same rates to collect the remaining transmission costs associated with the Big Stone II project from customers for an additional six month period.

6. In the Company's May 7, 2013 update, the Company modified its request to extend the collection period to eight months in order to recover the allowance for funds used during construction (AFUDC) costs that were not included in its original filing.

7. In the Company's June 6, 2013 supplemental filing the Company further clarified the remaining transmission costs and why it was unlikely any of these costs could be transferred to another project.

From the foregoing Findings of Fact, the Commission now makes its:

#### **Conclusions of Law**

1. The Commission has jurisdiction in this matter.
2. The Company's proposal to continue the rate adjustment complies with the settlement agreement in this case.
3. The tariff will be cancelled at the end of the eight month recovery period and any remaining balance will be credited or deducted from either the Environmental or Transmission Cost Recovery Rider for inclusion in the next update of the rates of one of these schedules, whichever is updated first.

From the foregoing Findings of Fact and Conclusions of Law, the Commission now makes its:

#### **Order**

The Commission orders:

1. Otter Tail Power Company's request to continue the Big Stone II Cost Recovery Rider for an additional eight months is approved.

2. The Big Stone II Cost Recovery Rider tariff will be cancelled at the end of the eight month recovery period and any remaining balance will be credited or deducted from either the Environmental or Transmission Cost Recovery Rider for inclusion in the next update of the rates of one of these schedules, whichever is updated first.

**PUBLIC SERVICE COMMISSION**

  
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**Randy Christmann**  
Commissioner

  
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**Brian P. Kalk**  
Chairman

  
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**Julie Fedorchak**  
Commissioner