

**STATE OF NORTH DAKOTA
PUBLIC SERVICE COMMISSION**

**Otter Tail Power Company
Transmission Facility Cost Recovery (2019)
Rates**

Case No. PU-18-329

ORDER ON TRANSMISSION FACILITY COST RECOVERY RATES

December 6, 2018

Preliminary Statement

On August 31, 2018, Otter Tail Power Company (Otter Tail) filed an annual update under its Transmission Facility Cost Recovery Rider (TCRR) tariff.

On October 10, 2018, the Commission issued a Notice of Opportunity for Hearing, which provided until November 14, 2018 for receiving written comments and hearing requests. No response was received. The notice provided that, if deemed appropriate, the Commission can determine the matter without a hearing.

The Notice identified the issues to be considered in this proceeding are:

1. Whether the proposed rate adjustment complies with Otter Tail's tariff,
2. Whether the incurred costs for new or modified electric transmission facilities are reasonable and prudent, and
3. Whether the incurred costs are eligible for recovery through the TCRR.

On November 7, 2018, Otter Tail filed an update to its initial application requesting to decrease its proposed TCRR tariff rates reflecting updated cost data and changes in transmission expansion plans.

Discussion

Otter Tail's proposed rate update for 2019 includes the impacts of Case No. PU-17-398, in which recovery for 16 transmission projects shifted from the TCRR to base rates. Otter Tail's updated filing removed the costs of two postponed transmission projects and updated actual revenues and expenses. The resulting TCRR revenue requirement is reduced from \$5,039,618 to \$4,801,181 and includes costs for one new transmission project, updated electric transmission expenses with offsetting revenues through August 2018, and a true-up amount from the current rate. The resulting TCRR rate adjustment proposed to be effective for bills rendered on and after January 1, 2019, is as follows:

<u>Customer Class</u>	<u>Existing Rate</u>	<u>Proposed Rate</u>	<u>Decrease</u>
Large Gen. Service	\$1.632 /kW	\$1.060	\$0.572 /kW
Controlled Service	\$0.00085 /kWh	\$0.00054	\$0.0031 /kWh

Lighting Service	\$0.00312 /kWh	\$0.00201	\$0.00111 /kWh
All Other Service	\$0.00543 /kWh	\$0.00352	\$0.00191/kWh

The decrease for a typical residential customer using 1,000 kWh per month would be \$1.91 per month.

The proposed rate adjustment complies with Otter Tail's tariff.

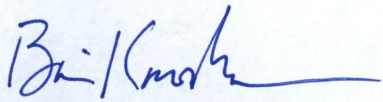
The incurred costs for new or modified electric transmission facilities are reasonable and prudent.

The incurred costs are eligible for recovery through the TCRR.

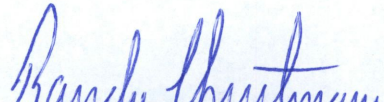
Order

The Commission Orders Otter Tail's 2019 TCRR rate adjustment is approved effective January 1, 2019.

PUBLIC SERVICE COMMISSION



Brian Kroshus
Commissioner



Randy Christmann
Chairman



Julie Fedorchak
Commissioner