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September 5, 2018

Darrell Nitschke
Executive Secretary and Director of Administration
North Dakota Public Service Commission
State Capitol
600 East Boulevard, Dept. 408
Bismarck, ND 58505-0480

**RE: Application for Authority to Increase Electric Rates in North Dakota
Case No. PU-17-398
Letter to Commission**

Dear Mr. Nitschke:

This letter is to inform the Commission of the change in the date Otter Tail Power Company (OTP or Company) intends to implement its new customer information system known internally as CISone. In testimony filed with the Commission in Case No. PU-17-398 OTP states that it intends to implement its new customer information system on October 1, 2018.¹ On August 30, 2018 OTP leadership decided to defer the go live date of the CISone system from October 1 to early January 2019 to facilitate additional testing and additional training for our staff. As we have indicated before the Company's top priority is to make sure the transition from our 30-year-old internally-developed system to a new commercial system occurs without any issues for our customers. Extra time for testing and additional staff training support this goal.

This change is relevant to the Commission's final order in our rate case, specifically the date when final rates go into effect. In prior testimony² we noted that if the CISone implementation were deferred to a later date for purposes of appropriately aligning implementation of final rates relative to the implementation of CISone, OTP could, continue to bill customers under interim rates until the date the new system started billing. Based on what we know today, we believe this is the best approach as customers will be protected and compensated for any delay by interest applied to any interim refund. Under this approach, if the Commission issues a final order in September, OTP would submit its compliance filing within 30 days of the order with the

¹ Tommerdahl Rebuttal Testimony, Page 2 lines 17-20

² Tommerdahl Direct Page 19 lines 18-21

content of that compliance filing including rider roll-in amounts and final revenue requirements based on December 31, 2018 balances, and proposed new rates effective for bills rendered on and after January 1, 2019.

The Commission could direct Otter Tail to implement final rates earlier than January 2019. While our current legacy billing system could process those rates pending CISone's new go live date, we do not believe this is the best course of action. To carry out this directive OTP would need at least 30 days lead time to program the current legacy system with the final rates. The legacy system is not able to support the energy adjustment rider rate transition to the E8760 class-specific fuel clause rates so that aspect of final rates would be postponed until the new system is in place. Following programming there would need to be rate testing in the legacy system to insure the changes are programmed properly. As a result, implementation of final rates in the legacy system may end up being only one, or at most two months ahead of the CISone implementation date. This programming work is substantial, and involves staff working on CISone testing and implementation. We would also need to develop a mechanism to address the fact that final rates include CISone costs, and the parties to the rate case have agreed that OTP would not bill customers for CISone until the system was implemented. There may be ways to address this issue and we are prepared to explore all options with staff and intervenors.

Our primary purpose in providing this notice was to make sure the Commission and parties to the rate case were aware of the change in dates for the implementation of CISone as soon as possible so options can be explored and discussed pending the Commission's issuance of a final order in our rate case. Finally, please note that we will be making a supplemental filing in Case No. 18-106 concerning billing administration changes to our tariffs that facilitate the implementation of CISone to reflect the change in implementation dates.

An original and ten copies of this filing are being sent via mail. Please contact me at (218) 739-8956, or cstephenson@otpc.com should you have any questions with respect to this filing.

Very truly yours,



Cary Stephenson
Associate General Counsel
Otter Tail Power Company

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Enclosures
By electronic filing
c: Service List

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

Case No. PU-17-398

In the Matter of Otter Tail Power
Company's Application for Authority
To Increase Rates for Electric Service
In North Dakota

CERTIFICATE OF SERVICE

Kimberly A. Ward certifies that on the 5th day of September 2018, she served a true and correct copy of the attached **Letter to Commission** by email addressed to the following individuals:

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Subscribed and sworn to before me this
5th day of September, 2018



Notary Public

