

STATE OF NORTH DAKOTA
PUBLIC SERVICE COMMISSION

Otter Tail Power Company
2017 Electric Rate Increase
Application

Case No. PU-17-398

AFFIDAVIT OF SERVICE BY CERTIFIED 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 **21st day of December, 2017**, 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:

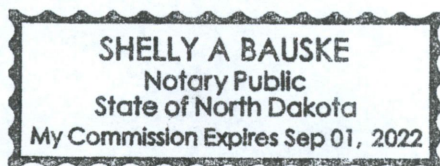
- **Order on Interim Rates**

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. 7017 1070 0000 1507 6743

The addresses shown are the respective addressee's last reasonably ascertainable mailing address.

Subscribed and sworn to before me
this **21st day of December, 2017**.



SEAL



Notary Public

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

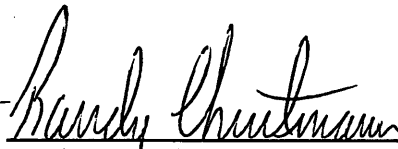
The Commission orders:

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.

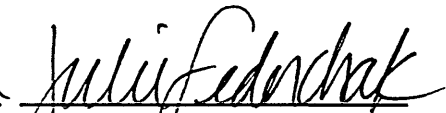
PUBLIC SERVICE COMMISSION



Brian Kroshus
Commissioner



Randy Christmann
Chairman



Julie Fedorchak
Commissioner