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December 31, 2018

Mr. Darrell Nitschke  
Director of Admin./Executive Secretary  
North Dakota Public Service Commission  
State Capitol  
600 East Boulevard, Dept. 408  
Bismarck, ND 58505-0408

**RE: Otter Tail Power Company's Request for Approval of its 2019 Renewable Resource Cost Recovery Adjustment Factor  
Case No. PU-19-  
Initial Filing**

Dear Mr. Nitschke:

Please find enclosed for filing Otter Tail Power Company's (Otter Tail's) Application for its 2019 annual update to its Renewable Resource Cost Recovery Adjustment Factor under Otter Tail's Renewable Resource Cost Recovery Rider. Otter Tail is providing an original and seven copies of the Application.

Also enclosed is a check in the amount of \$10,000 for the filing fee.

Please refer all inquiries regarding this filing to Darlene Mandelke at (218) 739-8819 or [dmandelke@otpc.com](mailto:dmandelke@otpc.com).

Sincerely,

*/s/ DARLENE MANDELKE*  
Darlene Mandelke  
Rates Analyst, Regulatory Administration

kaw  
Enclosures  
By electronic filing and U.S. mail

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

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In the Matter of Otter Tail Power Company's  
Request for Approval of its 2019 Renewable  
Resource Cost Recovery Adjustment Factor

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Case No. PU-19-

**APPLICATION**

**I. INTRODUCTION**

Otter Tail Power Company, (Otter Tail or Company) submits this Application to the North Dakota Public Service Commission (Commission) for approval of an annual update to its Renewable Resource Cost Recovery Adjustment Factor (RRA) under the Company's Renewable Resource Cost Recovery Rider (Renewable Resource Rider or Rider). This update results in a change to the RRA from -1.362 percent currently in effect to -0.224 percent for the recovery period beginning April 1, 2019.

This filing is Otter Tail's eleventh update to the RRA for the Rider (2019 RRA) and includes actual cost and revenue information through November 2018 and forecast cost and revenue information from December 2018 through March 2020. The tracker Attachments include information up to the point when the Ashtabula, Langdon, and Luverne wind projects move into base rates as well as the revenue requirements (credit) related to the difference between the deferred tax asset for production tax credits included in base rates and actual amounts associated with the Ashtabula and Langdon wind projects as ordered in the Commission approved Settlement Agreement in Case No. PU-17-398. The proposed effective date of this annual update is April 1, 2019.

## II. GENERAL FILING INFORMATION

Pursuant to N.D. Admin. Code § 69-02-02-04, the following information is provided.

### A. Name, address, and telephone number of utility making the filing

Otter Tail Power Company  
215 South Cascade Street  
Fergus Falls, Minnesota 56538-0496  
(218) 739-8200

### B. Name, address, and telephone number of utility attorney

Cary Stephenson  
Associate General Counsel  
Otter Tail Power Company  
215 South Cascade Street  
P.O. Box 496  
Fergus Falls, Minnesota 56538-0496  
(218) 739-8956  
[cstephenson@otpc.com](mailto:cstephenson@otpc.com)

### C. Date of filing and proposed effective date of rates

The date of this filing is December 31, 2018. Otter Tail proposes the 2019 RRA update be reflected on customers' electric service bills effective April 1, 2019, or in the first full month following Commission approval if Commission action occurs after March 2019.

### D. Title of utility employee responsible for filing

Darlene Mandelke  
Rates Analyst  
Otter Tail Power Company  
215 South Cascade Street  
Fergus Falls, Minnesota 56538-0496  
(218) 739-8819  
dmandelke@otpc.com

### E. Articles of Incorporation

Pursuant to N.D. Admin. Code § 69-02-02-04, a certified copy of Otter Tail's Articles of Incorporation is on file with the Commission, as is an original Certificate of Good Standing.

### III. DESCRIPTION AND PURPOSE OF FILING

#### A. Background

Cost recovery through this Rider and recovery of revenue requirements is under the authority granted to the Commission under N.D.C.C. ch. 49-02, ch. 49-05, and ch. 49-06. The Commission's May 21, 2008 Order in Case No. PU-06-466 created a recovery mechanism and included provisions for Otter Tail's annual filing requirements.

Otter Tail's subsequent filings can be seen in Table 1 below.

