

STATE OF NORTH DAKOTA
PUBLIC SERVICE COMMISSION

**Otter Tail Power Company
Environmental Cost Recovery
Rates**

Case No. PU-17-122

ORDER ON ENVIRONMENTAL COST RECOVERY RATES

July 12, 2017

Preliminary Statement

On March 31, 2017, Otter Tail Power Company (OTP) filed an application for approval of its 2017-18 Environmental Cost Recovery Rider (ECR Rider) rates.

On April 26, 2017, the Commission issued a Notice of Opportunity for Hearing. A deadline of June 7, 2017 was set for filing comments and requests for hearing. No comments or requests for hearing were received.

On June 15, 2017, Commission staff filed a memorandum in support of OTP's filing.

On June 27, 2017, the Commission held an informal hearing on OTP's request.

Discussion

This filing was OTP's fourth annual update to its ECR Rider. The ECR Rider was first approved by Commission order on December 28, 2013 in Otter Tail Power Company, Environmental Cost Recovery, Rates, Case No. PU-13-84 and Otter Tail Power Company, Environmental Cost Recovery, Tariff, Case No. PU-13-79 under North Dakota Century Code Section 49-05-04.2.

The annual update includes continued recovery for the environmental upgrades to OTP's Hoot Lake Plant, the Big Stone Plant that OTP owns jointly with North Western Energy and Montana Dakota Utilities Co., and the true up to forecasted and actual expenses and revenues from the currently effective rates that became effective on July 1, 2016. The true-up reduced the revenue requirement by \$89,809.

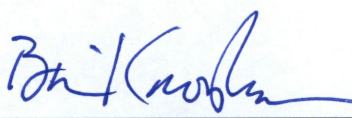
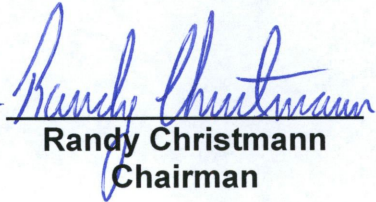
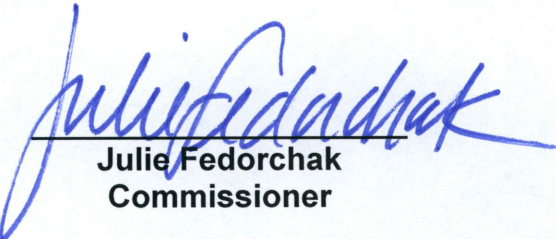
The currently effective rate is a 7.904 percent adder to each customer's bill with the exception that it is not applied to the other mandatory rider charges and a couple of other miscellaneous riders. The proposed rate is 7.633 percent of each customer's bill, a decrease to the revenue requirement of \$440,000. The average residential customer consuming 1000 kilowatt-hours will see a monthly decrease of \$0.25.

The March 31, 2017 proposed rate adjustment complies with the tariff and the incurred and projected costs for OTP's environmental projects are reasonable and prudent.

Order

The Commission orders Otter Tail Power Company's request for a rate adjustment effective August 1, 2017 for its Environmental Cost Recovery Rider approved.

PUBLIC SERVICE COMMISSION

		
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Brian Kroshus Commissioner	Randy Christmann Chairman	Julie Fedorchak Commissioner