

STATE OF NORTH DAKOTA
PUBLIC SERVICE COMMISSION

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

Case No. PU-18-329

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 **7th day of December, 2018**, she deposited in the United States Mail, at Bismarck, North Dakota, **two** envelopes with certified postage, return receipt requested, fully prepaid, securely sealed and containing a photocopy of:

- **Order On Transmission Facility Cost Recovery Rates**

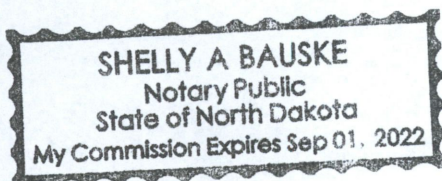
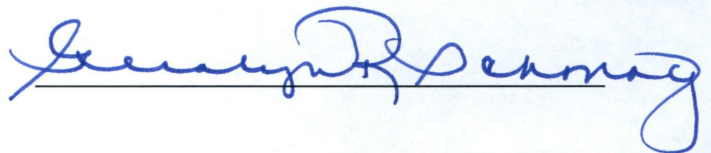
The envelopes were addressed as follows:

Cary Stephenson
Associate General Counsel
Otter Tail Power Company
PO Box 496
Fergus Falls, MN 56538-0496
Cert. No. 7018 2290 0000 6607 7636

Gina S. Ice
Rates Analyst, Regulatory Administration
Otter Tail Power Company
PO Box 496
Fergus Falls, MN 56538-0496
Cert. No. 7018 2290 0000 6607 7643

Each address shown is the respective addressee's last reasonably ascertainable post office address.

Subscribed and sworn to before me
this **7th day of December, 2018**.




Notary Public

SEAL

**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	\$0.00031 /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.

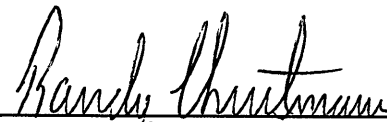
Order

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