

MEMORANDUM

To: Commissioners Kalk, Christmann and Fedorchak
Fr: Jerry Lein
Da: December 12, 2014
Re: Agenda Briefing Memo, Case No. PU-14-690
Otter Tail Transmission Facility Cost Recovery Rider

Otter Tail has filed its annual update of its transmission facility cost recovery tariff rider. The projected 2015 net transmission expenses as allocated to North Dakota are \$7,237,903, which is increased by a projected under recovery of 2014 costs of \$1,225,132 (including carrying charges), resulting in a total of \$8,463,035 to be recovered through the TCA 2015 rates.

The resulting customer billing surcharges for 2015 are:

<u>Customer Class</u>	<u>Existing Rate</u>	<u>Proposed Rate</u>	<u>Increase</u>
Large Gen. Service	\$1.097/kW	\$2.145	\$1.048 /kW
Controlled Service	\$0.00042 /kWh	\$0.00077	\$0.00035 /kWh
Lighting Service	\$0.00162 /kWh	\$0.00338	\$0.00172 /kWh
All Other Service	\$0.00302 /kWh	\$0.00576	\$0.00274 /kWh

The increase for a typical residential customer without electric space heating using 750 kWh per month would be \$2.06 per month.

Note that the 2014 under recovery included, as ordered by the Commission in Case No. PU-10-30, credit for an over collection of \$144,193 that had accumulated when the Big Stone II Rider was cancelled at the end of March 2014. It turns out that amount should have been \$147,000. Otter Tail is booking the \$3,000 difference into the 2015 tracker balancing account.

There was an adjustment of about \$70,000 for MISO Schedule 37 revenues that were in dispute. That dispute has been resolved. Otter Tail is reversing the adjustment and crediting it into the 2015 tracker balancing account.

JRL