

215 South Cascade Street
PO Box 496
Fergus Falls, Minnesota 56538-0496
218 739-8200
www.otpc.com (web site)



January 24, 2020

Mr. Steve Kahl
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 2020 Renewable Resource Cost Recovery Adjustment Factor
Case No. PU-19-387
Second Supplement to January 21, 2020 Informational Letter**

Dear Mr. Kahl:

Otter Tail Power Company (Otter Tail) hereby submits this Second Supplement to the January 21, 2020 Informational Letter to the North Dakota Public Service Commission (Commission) in the above referenced matter at the request of Commission staff. Otter Tail's initial filing in this proceeding was made December 31, 2019. An informal hearing before the Commission is scheduled to be held February 19, 2020 for this matter.

Otter Tail has completed an initial cursory review of the Schock Look method and needs to work through the details but generally understands what happens in the model and continues to evaluate it. Otter Tail believes this method addresses the intergenerational issue and its main concern at this time is how this method impacts the traditional revenue requirement methodology. While Otter Tail does not see the As Generated method as unreasonable, based on our current understanding, we believe the Schock Look or the Partially Levelized methods to be more appropriate alternatives to the conventional As Generated method.

The purpose of this letter is to provide Otter Tail's preliminary customer impacts which show Otter Tail's estimated bill impacts using the three Federal production tax credits methods. Otter Tail's Renewable Resource Adjustment Rider (RRAR) uses a percent-of-bill factor which is multiplied by a customers' base rates to assess the RRAR charge.

Table 1 provides the estimated monthly bill impact for a residential customer that uses 1,000 kWh. Table 2 provides the estimated monthly bill impact for a large general service customer using 50,000 kWh and 75 KW.

Table 1

ND RRAR Charge for Merricourt Project
 Estimated Monthly Bill Impact
 Residential 1,000 kWh (~\$69 monthly base revenue charge)

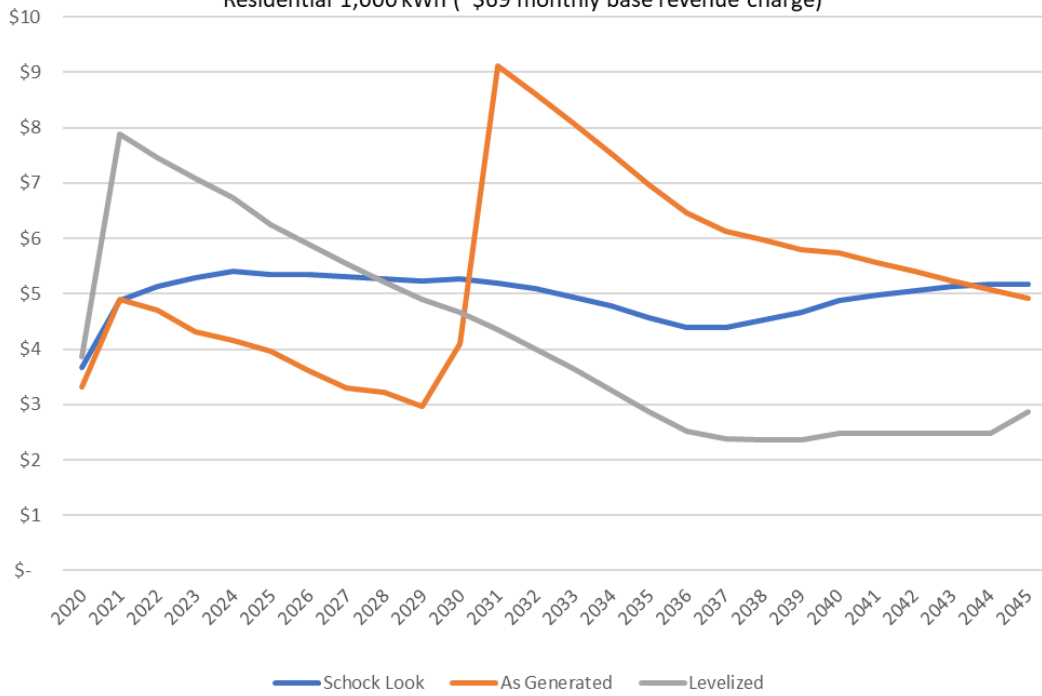
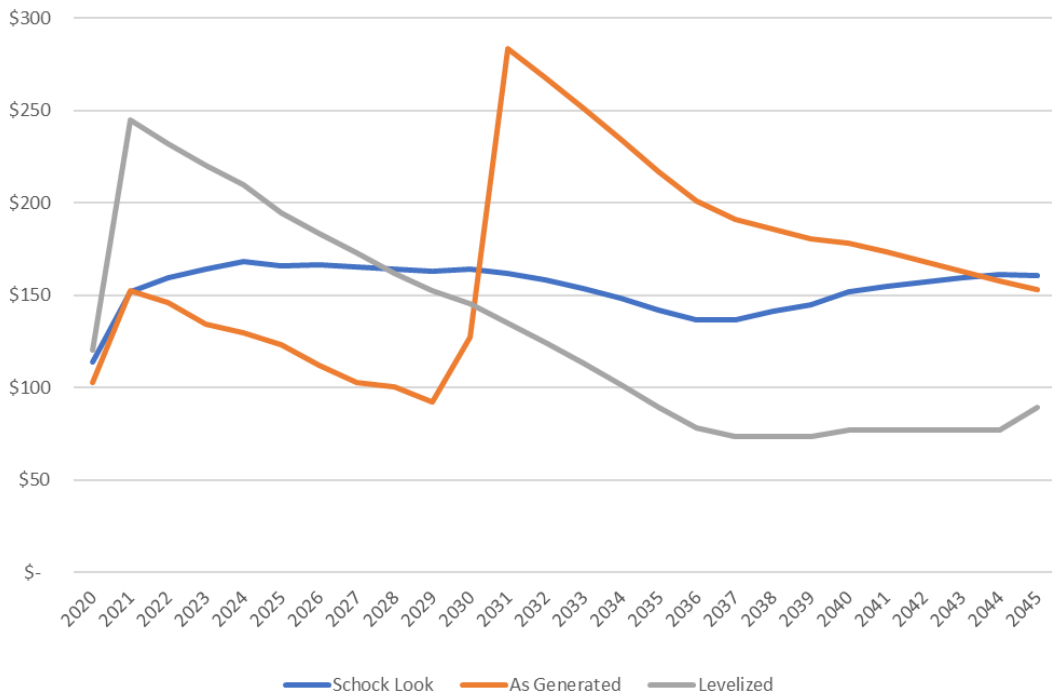


Table 2

ND RRAR Charge for Merricourt Project
 Estimated Monthly Bill Impact
 LGS 50,000 kWh & 75 kW (~\$2,100 monthly base revenue charge)



Otter Tail believes it would be appropriate for the Commission to consider each project and each recovery request based on its own context and circumstances rather than requiring a single approach to be applied in all circumstances.

Enclosed is an original and seven (7) copies. An electronic copy of this filing is also being sent to the North Dakota Public Service Commission at ndpsc@nd.gov.

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

Sincerely,

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

rah
Enclosures
By electronic filing and USPS