**Table 1**

<b>RRA History</b>	<b>Case Number</b>	<b>Commission Approved</b>	<b>Effective Date</b>
Original RRA Rate and Mechanism	PU-08-742 PU-08-862	January 14, 2009	February 1, 2009
First Update	PU-10-18	August 4, 2010	September 1, 2010
Second Update*	PU-12-24	March 21, 2012	April 1, 2012
Third Update	PU-13-16	July 10, 2013	April 1, 2013
Fourth Update	PU-14-14	March 12, 2014	April 1, 2014
Fifth Update	PU-15-14	March 25, 2015	April 1, 2015
Sixth Update	PU-16-14	June 22, 2016	July 1, 2016
Seventh Update	PU-17-016	March 15, 2017	April 1, 2017
Eighth Update	PU-17-398	December 20, 2017	January 1, 2018
Ninth Update	PU-17-398	February 27, 2018	March 1, 2018
Tenth Update	PU-17-398	December 19, 2018	January 1, 2019

\*Established the current collection timeline of April through March of the following year.

This 2019 Rider update includes revenue requirements related to the difference between the deferred tax asset for production tax credits included in base rates and the amount based on projected revenues for the collection period of April 2019 through March 2020.

#### B. The Deferred Tax Asset related to Otter Tail's Production Tax Credits

The treatment of the deferred tax assets related to production tax credits was approved by Commission's September 26, 2018 Order approving the Settlement Agreement in Case No. PU-17-398. The Commission's December 19, 2018 Order approving Otter Tail's compliance filing in the rate case included approval of the balances of the ADIT related to the PTCs for the Langdon and Ashtabula wind projects that rolled into base rates as part of the rate case. These amounts are included in Attachment 2 on Line Number 40 for the Langdon Wind Project and in Attachment 3 on Line Number 40 for the Ashtabula Wind Project. Otter Tail projects the utilization of these deferred tax assets related to production tax credits in Attachments 2 and 3.

Because Otter Tail is able to utilize these assets against its tax liability, the revenue requirement related to the difference between the amount of deferred tax asset related to production tax credits included in base rates and the actual amounts is provided as a credit to customers through the RRA. Any difference between Otter Tail's forecasted utilization of these assets and actual utilization will be trued-up in Otter Tail's next annual update filing.

### **C. Revenue Requirements Calculation**

In this Application, Otter Tail seeks to credit customers \$235,989 (Attachment 1, Line No. 4) over the April 1, 2019 to March 31, 2020 time period. As in the past, any under-collections or over-collections carry forward through the Rider's true-up mechanism to the following collection period.

The following provides further detail into the various sections of the revenue requirement calculations in the Renewable Resource Rider:

#### **1. Revenue requirements**

The total annual revenue requirement is based on the sum of the revenue requirements computed in Attachments 2 and 3. In this year's filing, the revenue requirement calculation related to each wind project is provided on a calendar year basis starting with calendar year 2018 through March 2020.

The calculation for each calendar year includes three sections:

- a.) A rate base computation section, using a 13-month average to calculate average rate base.
- b.) An expense section listing income tax expenses incurred.
- c.) A revenue requirements section, summarizing the total expenses and return on rate base calculations. The North Dakota share of the revenue requirement is reflected in Attachments 2 and 3 on Line No. 41 and is the difference between the amount of deferred tax assets related to production tax credits included in base rates (Line No. 40) and the actual, or forecasted actual, deferred tax assets related to production tax credits (Line No. 39).

The worksheet for each calendar year provides supporting information which includes capital structure details and the income tax calculation.

## **2. Rate of return**

As Ordered by the Commission in Case No. PU-17-398, the return on equity is adjusted from 10.50 percent to 9.77 percent effective January 1, 2018, resulting in a decrease in the overall rate of return on rate base from 8.48 percent to 7.64 percent. Prior to January 1, 2018, Otter Tail used the rate of return on rate base of 8.48 percent Ordered in Case No. PU-16-14.

## **3. Taxes**

*Proration of Accumulated Deferred Income Taxes (ADIT).* Otter Tail provides Attachment 6 to this filing to show the Federal ADIT proration calculation impact on the revenue requirement for the recovery period.

Based on further research and analysis of the United States Internal Revenue Service (IRS) rules related to proration, including recently issued IRS private letter rulings, Otter Tail identified revisions needed to its Accumulated Deferred Income Tax (ADIT) balances to preserve the effect of the application of the proration methodology for the true-up period. This calculation methodology is necessary to comply with Section 1.167(l)-1(h)(6)(ii) of the IRS regulations and to avoid a tax normalization violation.<sup>1</sup> Otter Tail includes Attachment 7 in this filing, which shows the preservation of the proration of Federal ADIT results in a decrease of \$3,611 plus any applicable carrying charge to the revenue requirement. This item is included on Line No. 11 of Attachment 4 to this filing and is consistent with Otter Tail's treatment of the proration of federal ADIT in its most recent Transmission Cost Recovery Rider annual update.<sup>2</sup>

## **4. Allocation to Jurisdictions**

Effective January 1, 2018, the North Dakota share of the revenue requirement is based on the North Dakota E2 allocation factor of 37.577 percent as Ordered in Case No. PU-17-398. Prior to January 1, 2018, Otter Tail used the allocation factor approved in Case No. PU-16-14, which is 39.209 percent.

