

**STATE OF NORTH DAKOTA
PUBLIC SERVICE COMMISSION**

**Otter Tail Power Company
Economic Development
Tariff**

Case No. PU-17-238

ORDER

August 22, 2018

Preliminary Statement

On May 30, 2017, Otter Tail Power Company (OTP) filed an application for approval of an Economic Development Rider (EDR) and associated rate development process.

On July 12, 2017, the Commission suspended the tariff and rates filed on May 30, 2017.

On November 27, 2017, OTP filed a revised tariff for the EDR.

On December 20, 2017, the Commission issued a Notice of Opportunity for Hearing (Notice) providing until January 24, 2018, to receive comments or requests for hearing. No comments or requests for hearing were received.

The Notice stated that the issues to be considered in this proceeding are:

1. Are the proposed tariff additions and changes reasonable?
2. Are OTP's proposed rate schedules designed in such a manner that they result in a basis of charge to its customers that is just and reasonable without undue discrimination?
3. Other relevant information or proposals concerning the proceeding.

The Notice stated that, if deemed appropriate, the Commission can determine the matter without a hearing.

On December 21, 2017, Commission Advocacy Staff filed a Memorandum regarding OTP's application.

On February 26, 2018, the Commission held an Informal Hearing to discuss the application with OTP and Advocacy Staff.

On June 21, 2018, OTP filed a revised tariff for the EDR.

On August 7, 2018, OTP filed a revised tariff for the EDR.

On August 10, 2018, Commission Advocacy Staff filed a Memorandum regarding OTP's application.

Discussion

The proposed EDR establishes a formula for calculating an Economic Development Rate, a time-limited discount to existing rates, which OTP can offer to eligible new customers or eligible existing customers expanding their electric load in cases where the customer has demonstrated it is seeking rate offers from various utilities.

Eligible customers are:

- New customers with expected metered demand of at least 500 kW at a single metering point, and seasonal load factor that is above the seasonal system average load factor and above the seasonal class average load factor corresponding to existing customers under the otherwise applicable rate code.
- Existing customers with: metered demands of at least 1,000 kW that increase measured demand by at least 500 kW at a single new metering point, and seasonal load factor above the seasonal system average load factor and above the seasonal class average load factor under the otherwise applicable rate code.

The maximum discount period is five years with gradual steps each year taking the discounted rate closer to the standard rate.

OTP will not seek additional revenue to recover the gap between standard rate revenue and EDR revenue.

OTP will provide annual filings that will confirm its compliance with the provisions of the EDR and provide updated costs used in the formula for calculating an Economic Development Rate.

The proposed tariff provides that the commission must approve the specific rate discount offered to any customer.

The Commission has reviewed the documents and evidence in this proceeding and finds that the proposed tariff is reasonable, and finds the basis of charge to its customers is just and reasonable without undue discrimination.

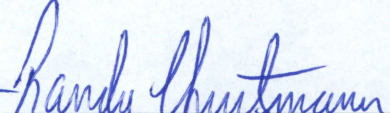
Order

In accordance with the discussion above, Otter Tail Power Company's Economic Development Rider Tariff, filed on August 7, 2018, is approved.

PUBLIC SERVICE COMMISSION



Brian Kroshus
Commissioner



Randy Christmann
Chairman



Julie Fedorchak
Commissioner