



Public Service Commission
State of North Dakota

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May 4, 2010

Darrell Nitschke
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Re: Otter Tail Power Company
Deferred Accounting – Big Stone II
Application
Case No. PU-09-739

and

Otter Tail Power Company
Discontinue Prudence Big Stone II
Application
Case No. PU-10-30

Dear Mr. Nitschke:

Enclosed is a revision to page 5 of the Settlement Agreement reached between Otter Tail Power Company, the North Dakota Large Industrial Energy Group, and the North Dakota Public Service Commission Advocacy Staff in the above proceedings.

An error was discovered in the estimated impact of the settlement agreement to an LGS customer with a monthly usage of 600 kW and 234,000 kWh. The error can be found on page 5 of the settlement agreement, paragraph H, at line 4. The impact should be \$197.16 per month, rather than \$254.76 per month.

Please contact us with any questions.

Sincerely,

Annette Bendish
Counsel for Advocacy Staff

29 PU-09-731 Filed 05/04/2010 Pages: 2
Revision to page 5 of Settlement Agreement (
Case No. PU-09-739 and PU-10-30)
Public Service Commission
Annette Bendish, Cnsl for Advocacy Staff

Enclosure

33 PU-09-739 Filed 05/04/2010 Pages: 2
Revision to page 5 of Settlement Agreement (
Case No. PU-09-739 and PU-10-30)
Public Service Commission
Annette Bendish, Cnsl for Advocacy Staff

28 PU-10-30 Filed 05/04/2010 Pages: 2
Revision to page 5 of Settlement
Agreement (Case No. PU-09-739 and PU-10-30)
Public Service Commission
Annette Bendish, Cnsl for Advocacy Staff

29 PU-09-733 Filed 05/04/2010 Pages: 2
Revision to page 5 of Settlement Agreement (Case No. PU-09-739 and PU-10-30)
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amount of over- or under-collection (based on actual amounts up to the time of the report and estimated sales for the remainder of the annual period), and that amount (the “True-up Amount”) shall be added to or subtracted from the amount to be recovered in the next annual period. Any True-up Amount remaining at the end of the 36 month recovery period shall be collected from customers (for any under-collection) or refunded to customers (for any over-collection) in a one-time adjustment to customer bills (and reflected as part of the energy and renewables adjustment line item).

- F. OTP shall include in its total recovery amount a monthly carrying charge on North Dakota share of BSP II Generation Costs for the period from September 1, 2009 (the date in which it ceased accumulating an allowance for funds used during construction (AFUDC) on the construction work in progress (CWIP) balance) up until the recovery of costs commences as described in paragraph C. above. The carrying charge shall be OTP’s rate of return as approved in its 2008 rate case (8.62 percent), which amounts to a carrying charge of \$29,195 per month.
- G. The cost allocation between classes shall be based on the 2009 E1 and D1 class allocators. These class allocators will remain constant for the entire recovery period. For the LGS class, a kW and kWh charge will be derived by dividing E1 related costs by estimated kWh and dividing the D1 related costs by estimated kW. For the non-LGS class, the E1 and D1 related costs will be divided by estimated kWh.
- H. An estimate of the rates described above based on an assumed implementation date of June 1, 2010, are as follows: non-LGS customers - \$0.00082 per kWh, or \$0.62 per month for an typical residential customer with 750 kWh usage. LGS customers - \$0.00064 per kWh and \$0.079 per kW, or \$197.16 per month for a customer with a monthly usage of 600 kW and 234,000 kWh. These estimated rates are calculated by taking the North Dakota Share of BSP II Generation Costs (\$4,064,293) and adding the carrying charge for nine months (\$29,195 times 9 months = \$262,757, for a total of \$4,327,050), then amortizing that amount over 3 years. Table 1 shows additional support for these calculations.