### **D. 2019 Renewable Tracker Report**

The Renewable Resource Rider cost recovery mechanism uses a tracker account, shown in Attachment 4. The tracker summarizes total revenue requirements by project, credits retail revenue billed each month, and calculates the carrying charge or credit. The Tracker included

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<sup>1</sup> See Treas. Reg. SS 1.167(l)-1(h)(6)9ii).

<sup>2</sup> Case No. PU-18-329.

with this filing reflects actual information through November 2018 and projected information through March 2020.

**E. Calculation of 2019 RRA factor and Current rate design**

Otter Tail proposes the continuation of the percent-of-bill method. The rate design is the forecasted March 2019 end of month balance plus the calculated revenue requirement from April 2019 through March 2020 plus any carrying cost or credit divided by the total forecasted base revenue from North Dakota electric retail customers from April 2019 through March 2020. The rate design calculation is shown on Attachment 5.

**F. Rate Impact**

This update changes the RRA factor for all customers from -1.362 percent to -0.224 percent. The total revenue requirement to be collected during the April 2019 through March 2020 recovery period, as shown on page 5 of Attachment 4, is (\$235,989). The proposed RRA factor is calculated in Attachment 5.

The impact of this update (a smaller credit) for a residential customer using 1,000 kWh is an increase of approximately \$0.94 per month.

The proposed 2019 RRA factor is calculated assuming it is effective April 1, 2019. If implementation of the 2019 RRA occurs after April 1, 2019, Otter Tail proposes that the RRA be adjusted to recover the approved revenue requirements over the remaining months of the period, through March 2020. This approach ensures that cost recovery and the approved eligible costs match. If it is necessary to adjust the 2019 RRA, Otter Tail proposes to calculate the final 2019 RRA and include it with the corresponding rate schedule pages in a compliance filing in this case.

**G. Customer Notification**

Otter Tail will include on January bills to its North Dakota customers, the following notice of the proposed change in rates for the renewable resource adjustment rider.

*On December 31, 2018, Otter Tail Power Company filed a request with the North Dakota Public Service Commission to increase its Renewable Resource Adjustment, which is part of the Energy and Renewable Adj. line on your bill. The Renewable Resource Cost Recovery Rider allows Otter Tail Power Company to recover costs associated with renewable generation resources.*

*Please see panel below for more information.*

*The proposed change to the Renewable Resource Adjustment is for bills rendered on and after April 1, 2019. The proposed rate for all classes of service is -0.224% of base charges and credits. The current rate is -1.362%. This proposed update would increase the charge on base rates by 1.138%. This change is proposed only and, if suspended by the Commission, the new rates will not be effective until the Commission takes action.*

*For more information contact customer service at 800-257-4044 or place an inquiry from our website at [otpc.com](http://otpc.com).*

Attachment 8 is a draft of the proposed notice to customers upon implementation of the updated rates.

#### **IV. PROPOSED RATE SCHEDULE**

Otter Tail's revised rate schedule number 13.04 is provided as Attachment 9, in both redline and clean versions.

#### **V. Conclusion**

Otter Tail respectfully requests the Commission approve the 2019 Renewable Resource Cost Recovery Adjustment effective April 1, 2019 based on the tracker activity and cost recovery associated with the Langdon and Ashtabula Wind Project PTC impacts.

Dated: December 31, 2018

Respectfully Submitted,

OTTER TAIL POWER COMPANY

By: /s/DARLENE MANDELKE

Darlene Mandelke

Rates Analyst, Regulatory Administration

Otter Tail Power Company

215 South Cascade Street

Fergus Falls, MN 56538-0496

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OTTER TAIL POWER COMPANY  
RENEWABLE RESOURCE RIDER 2019 RRA FACTOR FILING ATTACHMENTS

Attachment 1	Summary of revenue requirements
Attachment 2	Langdon revenue requirements calculation
Attachment 3	Ashtabula revenue requirements calculation
Attachment 4	Renewable Resource Tracker report
Attachment 5	Rate Design Calculation
Attachment 6	ADIT Pro-Rate Projection
Attachment 7	ADIT Pro-Rate Preservation
Attachment 8	Customer Notice
Attachment 9	Rate Schedule (legislative and non-legislative versions)

Otter Tail Power Company  
Renewable Resource Cost Recovery Rider  
North Dakota

Summary of Revenue Requirements

Line No.	Revenue Requirements	Apr 2019 - Mar 2020
1	Revenue Requirements	\$ (325,357)
2	Carrying Cost	\$ 3,546
3	True up	<u>\$ 85,822</u>
4	Total	<u><u>\$ (235,989)</u></u>





