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June 28, 2016



Darrell Nitschke
Public Utilities Division
ND Public Service Commission
600 E. Boulevard, Dept. 408
Bismarck, ND 58505

**Re: In the Matter of Otter Tail Power Company’s Environmental Cost Recovery Rider
Case No. PU-16-148
Compliance Filing**

Dear Mr. Nitschke:

Enclosed please find an original and seven (7) copies of Otter Tail Power Company’s (“Otter Tail’s”) Compliance Filing in the above-referenced matter.

On June 22, 2016, the North Dakota Public Service Commission (“Commission”) approved Otter Tail’s request to update the Environmental Cost Recovery Rider rates in Case No. PU-16-148. Attached to this letter is a clean version of the Environmental Cost Recovery Rider rate schedule, Section 13.08, page 1 of 3, which reflects the Commission approved rates, the effective date of July 1, 2016 and the June 22, 2016 date of approval.

An electronic copy of this filing is also being sent to you at dnitschk@nd.gov and to the North Dakota Public Service Commission at ndpsc@nd.gov.

If you have any questions regarding this filing, please contact me at 218-739-8890 or tmortenson@otpc.com.

Sincerely,

/s/ TAMMY MORTENSON
Tammy Mortenson
Pricing and Tariff Administration Analyst, Regulatory Administration

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Enclosures
By electronic filing
c: Service List

ENVIRONMENTAL COST RECOVERY RIDER

DESCRIPTION	RATE CODE
All Service – Environmental Cost Recovery	50-570
All Service – Reagent and Allowance Cost Recovery	50-572

RULES AND REGULATIONS: Terms and conditions of this electric rate schedule and the General Rules and Regulations govern use of this rider.

APPLICATION OF RIDER: This rider consists of two separate charges; the Environmental Cost Recovery (“ECR”) Rider Charge and the Reagents and Emissions Allowance Adjustment (“REAA”) Rider Charge. This rider is applicable to electric service under all of the Company’s retail rate schedules in Sections 9, 10, 11, 12, 13.05, and 14, except for Section 14.09 (**TailWinds**) and Section 14.11 (Released Energy Access Program Rider).

ENVIRONMENTAL COST RECOVERY CHARGE: There shall be included on each North Dakota Customer’s monthly bill an Environmental Cost Recovery (“ECR”) Charge, based on the applicable ECR Factor multiplied by the Customer’s monthly bill. The Customer’s monthly bill shall be based on all applicable charges and credits under the Company’s retail rate schedules in Sections 9, 10, 11, 12 and 14, except for Section 14.09 (**TailWinds**) and Section 14.11 (Released Energy Access Program Rider). The ECR Factor will not apply to any Mandatory Riders, except Section 13.05 (Economic Development Cost Removal Rider). The ECR charge will be included as part of the charge reflected on the Customer’s bill on the line labeled “EPA Req Environmental Cst.”

Environmental Cost Recovery Factor - 7.904 percent

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DETERMINATION OF ECR FACTOR: The ECR Factor shall be determined by dividing the forecasted *balance of the ECR Tracker account* by the *forecasted retail revenues subject to the ECR Factor*. The forecasted ECR Tracker balance and retail revenues shall be based on the forecast for the appropriate 12 month period (or such other period as may be approved by the Commission). The ECR Factor shall be rounded to the nearest 0.001 percent.

The *balance of the ECR Tracker account* for determination of the ECR Factor shall include annual revenue requirements and any true-up balance described as follows: