

215 South Cascade Street  
PO Box 496  
Fergus Falls, Minnesota 56538-0496  
218 739-8200  
[www.otpc.com](http://www.otpc.com) (web site)

March 15, 2013



Mr. Darrell Nitschke  
Director of Admin./Executive Secretary  
North Dakota Public Service Commission  
State Capitol  
600 East Boulevard, Dept. 408  
Bismarck, ND 58505-0408

**RE: UPDATE to Otter Tail Power Company's Request for Approval of its 2013 Renewable Resource Cost Recovery Adjustment Factor.  
NDPSC Case No. PU-13-16**

Dear Mr. Nitschke:

Please find enclosed an update to Otter Tail Power Company's ("Otter Tail's") Application for its 2013 Renewable Resource Cost Recovery Adjustment Factor ("RRA") under Otter Tail's Renewable Resource Cost Recovery Rider (NDPSC Case No. PU-13-16).

While conducting a review of the forecast billing determinants used in the computation of the proposed rates included in the most recent RRA filing noted above, it was determined that the forecasted kW and kWh associated with a large malting plant was included in the "All Others" category of the rate design when the kW and kWh should have been included within the Large General Service ("LGS") category of the rate design. The table below summarizes the change in rates as a result of moving the malting plant's kW and kWh from the "All Others" category to the LGS category.

Rate Type	Current Rate	Original Proposed Rate from 12/28/12 Filing	Proposed Rate based on updated billing determinants
LGS kW Rate	\$0.705	\$0.774	<b>\$0.719</b>
LGS kWh Rate	\$0.00410	\$0.00369	<b>\$0.00343</b>
All Other kWh Rate	\$0.00556	\$0.00499	<b>\$0.00518</b>

An updated Attachment 5 is included with this filing, detailing the Rider Rate Design Alternatives based upon the updated billing determinants discussed above. There is no change to the overall revenue requirement for the collection period from this billing determinant change. In addition, there is no change in the Alternative Rate design if RRA rates were calculated on a flat kWh rate for all customers. That rate of \$0.00505 per kWh remained the same.

On page 10 of the original December 28, 2012 filing, a table was provided which calculated the impact of the proposed RRA rates on a typical customer. An updated copy of that table is provided below reflecting the impact of the new proposed rates reflected in this filing, as compared to the rates currently in effect.

Proposed - Updated	LGS	All Others
Rate/kW	\$0.719	n/a
Rate/kWh	\$0.00343	\$0.00518
Typical use		
kW	652	n/a
kWh	383,580	733
Typical monthly bill impact [1]	\$1,784.47	\$3.80
Present	LGS	All Others
Rate/kW	\$0.705	n/a
Rate/kWh	\$0.00410	\$0.00556
Typical use		
kW	652	n/a
kWh	383,580	733
Typical monthly bill impact [1]	\$2,032.34	\$4.08
Change in bill	(\$247.87)	(\$0.28)
[1] This impact does not include an offset for a reduction in needed purchased power.		

The proposed rates are computed assuming the total proposed revenue requirement is effective April 1, 2013. As noted in the original filing, if implementation of the 2013 RRA occurs after April 1, 2013, Otter Tail proposes that the RRA be adjusted to recover the approved revenue requirements over the remaining months of the period, through March 2014. This approach would ensure the cost recovery and the approved eligible costs match.

In either case, Otter Tail proposes that final approved rates and the corresponding rate schedule pages be submitted in a compliance filing in this case.

Mr. Darrell Nitschke

March 15, 2013

Page 3

Please refer all inquiries regarding this filing to Stuart Tommerdahl at (218) 739-8279 or [stommerdahl@otpc.com](mailto:stommerdahl@otpc.com).

Sincerely,

*/s/ STUART TOMMERDAHL*

Stuart Tommerdahl

Manager, Regulatory Administration

wao

Enclosures

By electronic filing and U.S. mail

Otter Tail Power Company  
Renewable Resource Rider - North Dakota  
**Rider Rate Design Alternatives**

North Dakota revenue requirements **\$9,155,979**

<b>Alternative #1</b>			
	Billing kWh**	Rate per kWh	Total Revenue
All classes	1,813,745,338	<b>\$0.00505</b>	<b>\$9,155,979</b>