Otter Tail Power Company  
North Dakota Renewable Resource Rider Revenue Requirement Calculation  
Langdon Wind Farm

Line		2019	2020		
		Balance Projected	Projected Jan-20	Projected Feb-20	Projected Mar-20
1	<b>RATE BASE</b>				
2	ADIT Pro-Rated		0.164384	0.087671	0.002740
3	<b>Deferred Tax Asset - Federal Production Tax Credit</b>				
4	Deferred Tax Asset - Federal PTC Beginning Balance		1,026,816	1,026,816	1,026,816
5					
6	Federal PTC Rate				
7	Output (MWH) / month				
8	Deferred Tax Asset - Federal PTC Beginning Balance		-	-	-
9					
10	Federal PTC Used on tax return		-	-	-
11					
12	Accum. Deferred Inc. Taxes - Federal PTC Ending Balance	1,026,816	1,026,816	1,026,816	1,026,816
13	End of month rate base	1,026,816	1,026,816	1,026,816	1,026,816
14	End of month rate base - No Prorate	0	0	0	0
15					
16	Average rate base	1,937,239	1,937,239	1,937,239	1,937,239
17					
18	Return on Rate Base		6,539	6,539	6,539
19					
20	Available for return (equity portion of rate base)		4,389	4,389	4,389
21					
22	<b>EXPENSES</b>				
23	Income before Taxes				
24	Available for return (from above)		4,389	4,389	4,389
25	Taxable Income (grossed up)		5,806	5,806	5,806
26					
27	Income Taxes				
28	Current and Def Income Taxes		1,417	1,417	1,417
29	Tax Adjustment for Additional Tax Basis		-	-	-
30	Federal PTC		-	-	-
31	Total Income Tax Expense		1,417	1,417	1,417
32					
33	<b>REVENUE REQUIREMENTS</b>				
34	Expenses		1,417	1,417	1,417
35	Return on rate base		6,539	6,539	6,539
36					
37	Total revenue requirements		7,956	7,956	7,956
38					
39	North Dakota share - E2 factor		2,990	2,990	2,990
40	Langdon DTA for PTC revenue requirement in base rates per Case No. PU-17-398		24,353	24,353	24,353
41	ND share of revenue requirements		(21,363)	(21,363)	(21,363)
	<b>SUPPORTING INFORMATION / DATA</b>				
Line					76,655
42	ND Capstructure with allowed ROE per order.		Approved in Case No. PU-17-398		
43	Capital Structure		Ratio	Cost	WA Cost
44	Debt		47.50%	5.29%	2.51%
45	Preferred equity		0.00%	0.00%	0.00%
46	Common equity		52.50%	9.77%	5.13%
47	Total		100.00%		7.64%
48			E2 Factor	37.577%	





Otter Tail Power Company  
North Dakota Renewable Resource Rider Revenue Requirement Calculation  
Ashtabula Wind Farm

Line No.		2019	2020		
		Balance Dec-19	Projected Jan-20	Projected Feb-20	Projected Mar-20
1	<b>RATE BASE</b>				
2	ADIT Pro-Rated		0.164384	0.087671	0.002740
3	<b>Deferred Tax Asset - Federal Production Tax Credit</b>				
4	Deferred Tax Asset - Federal PTC Beginning Balance		26,279,935	26,266,309	26,259,041
5					
6	Federal PTC Rate				
7	Output (MWH) / month				
8	Deferred Tax Asset - Federal PTC Beginning Balance		-	-	-
9					
10	Federal PTC Used on tax return		82,894	82,894	82,894
11					
12	Accum. Deferred Inc. Taxes - Federal PTC Ending Balance	26,279,935	26,266,309	26,259,041	26,258,814
13	End of month rate base	26,279,935	26,266,309	26,259,041	26,258,814
14	End of month rate base - No Prorate	23,636,630	23,553,737	23,470,843	23,387,950
15					
16	Average rate base	28,623,609	25,974,094	25,974,094	25,974,094
17					
18	Return on Rate Base		165,412	165,412	165,412
19					
20	Available for return (equity portion of rate base)		111,023	111,023	111,023
21					
22	<b>EXPENSES</b>				
23	Income before Taxes				
24	Available for return (from above)		111,023	111,023	111,023
25	Taxable Income (grossed up)		146,865	146,865	146,865
26					
27	Income Taxes				
28	Current and Def Income Taxes		35,842	35,842	35,842
29	Tax Adjustment for Additional Tax Basis		-	-	-
30	Federal PTC		-	-	-
31	Total Income Tax Expense		35,842	35,842	35,842
32					
33	<b>REVENUE REQUIREMENTS</b>				
34	Expenses		35,842	35,842	35,842
35	Return on rate base		165,412	165,412	165,412
36					
37	Total revenue requirements		201,254	201,254	201,254
38					
39	North Dakota share - E2 factor		75,626	75,626	75,626
40	Ashtabula DTA for PTC revenue requirement in base rates per Case No. PU-17-398		88,849	88,849	88,849
41	ND share of revenue requirements		(13,223)	(13,223)	(13,223)
	<b>SUPPORTING INFORMATION / DATA</b>				
Line					
42	ND Capstructure with allowed ROE per order.		Approved in Case No. PU-17-398		
43	Capital Structure		Ratio	Cost	WA Cost
44	Debt		47.50%	5.29%	2.51%
45	Preferred equity		0.00%	0.00%	0.00%
46	Common equity		52.50%	9.77%	5.13%
47	Total		100.00%		7.64%
48			E2 Factor	37.577%	

