

# MEMORANDUM

To: Commissioners Fedorchak, Christmann and Kalk  
Fr: Jerry Lein  
Da: December 16, 2015  
Re: Agenda Briefing Memo, Case No. PU-15-661  
Otter Tail Transmission Facility Cost Recovery Rider

On December 4, 2015, as was agreed during informal hearing discussions, Otter Tail filed a supplement revising its previously filed Transmission Facility Cost Recovery (TCR) rate for 2016. The revisions, as agreed to during the informal hearing, reduce the originally requested recovery amount by \$193,564 to account for updated SPP transmission expense and revenue forecasts. In addition, Otter Tail implemented an IRS rule interpretation related to the normalization of Accumulated Deferred Income Tax (ADIT) that increases the revenue requirement by \$16,930. The overall impact of these changes is a \$176,134 decrease from the amount in the initial filing.

The resulting projected 2016 net transmission expense to be recovered through the North Dakota 2016 TCA, including a true-up balance from 2015 of \$479,463, is \$9,984,553.

The resulting customer billing surcharges for 2016 are:

<u>Customer Class</u>	<u>Existing Rate</u>	<u>Proposed</u>	<u>Increase</u>
Large Gen. Service	\$2.145/kW	\$2.406/kW	\$0.261/kW
Controlled Service	\$0.00077 /kWh	\$0.00088	\$0.00011
Lighting Service	\$0.00338 /kWh	\$0.00399	\$0.00061
All Other Service (includes Residential)	\$0.00576 /kWh	\$0.00680	\$0.00104

The increase for a typical residential customer without electric space heating using 750 kWh per month would be **\$0.78 per month**.

JRL