

North Dakota Public Service Commission
INFORMAL HEARING
February 11, 2015

Otter Tail Power Company
Fuel Clause Adjustment - CSAPR
Tariff

PU-14-668
Filed: 7/31/2014

Summary of Proposal: Otter Tail originally filed changes to its energy adjustment (fuel clause) rider to recover emissions control costs through the fuel clause adjustment. An informal hearing was held November 20th during which Otter Tail was asked to revise its proposal so the emission's control costs would be recovered through a separate line item on customer bills instead of the fuel clause adjustment. In response Otter Tail refiled on December 29, 2014 proposing changes to its Environmental Cost Recovery Rider instead of its originally-proposed energy adjustment rider filing.

Recommendation: I recommend approval of Otter Tail's proposed changes to its Environmental Cost Recovery Rider.

Discussion: The new Environmental Cost Recovery Rider rate would be a two-part charge. The first part would be the existing Environmental Cost Recovery (ECR) Rider charge currently set at 7.531 percent for the current 12-month period. The second component of the charge would be a new Reagent and Emissions Allowance Adjustment (REAA) charge per kWh that varies monthly using a 4-month averaging mathematically the same as the existing fuel cost adjustment recovery:

Reagents and emissions allowance costs from actual months 1, 2, 3, and 4 plus unrecovered (or less over recovered) prior cumulative reagents and emissions allowances costs divided by retail sales for actual months 1, 2, 3, and 4 equals the cost of the reagents and emissions allowance adjustment for month 6.

These two component charges would then be summed to appear as a line item on consumers Bills. Otter Tail informs that it can provide two lines of text to label the charge on the bill with up to 25 characters each line. Otter Tail is open to Commission guidance on the language, but suggested:

***Req costs for compliance
with Federal EPA rules***

Prepared by: Jerry Lein