Otter Tail Power Company  
Renewable Rider Annual Filing  
North Dakota

Line	2017 2017 YE Balance	2018												2018 YE Balance	2019			Collection Period	
		Actual Jan-18	Actual Feb-18	Actual Mar-18	Actual Apr-18	Actual May-18	Actual Jun-18	Actual Jul-18	Actual Aug-18	Actual Sep-18	Actual Oct-18	Actual Nov-18	Forecast Dec-18		Forecast Jan-19	Forecast Feb-19	Forecast Mar-19		
1		<b>TRACKER SUMMARY</b>																	
2		<b>Requirements Compared to Billed:</b>																	
3		Revenue Requirements																	
4	1,416,050	253,056	256,063	250,645	256,242	261,874	250,701	247,376	251,033	264,118	253,261	245,112	262,135	3,051,614	(18,712)	(18,712)	(18,712)	(56,136)	
5	3,225,322	200,370	198,517	231,576	217,791	269,516	257,354	293,280	303,223	241,151	220,909	402,147	402,679	3,238,514	(5,509)	(5,509)	(5,509)	(16,526)	
6	2,949,008	210,105	204,487	200,770	208,197	218,334	208,473	207,506	202,319	211,901	199,631	210,754	212,135	2,494,612					
7	7,590,380	663,531	659,067	682,991	682,229	749,724	716,528	748,162	756,574	717,170	673,801	858,013	876,949	8,784,740	(24,221)	(24,221)	(24,221)	(72,663)	
8																			
9																			
10																			
11		663,531	659,067	682,991	682,229	749,724	716,528	748,162	756,574	717,170	673,801	858,013	876,949	8,784,740	(24,221)	(24,221)	(24,221)	(72,663)	
12																			
13	8,979,184	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Projected	2018 YE	Projected	Projected	Projected	(409,292)	
14	Billed (forecast kWh x adj factor)	999,685	948,576	832,161	755,417	664,420	681,958	711,572	703,131	712,445	623,465	762,489	958,101	9,353,419	(149,940)	(134,187)	(125,165)		
15	Renewable Energy Certificate Sales	34,800			59,207						45,000			104,207					
16	Monthly Revenue Difference	(333,048)	(288,832)	(150,332)	(134,514)	82,328	32,119	34,343	51,415	3,025	3,654	93,865	(82,214)		124,135	109,172	100,845	334,152	
17	Cumulative Difference	106,271	(182,561)	(332,893)	(467,407)	(385,080)	(352,961)	(318,618)	(267,203)	(264,179)	(260,524)	(166,659)	(248,873)		(124,738)	(15,566)	85,279		
18	Carrying Cost Adj. for rate calculation			(7,940)													2,662	2,662	
19	Adjusted Cumulative Difference	112,091	(176,741)	(335,013)	(469,527)	(387,199)	(355,080)	(320,738)	(269,322)	(266,298)	(262,644)	(168,778)	(250,992)		(126,857)	(17,685)	85,822		
20																			
21																			
22	Carrying Charge Calculation	677	(1,162)	(2,119)	(2,976)	(2,452)	(2,247)	(2,029)	(1,701)	(1,682)	(1,659)	(1,061)	(1,584)		(794)	(99)	543	(350)	
23	Cumulative Carrying Charge	779,787	778,625	776,505	773,529	771,078	768,830	766,802	765,101	763,419	761,760	760,699	759,115		758,320	758,221	758,764		
24	Prime Rate	7.64%	7.64%	7.64%	7.64%	7.64%	7.64%	7.64%	7.64%	7.64%	7.64%	7.64%	7.64%		7.64%	7.64%	7.64%		
25	Monthly Rate	0.63667%	0.63667%	0.63667%	0.63667%	0.63667%	0.63667%	0.63667%	0.63667%	0.63667%	0.63667%	0.63667%	0.63667%		0.63667%	0.63667%	0.63667%		
26																			
27	Life-to-Date Revenue Requirement	106,947	(183,724)	(335,013)	(470,383)	(387,531)	(355,208)	(320,647)	(268,904)	(265,860)	(262,183)	(167,720)	(250,457)		(125,532)	(15,665)	85,822		
28																			
29	Forecasted Revenue												12,787,331	12,787,331	11,009,841	9,853,125	9,190,641	30,053,607	

