

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

**Otter Tail Power Company  
Transmission Facility Cost Recovery (2018)  
Rates**

**Case No. PU-17-340**

**ORDER ON TRANSMISSION FACILITY COST RECOVERY RATES**

**November 29, 2017**

**Preliminary Statement**

On August 31, 2017, Otter Tail Power Company (OTP or Company) filed an application for approval of its 2018 Transmission Cost Recovery Rider (TCR Rider) rates.

On September 20, 2017, the Commission issued a Notice of Opportunity for Hearing. A deadline of November 7, 2017 was set for comments and requests for a hearing. No comments or requests were received.

On November 2, 2017, the Company filed an update to its initial filing to reflect the rate of return and allocation factors from its rate case filing on November 1, 2017.

This filing was OTP's six 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) one new transmission project, (2) changes to MISO revenue and expenses, (3) changes to SPP expenses, and (4) the true up to forecasted and actual expenses and revenues from the Company's 2016 filing for 2017 rates.

The initial filing proposed a revenue requirement of \$8,592,652. The revised filing proposed a revenue requirement of \$7,958,707, a decrease of \$633,947. However, the revised filing is still an approximate increase of \$1 million over last year's filing. The typical residential electric customer, using 1000 kWh, will see an increase in their monthly bill of \$1.03 per month.

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

<u>Customer Class</u>	<u>Existing Rate</u>	<u>Proposed Rate</u>	<u>Increase</u>
Large Gen. Service	\$1.689/kW	\$1.739	\$0.05
Controlled Service	\$0.00065 /kWh	\$0.00091	\$0.00026
Lighting Service	\$0.00270 /kWh	\$0.00332	\$0.00062
Residential	\$0.00475 /kWh	\$0.00578	\$0.00103
All Other Service	\$0.00475 /kWh	\$0.00578	\$0.00103

On November 18, 2017, Commission Staff filed a memorandum in support of the Company's filing.

The November 2, 2017 proposed rate adjustments comply with the tariff and the incurred costs for new and modified electric transmission facilities are reasonable and prudent.

**Order**

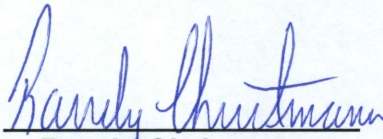
The Commission orders:

Otter Tail Power Company's request for a rate adjustment for its Transmission Facility Cost Recovery Rider is approved effective January 1, 2018.

**PUBLIC SERVICE COMMISSION**



**Brian Kroshus**  
Commissioner



**Randy Christmann**  
Chairman



**Julie Fedorchak**  
Commissioner