

STATE OF NORTH DAKOTA
PUBLIC SERVICE COMMISSION

Otter Tail Power Company
2013 Transmission Facility Cost Recovery
Rates

Case No. PU-12-702

ORDER ON TRANSMISSION FACILITY COST RECOVERY RATE

December 12, 2012

Preliminary Statement

On August 31, 2012 the North Dakota Public Service Commission (Commission) received Otter Tail Power Company's (OTP or Company) annual update to its Transmission Cost Recovery Rider (TCR Rider).

On September 27, 2012 the Commission suspended OTP's proposed 2013 rate adjustment.

On October 24, 2012 the Commission issued a notice of filing and notice of opportunity for hearing. A deadline of November 30, 2012 was set for comments and requests for a hearing. No comments or requests were received.

On November 13, 2012 OTP filed updated attachments to its August 31, 2012 filing that include changes suggested by Commission Staff, corrected MISO calculation, and more recent billing numbers.

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 April 25, 2012 the Commission issued an order approving the TCR Rider pursuant to North Dakota Century Code Section 49-05-04.3 for OTP (See Case No. PU-11-153 and PU-11-682). This matter is the annual update as required by the April 25, 2012 order approving the TCR Rider.
3. The annual update includes: (1) a number of new transmission projects, (2) the addition of MISO Schedule 37 and 38 revenue credits, (3) the addition of revenue credits for administrative and general operating and maintenance expenses already recovered through current retail rates, and (4) the true up to forecasted and actual expenses and revenues from 2012 (See Case No. PU-12-702 Docket No. 1 and Docket No. 10).
4. The current TCR Rider average rate is \$0.00161 per kWh. The November 13, 2012 proposed average rate is \$0.00160, or a decrease of 0.62 percent (See Case No. PU-12-702 Docket No. 10).

5. On November 19, 2012 Commission Staff filed a memorandum in support of the Company's November 13, 2012 filing (See Case No. PU-12-702 Docket No. 11).

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

Conclusions of Law

1. The Commission has jurisdiction in this matter.
2. The November 13, 2012 proposed rate adjustment complies with the tariff and the incurred costs for new and modified electric transmission facilities are reasonable and prudent.

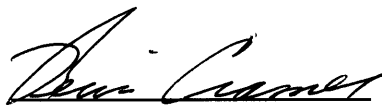
From the foregoing Findings of Fact and Conclusions of Law, the Commission now makes its:

Order

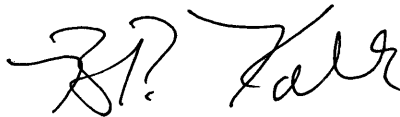
The Commission orders:

1. Otter Tail Power Company's request for a rate adjustment for its Transmission Facility Cost Recovery Rider is approved.

PUBLIC SERVICE COMMISSION



Kevin Cramer
Commissioner



Brian P. Kalk
Chairman



Bonny M. Fetch
Commissioner