Approved by ND PSC December 20, 2017 in PU-17-398

Rate Calculation - Calendar Year 2018		Rate Calculation - Calendar Year 2018	
Revenue Requirements Jan 2018 thru Dec 2018	9,220,833	Revenue Requirements Jan 2018 thru Dec 2018	8,878,055
Carrying Charge	10,733	Carrying Charge	13,430
Cumulative True-up	757,824	Cumulative True-up	758,179
Total Requirements	9,989,390	Total Requirements	9,649,664
Jan 2018 - Dec 2018 projected revenue	128,789,562	Jan 2018 - Dec 2018 projected revenue	128,789,562
January 1, 2018 Rate	7.756%	January 1, 2018 Rate	7.493%

Approved by ND PSC February 27, 2018 in PU-17-398

Approved by ND PSC December 19, 2018 in PU-17-398

Rate Calculation	
Revenue Requirements Jan 2019 thru Mar 2019	(45,552)
Carrying Charge	(2,525)
Cumulative True-up	(427,050)
Total Requirements	(475,126)
Jan 2019 - Mar 2018 projected revenue	34,887,822
January 1, 2019 Rate	-1.362%

Otter Tail Power Company  
Renewable Rider Annual Filing  
North Dakota

Line	2019										2019 YE Balance	2020			Collection Period
	Forecast Apr-19	Forecast May-19	Forecast Jun-19	Forecast Jul-19	Forecast Aug-19	Forecast Sep-19	Forecast Oct-19	Forecast Nov-19	Forecast Dec-19	Forecast Jan-20		Forecast Feb-20	Forecast Mar-20		
1	<b>TRACKER SUMMARY</b>														
2	<b>Requirements Compared to Billed:</b>														
3	Revenue Requirements														
4	(18,712)	(18,712)	(18,712)	(18,712)	(18,712)	(18,712)	(18,712)	(18,712)	(18,712)	(18,712)	(224,545)	(21,363)	(21,363)	(21,363)	(232,498)
5	(5,509)	(5,509)	(5,509)	(5,509)	(5,509)	(5,509)	(5,509)	(5,509)	(5,509)	(5,509)	(66,105)	(13,223)	(13,223)	(13,223)	(89,248)
6											0.00				
7	(24,221)	(24,221)	(24,221)	(24,221)	(24,221)	(24,221)	(24,221)	(24,221)	(24,221)	(24,221)	(290,650)	(34,586)	(34,586)	(34,586)	(321,746)
8															
9	(301)	(301)	(301)	(301)	(301)	(301)	(301)	(301)	(301)	(301)	(2,709)	(301)	(301)	(301)	(3,611)
10															
11	(24,522)	(24,522)	(24,522)	(24,522)	(24,522)	(24,522)	(24,522)	(24,522)	(24,522)	(24,522)	(293,359)	(34,887)	(34,887)	(34,887)	(325,357)
12															
13	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	2019 YE	Projected	Projected	Projected	
14	(17,690)	(15,874)	(16,817)	(18,209)	(18,350)	(18,020)	(18,374)	(21,275)	(23,846)	(23,846)	(577,747)	(24,731)	(22,149)	(20,656)	(235,991)
15	Renewable Energy Certificate Sales														
16	(6,289)	(8,145)	(7,254)	(5,908)	(5,805)	(6,172)	(5,857)	(2,993)	(441)	(441)	-	(9,924)	(12,569)	20,745	-
17	78,990	70,845	63,592	57,684	51,879	45,708	39,851	36,858	36,417	36,417	-	26,493	13,923	34,668	-
18	Carrying Cost Adj. for rate calculation														
19	-	-	-	-	-	-	-	-	-	-	-	-	-	(322)	(322)
20	79,533	71,388	64,135	58,227	52,422	46,251	40,394	37,401	36,959	36,959	-	27,035	14,466	34,889	-
21															
22	503	451	405	367	330	291	254	235	232	232	-	169	89	221	3,546
23	759,267	759,718	760,123	760,490	760,821	761,112	761,365	761,600	761,832	761,832	-	762,000	762,089	762,310	-
24	7.64%	7.64%	7.64%	7.64%	7.64%	7.64%	7.64%	7.64%	7.64%	7.64%	-	7.64%	7.64%	7.64%	-
25	0.63667%	0.63667%	0.63667%	0.63667%	0.63667%	0.63667%	0.63667%	0.63667%	0.63667%	0.63667%	-	0.63667%	0.63667%	0.63667%	-
26															
27	79,493	71,296	63,996	58,051	52,209	45,999	40,104	37,092	36,648	36,648	-	26,661	14,012	34,889	-
28															
29	7,886,706	7,077,004	7,497,628	8,118,049	8,181,143	8,033,924	8,191,659	9,485,078	10,631,281	10,631,281	105,156,079	11,025,932	9,874,757	9,209,399	105,212,560

