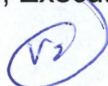


Memo

To: Darrell Nitschke, Executive Secretary
From: Victor Schock 
Date: March 8, 2018
Re: Otter Tail Power Company Interim Electric Service Rate Increase (PU-17-398)

Otter Tail Power Company (OTP) filed for an electric rate increase on November 2, 2017. The Company used a 2018 projected test year to calculate its interim rate relief request of \$12.8 million in increased revenue collections for an overall increase in revenue collections of 10.44% or an average increase per month for residential customers of \$8.86.

On February 15, 2018 OTP filed a request to update its interim increase rate as a result of the Tax Cuts and Jobs Act of 2017(TCJA). The request reduced the interim rate relief request to \$8.3 million in increased revenue collections for an overall increase in revenue collections of 6.79% or an average increase per month for residential customers of \$5.76. The request also reduced the Environmental, Renewable and Transmission riders as a result of the TCJA. On February 27, 2018 the commission approved the interim rate request.

OTP filed compliance tariffs on March 2, 2018.

Staff has reviewed the compliance tariffs and finds them to be in compliance with the laws and rules governing interim rate increases as well as the Commission's February 27, 2018 Order on Interim Rates.