

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

**Otter Tail Power Company  
2017 Electric Rate Increase  
Application**

**Case No. PU-17-398**

**ORDER ON INTERIM RATES**

**December 20, 2017**

Preliminary Statement

On November 2, 2017, Otter Tail Power Company (OTP) filed with the Commission to increase its rates for electric service. The filing included an interim rate increase.

On November 29, 2017, the Commission suspended the rates.

On December 4, 2017, Commission Advocacy Staff filed comments regarding the interim rate increase.

Discussion

OTP's rate increase is based on a projected 2018 test year and is an increase in annual revenue collections of \$13,138,372, or an overall increase in retail revenues of 8.72 percent.

Under North Dakota Century Code section 49-05-06(2), a company filing for a rate increase is entitled to an interim rate increase. The interim rate increase must meet certain criteria including: the same rate of return on common equity authorized by the Commission in the public utility's most recent rate proceeding; rate base and expense items the same in nature and kind allowed by the Commission in its most recent rate proceeding and; no change in the existing rate design.

The interim increase in annual revenue collections is \$12,800,479, or 8.64% over current annual revenue collections. When applied to the non-fuel portion of the bill, the effective increase to firm service customers is 10.44%. The monthly increase for a residential customer is approximately \$8.86. The interim increase amount will be shown as a separate line item on a customer's bill.

Commission Advocacy Staff comments state that OTP used a lower rate of return on equity in the calculation of interim rates based on the rate of return on equity used by OTP in its 2018 test year rate request. Advocacy Staff comments state that OTP's interim increase complies with North Dakota Century Code section 49-05-06(2).

Recognizing that strict adherence to the statutory language will result in higher interim rates, the Commission finds that OTP's interim increase is acceptable and should be approved.

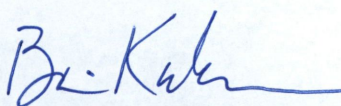
In the event the interim rate amounts collected by OTP are in excess of final rates approved by the Commission, OTP is required to refund the excess under North Dakota Century Code section 49-05-06(4), including interest at a rate to be determined by the Commission.

**Order**

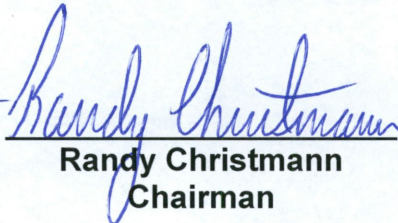
The Commission orders:

1. Otter Tail Power Company's request for interim rates to increase annual revenue collections by \$12,800,479 is APPROVED.
2. Interim rates will be effective for service rendered on or after January 1, 2018.

**PUBLIC SERVICE COMMISSION**



**Brian Kroshus**  
Commissioner



**Randy Christmann**  
Chairman



**Julie Fedorchak**  
Commissioner