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December 26, 2018

Darrel Nitschke  
Director of Administration/Executive Secretary  
North Dakota Public Service Commission  
State Capitol  
600 East Boulevard Dept. 408  
Bismarck, ND 58505

**RE: Notice of Delay of Implementation of New Customer Information System**  
**Case No. PU-18-106**  
**Case No. PU-17-398**  
**Case. No. PU-18-329**

Dear Mr. Nitschke:

This letter is to provide notice in the above-referenced dockets that Otter Tail Power Company (Otter Tail or Company) has determined it prudent and necessary to delay implementation of the Company's new customer information system (the CISone project) from January 1, 2019 to February 1, 2019 as described herein. This decision comes after a series of "go live" exercises and detailed testing of the new system applied to Otter Tail's rates under different scenarios. Otter Tail's leadership concluded this step was necessary on Friday, December 21, 2018. We notified Commission staff the same day. This letter formalizes that notice.

The Company believes additional testing is necessary to confirm proper functioning of bill printing for complex rates, certain financial reporting features of the new system, and compliance controls. A guiding principle during the CISone project has been getting the job done correctly so customers experience a seamless transition and billing accuracy is maintained. Additional testing is consistent with this principle. It also affords the Company more time to make sure staff are fully trained and comfortable operating the new system.

In Case No. PU-18-106 Otter Tail gave notice of its intent to make tariff changes necessary to implement the new customer information system. These changes were limited to billing administration matters. The updated CISone-related tariff sheets in Case No. PU-18-106 were included in Otter Tail's rate case compliance filing in Case No. PU-17-398 dated November 28, 2018<sup>1</sup>

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<sup>1</sup> In a November 28, 2018 filing in Case No. PU-18-106 Otter Tail explained that since the rate case and CISone dockets required changes to tariff sheets with the same effective date of January 1, 2019, Otter Tail was making a single filing in its rate case compliance filing that contains updated tariff sheets from both PU-18-106 and PU-17-398. The Commission approved Otter Tail's compliance filing on December 20, 2018.

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The CISone-related changes were to be effective January 1, 2019. Because of the need to conduct additional testing, Otter Tail will be unable to implement the CISone-driven changes until February 1, 2019.

The need for additional testing also unavoidably alters the timing of the implementation of final rates in Case No. PU-17-398. Otter Tail is currently billing customers Commission-approved interim rates. In accordance with the Company's compliance filing, final rates were to have been effective for bills rendered on and after January 1, 2019. Due to the need for additional testing we are not able to implement final rates on January 1, 2019. Our legacy system, which is currently programmed for interim rates, requires reprogramming to bill final rates. The programming work and related testing necessary to bill final rates in the legacy system would take several weeks to complete and pull critical personnel away from the effort to implement final rates in the new system. Consequently, we believe the prudent course of action is to continue billing interim rates in our legacy system pending implementation of the new system on February 1, 2019. Customers will not be harmed because the additional 30 days of interim rates will be incorporated into interim rate refunds.

The need for additional testing also affects Otter Tail's Transmission Cost Recovery Rider (TCRR). Otter Tail's proposed TCRR rate update for 2019 includes the impacts of Case No. PU-17-398, where recovery for certain transmission projects transitioned from the TCRR to final base rates effective January 1, 2019. As described above, Otter Tail is not able to implement final base rates on January 1, 2019. Instead Otter Tail will implement final base rates in the new customer information system effective February 1, 2019. Under these circumstances we believe the prudent course of action is to continue billing current TCRR rates until February 1, 2019 to coincide with the implementation of final base rates and at which point rates can adjust to commence recovery of transmission projects identified in the Company's TCRR filing. Any true up would take place in Otter Tail's next update, or as otherwise directed by the Commission.

We will promptly make appropriate filings in Case No. PU-18-106 (CISone Tariff Changes) Case No. PU-17-398 (Rate Case), and Case No. PU-18-329 (TCRR) addressing the issues described in this letter. We regret the delay caused by additional testing but believe this step is prudent and in the best interest of our customers. Otter Tail is available to provide any additional information or respond to any questions you may have. Feel free to contact me at (218) 739-8956 or email me at [cstephenson@otpc.com](mailto:cstephenson@otpc.com).

Sincerely,

*/s/ CARY STEPHENSON*  
Cary Stephenson  
Associate General Counsel

kaw  
Enclosures

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

Case No. PU-17-398

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

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**CERTIFICATE OF SERVICE**

Kimberly A Ward certifies that on the 26<sup>th</sup> day of December, 2018, she served a true and correct copy of the attached Notice of Delay of Implementation of New Customer Information System by email addressed to the following individuals:

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Subscribed and sworn to before me this  
26<sup>th</sup> day of December, 2018

/S/ JANA HRDLICKA  
Notary Public