Rate Calculation - Effective April 2019	
Revenue Requirements April 2019 thru March 2020	(325,357)
Carrying Charge (April 2019 thru Mar 2020)	3,546
Cumulative True-up	85,822
<b>Total Requirements</b>	<b>(235,989)</b>
Projected Revenue April 2019 thru Mar 2020	105,212,560
New Rate	-0.224%

Otter Tail Power Company  
Renewable Resource Cost Recovery Rider  
North Dakota

Rate Design Calculation

North Dakota Revenue Requirements \$ (235,989)

Line No.	Rate Design	Apr 2019 - Mar 2020
1	Forecasted Retail Revenue, all classes (April 2019 - March 2020)	\$ 105,212,560
2	Revenue Requirements	\$ (235,989)
3	Percentage of Revenue Rate	-0.224%

Otter Tail Power Company  
Renewable Resource Cost Recovery Rider  
North Dakota

Federal ADIT Proration

	A	B	C	D	D
1			Tax Conversion Factor	1.3228	
2			Gross Up of Equity %	6.79%	
3			Equity %	5.13%	
4			Gross Up Factor	1.66%	

		Annual	Monthly
7	Debt Return %	2.51%	0.21%
8		0.00%	0.00%
9	Equity Return %	5.13%	0.43%
10	Rate of Return	7.64%	0.64%
11	Tax RR on Equity Return	1.66%	0.14%
12	Rate Base Rev Req Gross Up Factor	9.30%	0.77%
13	Monthly Gross Up Factor (D11) Multiplied by ND Factors		0.29%

April 2019 - March 2020 Recovery Period					
Month	Original ADIT Balance - All Projects	ADIT Prorate Balance - All Projects	Difference due to ADIT Proration (B - A)	Revenue Requirement Impact C * D12	
18	Apr-19	31,493,488	31,571,518	\$78,030	\$227
19	May-19	30,511,380	30,750,853	239,473	697
20	Jun-19	29,529,273	30,010,909	481,636	1,402
21	Jul-19	28,547,166	29,354,377	807,211	2,350
22	Aug-19	27,565,059	28,781,257	1,216,198	3,540
23	Sep-19	26,582,952	28,288,858	1,705,907	4,966
24	Oct-19	25,600,845	27,879,871	2,279,027	6,634
25	Nov-19	24,618,737	27,551,605	2,932,868	8,537
26	Dec-19	23,636,630	27,306,751	3,670,121	10,683
27	Jan-20	23,553,737	27,293,125	3,739,388	10,885
28	Feb-20	23,470,843	27,285,858	3,815,014	11,105
29	Mar-20	23,387,950	27,285,630	\$3,897,681	\$11,346
30		Total Revenue Requirement Impact			\$72,372

<b>ND Revenue Requirement Adjustment</b>	<b>\$72,372</b>
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Otter Tail Power Company  
Renewable Resource Cost Recovery Rider  
North Dakota

Federal ADIT Proration  
Preserve True-Up Period

	A	B	C	D	E
1			Tax Conversion Factor	1.3228	(1/(1-24.4%))
2			Gross Up of Equity %	6.79%	(F9 * F17)
3			Equity Return %	5.13%	(F17)
4			Gross Up Factor	1.66%	(F10-F11)
5				<b>Annual</b>	<b>Monthly</b>
6			Debt Return %	2.51%	0.21%
7			Preferred Equity %	0.00%	0.00%
8			Equity Return %	5.13%	0.43%
9			Rate of Return	7.64%	0.64%
10			Tax RR on Equity Return	1.66%	0.14%
11			Rate Base Rev Req Gross Up Factor	9.30%	0.77%

		January 2019 - March 2019		
Month	Original ADIT Balance - All Projects	Federal ADIT Prorate Balance - All Projects	Difference due to Federal ADIT Proration (B - A)	
12				
13				
14	Dec-18	Not applicable	Not applicable	
15	Jan-19	\$ 35,547,108.00	\$ 35,450,030.73 \$ (97,077.27)	
16	Feb-19	\$ 35,563,625.33	\$ 35,465,025.13 \$ (98,600.21)	
17	Mar-19	\$ 35,564,141.50	\$ 35,465,493.70 \$ (98,647.80)	
18	Apr-19			
19	May-19			
20	Jun-19			
21	Jul-19			
22	Aug-19			
23	Sep-19			
24	Oct-19			
25	Nov-19			
26	Dec-19			
27	ADIT 3 Month Average	\$35,558,292	\$35,460,183 \$ (98,108.42)	

