

STATE OF NORTH DAKOTA  
PUBLIC SERVICE COMMISSION

Otter Tail Power Company  
Transmission Facility Cost Recovery (2017)  
Rates

Case No. PU-16-624

**AFFIDAVIT OF SERVICE BY CERTIFIED AND REGULAR MAIL**

STATE OF NORTH DAKOTA  
COUNTY OF BURLEIGH

**Geralyn R. Schmaltz** deposes and says that:

she is over the age of 18 years and not a party to this action and, on the **15th day of December, 2016**, she deposited in the United States Mail, at Bismarck, North Dakota, **one** envelope with certified postage, return receipt requested, fully prepaid, securely sealed and containing a photocopy of:

- **Order on Transmission Facility Cost Recovery Rates**

The envelope was addressed as follows:

Cary Stephenson  
Associate General Counsel  
Otter Tail Power Company  
PO Box 496  
Fergus Falls, MN 56538-0496  
**Cert. No. 7015 0640 0006 6993 6378**

**Geralyn R. Schmaltz** further deposes and says that on the **15th day of December, 2016**, she deposited in the United States Mail, Bismarck, North Dakota, one envelope by regular mail, with postage fully prepaid, securely sealed, each containing a photocopy of the same.

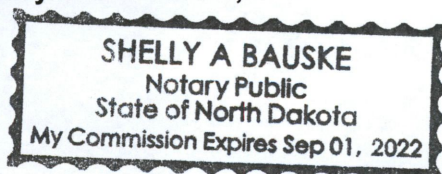
The envelope was addressed as follows:

Bryce Haugen  
Sr. Rates Analyst, Regulatory Administration  
Otter Tail Power Company  
PO Box 496  
Fergus Falls, MN 56538-0496

The address shown is the respective addressee's last reasonably ascertainable post office address.

Subscribed and sworn to before me  
this **15th day of December, 2016**.

SEAL







**14** **PU-16-624** Filed: 12/15/2016 Pages: 3  
Affidavit of Service, Cert. & Reg. Mail - Order

**STATE OF NORTH DAKOTA**  
**PUBLIC SERVICE COMMISSION**

**Otter Tail Power Company  
Transmission Facility Cost Recovery (2017)  
Rates**

**Case No. PU-16-624**

**ORDER ON TRANSMISSION FACILITY COST RECOVERY RATES**

**December 14, 2016**

**Preliminary Statement**

On September 1, 2016 Otter Tail Power Company (OTP or Company) filed an application for approval of its 2017 Transmission Cost Recovery Rider (TCR Rider) rates.

On September 14, 2016 OTP filed a supplement to its 2016 TCR filing.

On September 21, 2016 the Commission issued a Notice of Opportunity for Hearing. A deadline of November 7, 2016 was set for comments and requests for a hearing. No comments or requests were received.

On November 30, 2016 the Commission held an informal hearing on OTP's request.

This filing was OTP's fifth annual update to its TCR Rider. The TCR Rider was first approved by Commission order on April 25, 2012 pursuant to North Dakota Century Code Section 49-05-04.3.

The annual update includes: (1) three new transmission projects, (2) the removal of one transmission project that was previously approved for recovery, (3) the impact of Federal bonus tax depreciation, and (4) the true up to forecasted and actual expenses and revenues from the Company's 2015 filing for 2016 rates.

The September 1, 2016 filing included a true-up of estimated over-collections of \$2.6 million for 2016. The large over collection in 2016 is due to bonus tax depreciation, lower than anticipated SPP expenses and an adjustment for the MISO ROE complaint.

In the September 14, 2016 supplemental filing, the Company modified the true-up to spread the return of the over collection to customers over a two year period to help keep the rates to customers more stable. The resulting revenue requirement is \$6.9 million, a \$3.1 million decrease from the current adjustment. The typical residential electric customer, using 1000 kWh, will see a decrease in their monthly bill of \$2.05 per month.

The currently effective rate, proposed rate and decrease amount per customer class is provided in the table below:

<u>Customer Class</u>	<u>Existing Rate</u>	<u>Proposed Rate</u>	<u>Decrease</u>
Large Gen. Service	\$2.406/kW	\$1.689	\$(0.717)
Controlled Service	\$0.00088 /kWh	\$0.00065	\$(0.00023)
Lighting Service	\$0.00399 /kWh	\$0.00270	\$(0.00129)
All Other Service	\$0.00680 /kWh	\$0.00475	\$(0.00205)

On November 22, 2016 Commission Staff filed a memorandum in support of the Company's filing.

On November 30, an informal hearing was held. At the informal hearing, Commissioner Fedorchak questioned "if all costs, including transmission facilities, are included in the overall cost analysis of new generation". The Company responded that new generation facilities are considered on a total project costs basis which includes interconnection/transmission facilities which are directly assigned to the generation project.

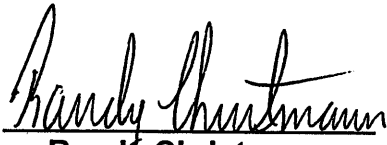
The September 14, 2016 proposed rate adjustments comply with the tariff and the incurred costs for new and modified electric transmission facilities are reasonable and prudent.

### Order

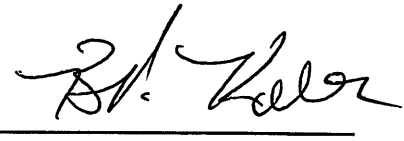
The Commission orders:

Otter Tail Power Company's request for a rate adjustment for its Transmission Facility Cost Recovery Rider is approved effective January 1, 2017.

### PUBLIC SERVICE COMMISSION

  
Randy Christmann  
Commissioner

  
Julie Fedorchak  
Chairman

  
Brian P. Kalk  
Commissioner