<b>Alternative #2</b>							
Class factors	Weighting	LGS		All others		Total	
ND E2*	71.44%	34.8036%	\$2,276,514	65.1964%	\$4,264,517	\$6,541,031	
ND D1*	28.56%	30.9731%	\$809,930	69.0269%	\$1,805,017	\$2,614,948	
North Dakota			\$3,086,445		\$6,069,534	<b>\$9,155,979</b>	
		LGS		All others			
		Rate	billing units**	Revenue	Rate	billing units**	Revenue
kWh billing	<b>\$0.00343</b>	643,069,633	\$2,204,956	<b>\$0.00518</b>	1,170,675,706	\$6,069,534	
kW billing	<b>\$0.719</b>	1,225,445	\$881,489	n/a	n/a	n/a	
Class revenue			\$3,086,445			\$6,069,534	
					Total North Dakota revenue	<b>\$9,155,979</b>	

\* Class factors are consistent with projected recovery period.

\*\* April 2013 - March 2014 proposed rider recovery period.

				LGS customers after April 1, 2010					Total Revenue
	Rate/kWh	kWh	Revenue	Rate/kWh	kWh	Rate/kW	kW	Revenue	
Jan-2009	\$0.00193	Actual	\$394,208						\$394,208
Feb-2009	\$0.00510	Actual	920,965						920,965
Mar-2009	\$0.00510	Actual	866,474						866,474
Apr-2009	\$0.00510	Actual	774,049						774,049
May-2009	\$0.00510	Actual	606,416						606,416
Jun-2009	\$0.00510	Actual	566,287						566,287
Jul-2009	\$0.00510	Actual	569,467						569,467
Aug-2009	\$0.00510	Actual	578,077						578,077
Sep-2009	\$0.00510	Actual	589,636						589,636
Oct-2009	\$0.00510	Actual	636,380						636,380
Nov-2009	\$0.00510	Actual	690,479						690,479
Dec-2009	\$0.00369	Actual	602,291						602,291
			<u>\$7,794,729</u>						<u>\$7,794,729</u>
Jan-2010	\$0.00369	Actual	\$769,785						\$769,785
Feb-2010	\$0.00369	Actual	678,100						678,100
Mar-2010	\$0.00369	Actual	612,637						612,637
Apr-2010	\$0.00369	Actual	542,911						542,911
May-2010	\$0.00369	Actual	439,016						439,016
Jun-2010	\$0.00369	Actual	417,911						417,911
Jul-2010	\$0.00369	Actual	447,431						447,431
Aug-2010	\$0.00369	Actual	487,322						487,322
Sep-2010	\$0.00551	Actual	455,045	\$0.00473		\$ 0.212		224,617	679,662
Oct-2010	\$0.00551	Actual	414,985	\$0.00473		\$ 0.212		213,045	628,031
Nov-2010	\$0.00551	Actual	530,030	\$0.00473		\$ 0.212		223,542	753,572
Dec-2010	\$0.00551	Actual	734,658	\$0.00473		\$ 0.212		232,340	966,997
			<u>\$6,529,831</u>					<u>\$893,544</u>	<u>\$7,423,375</u>
Jan-2011	\$0.00551	Actual	\$846,163	\$0.00473		\$ 0.212		234,099	\$1,080,262
Feb-2011	\$0.00551	Actual	806,358	\$0.00473		\$ 0.212		239,442	1,045,800
Mar-2011	\$0.00551	Actual	747,456	\$0.00473		\$ 0.212		222,691	970,147
Apr-2011	\$0.00551	Actual	\$625,290	\$0.00473		\$ 0.212		\$243,993	869,283
May-2011	\$0.00551	Actual	\$487,143	\$0.00473		\$ 0.212		\$220,061	707,203
Jun-2011	\$0.00551	Actual	\$432,594	\$0.00473		\$ 0.212		\$238,188	670,781
Jul-2011	\$0.00551	Actual	\$422,451	\$0.00473		\$ 0.212		\$238,794	\$661,245
Aug-2011	\$0.00551	Actual	\$461,630	\$0.00473		\$ 0.212		\$237,676	\$699,307
Sep-2011	\$0.00551	Actual	\$448,743	\$0.00473		\$ 0.212		\$241,973	\$690,717
Oct-2011	\$0.00551	Actual	\$405,485	\$0.00473		\$ 0.212		\$231,077	\$636,562
Nov-2011	\$0.00551	Actual	\$527,776	\$0.00473		\$ 0.212		\$234,776	\$762,552
Dec-2011	\$0.00551	Actual	\$676,465	\$0.00473		\$ 0.212		\$234,929	\$911,394
Jan-2012	\$0.00551	Actual	\$717,380	\$0.00473		\$ 0.212		\$239,383	\$956,764
Feb-2012	\$0.00551	Actual	\$744,989	\$0.00473		\$ 0.212		\$247,551	\$992,539
Mar-2012	\$0.00551	Actual	\$665,107	\$0.00473		\$ 0.212		\$229,206	\$894,313
Apr-2012	\$0.00556	Actual	\$477,712	\$0.00410		\$ 0.705		\$240,968	\$718,680
May-2012	\$0.00556	Actual	\$440,448	\$0.00410		\$ 0.705		\$238,132	\$678,580
Jun-2012	\$0.00556	Actual	\$398,477	\$0.00410		\$ 0.705		\$245,068	\$643,545
Jul-2012	\$0.00556	Actual	\$447,277	\$0.00410		\$ 0.705		\$257,646	\$704,923
Aug-2012	\$0.00556	Actual	\$491,604	\$0.00410		\$ 0.705		\$264,875	\$756,479
Sep-2012	\$0.00556	Actual	\$447,142	\$0.00410		\$ 0.705		\$258,438	\$705,580
Oct-2012	\$0.00556	Actual	\$444,590	\$0.00410		\$ 0.705		\$246,975	\$691,566
Nov-2012	\$0.00556	Actual	\$610,548	\$0.00410		\$ 0.705		\$260,980	\$871,528
Dec-2012	\$0.00556	120,617,990	\$670,636	\$0.00410	50,668,030	\$ 0.705	93,835	\$273,893	\$944,529
** April 2013 - March 2014 proposed rider recovery period.									
Jan-2013	\$0.00556	144,517,807	\$803,519	\$0.00410	50,656,783	\$ 0.705	102,401	\$279,886	\$1,083,405
Feb-2013	\$0.00556	146,013,091	\$811,833	\$0.00410	51,427,144	\$ 0.705	101,079	\$282,112	\$1,093,945
Mar-2013	\$0.00556	132,958,450	\$739,249	\$0.00410	50,790,289	\$ 0.705	97,419	\$276,921	\$1,016,170
Apr-2013	\$0.00518	102,042,294	\$528,579	\$0.00343	51,915,157	\$ 0.719	97,069	\$247,862	\$776,441
May-2013	\$0.00518	79,562,577	\$412,134	\$0.00343	49,049,099	\$ 0.719	97,804	\$238,559	\$650,694
Jun-2013	\$0.00518	70,323,303	\$364,275	\$0.00343	51,419,202	\$ 0.719	102,549	\$250,101	\$614,375
Jul-2013	\$0.00518	71,951,122	\$372,707	\$0.00343	53,449,548	\$ 0.719	106,103	\$259,620	\$632,327
Aug-2013	\$0.00518	75,248,967	\$389,790	\$0.00343	53,961,748	\$ 0.719	108,698	\$263,243	\$653,032
Sep-2013	\$0.00518	76,236,712	\$394,906	\$0.00343	53,025,033	\$ 0.719	108,720	\$260,046	\$654,952
Oct-2013	\$0.00518	75,643,711	\$391,834	\$0.00343	51,712,731	\$ 0.719	104,064	\$252,197	\$644,031
Nov-2013	\$0.00518	95,824,008	\$496,368	\$0.00343	50,694,404	\$ 0.719	101,140	\$246,601	\$742,970
Dec-2013	\$0.00518	120,094,294	\$622,088	\$0.00343	50,979,379	\$ 0.719	98,399	\$245,608	\$867,697
Jan-2014	\$0.00518	141,092,207	\$730,858	\$0.00343	59,597,469	\$ 0.719	102,401	\$278,046	\$1,008,903
Feb-2014	\$0.00518	139,237,682	\$721,251	\$0.00343	59,720,033	\$ 0.719	101,079	\$277,516	\$998,767
Mar-2014	\$0.00518	123,418,829	\$639,310	\$0.00343	57,545,830	\$ 0.719	97,419	\$267,426	\$906,736
<b>Projected revenue April 2013 - March 2014</b>			<b>\$6,064,100</b>					<b>\$3,086,824</b>	<b>\$9,150,924</b>
<b>Cost recovery target amount</b>									<b>9,155,979</b>
<b>Difference</b>									<b>(\$5,055)</b>
Billing determinants for recovery period									
		1,170,675,706 kWh			643,069,633 kWh		1,225,445 kW		