28 Rate Base Rev Req Gross Up Factor 9.30%  
29 Total Company Revenue Requirement -\$9,120

30 **ND Revenue Requirement Related to Federal ADIT Proration-Preservation \$ (3,611)**

**Notice of increase to your Renewable Resource Adjustment**

On March xx, 2019, the North Dakota Public Service Commission approved our request to increase our Renewable Resource Cost Recovery Rider rate for bills rendered on and after April 1, 2019. The approved rate for all classes of service is now -0.224% of base charges and credits. The the previous rate was -1.362%.

The Renewable Resource Cost Recovery Adjustment recovers costs associated with our investments in renewable generation resources.

For more information contact Customer Service at 800-257-4044 or place an inquiry from our website at [otpc.com](http://otpc.com).

Attachment 9  
Legislative and Non-Legislative Versions of  
Tariff Sheet ND 13.04  
Renewable Resource Cost Recovery Rider



Fergus Falls, Minnesota

**RENEWABLE RESOURCE COST RECOVERY RIDER**

DESCRIPTION	RATE CODE
All Services	NRRA

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**RULES AND REGULATIONS:** Terms and conditions of this rider and the General Rules and Regulations govern use of this schedule.

**APPLICATION OF RIDER:** This rider is applicable to electric service under all of the Company’s Retail Rate Schedules in Section 9, 10, 11, 12, and 14, except for Section 14.09 (**TailWinds**).

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D

**COST RECOVERY CHARGE:** There shall be included on each North Dakota customer’s monthly bill a Renewable Resource Cost Recovery (RRC) charge based on the applicable cost recovery factor multiplied by the Customer’s monthly bill. The Customer’s monthly bill shall be based on all applicable charges and credits under the Company’s retail rate schedules in Sections 9, 10, 11, 12, and 14, except for Section 14.09 (**TailWinds**). The RRC charge will not apply to any Mandatory Riders or sales tax and any local assessments as provided in the General Rules and Regulations for the Company’s electric service. The following charges are applicable in addition to all charges for service being taken under the Company’s standard rate schedules and will be included in the Energy and Renewable Adjustment line item on the customer’s bill.

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D  
D

<b>Renewable Resource Cost Recovery Factor - (<del>1.3620.224</del>) percent</b>
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R

**DETERMINATION OF RENEWABLE RESOURCE COST CHARGE:** The RRC Factor shall be determined by dividing the forecasted *balance of the RRC Tracker account* by the *forecasted retail revenues subject to the RRC Factor*. The forecasted RRC Tracker balance and retail revenues shall be based on the forecast for the appropriate 12 month period (or such other period as may be approved by the Commission). The RRC Factor shall be rounded to the nearest 0.001 percent.



Fergus Falls, Minnesota

**RENEWABLE RESOURCE COST RECOVERY RIDER**

DESCRIPTION	RATE CODE
All Services	NRRA

**RULES AND REGULATIONS:** Terms and conditions of this rider and the General Rules and Regulations govern use of this schedule.

**APPLICATION OF RIDER:** This rider is applicable to electric service under all of the Company’s Retail Rate Schedules in Section 9, 10, 11, 12, and 14, except for Section 14.09 (*TailWinds*).

**COST RECOVERY CHARGE:** There shall be included on each North Dakota customer’s monthly bill a Renewable Resource Cost Recovery (RRC) charge based on the applicable cost recovery factor multiplied by the Customer’s monthly bill. The Customer’s monthly bill shall be based on all applicable charges and credits under the Company’s retail rate schedules in Sections 9, 10, 11, 12, and 14, except for Section 14.09 (*TailWinds*). The RRC charge will not apply to any Mandatory Riders or sales tax and any local assessments as provided in the General Rules and Regulations for the Company’s electric service. The following charges are applicable in addition to all charges for service being taken under the Company’s standard rate schedules and will be included in the Energy and Renewable Adjustment line item on the customer’s bill.

<b>Renewable Resource Cost Recovery Factor - (0.224) percent</b>
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**R**

**DETERMINATION OF RENEWABLE RESOURCE COST CHARGE:** The RRC Factor shall be determined by dividing the forecasted *balance of the RRC Tracker account* by the *forecasted retail revenues subject to the RRC Factor*. The forecasted RRC Tracker balance and retail revenues shall be based on the forecast for the appropriate 12 month period (or such other period as may be approved by the Commission). The RRC Factor shall be rounded to the nearest 0.001 percent.