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February 25, 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: In the Matter of Otter Tail Power Company's Request for Approval of a Renewable Resource Cost Recovery Adjustment Factor
Case No. PU-19-387
Supplemental Filing**

Dear Mr. Kahl:

Enclosed please find an original and seven (7) copies of Otter Tail Power Company's (Otter Tail's) Supplemental Filing for its 2020 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.

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

cjh
Enclosures
By electronic filing and U.S. mail

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

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

Case No. PU-19-387

SUPPLEMENTAL FILING

I. INTRODUCTION

Otter Tail Power Company (Otter Tail) submits this Supplemental Filing in the above referenced Case to provide updated information from which the North Dakota Public Service Commission (Commission) can evaluate and establish an updated Renewable Cost Recovery Adjustment Factor (RRA Factor) under Otter Tail's Renewable Cost Recovery Adjustment Rider (RRAR). In Otter Tail's Initial Filing in the above referenced case, the Pass-through (As Generated) method for application of Production Tax Credits (PTC) was used to calculate the RRA Factor. As a result of the Commission's Informal Hearing on February 19, 2020 in this Case, Otter Tail provides the updated RRAR revenue requirements and factor reflecting two methods of applying the PTCs through the RRAR: (A) Partially Levelized; and (B) Schock Look.

Otter Tail requests that the Commission Ordered updated RRA Factor be implemented on April 1, 2020.

II. BACKGROUND

Otter Tail's initial RRAR Application in this proceeding was filed on December 31, 2019, with a revenue requirement of \$3,827,627 for the April 2020 through March 2021 recovery period and an increase in the RRA Factor from -0.224 percent currently in effect to 3.744 percent for the recovery period beginning April 2020.

During the Informal Hearing on February 19, 2020, Otter Tail presented the revenue requirements and RRA Factors using two alternative methods for applying PTCs in the RRAR, the Partially Levelized and the Schock Look PTC methods. This supplemental filing provides the applicable supporting RRAR attachments using those two alternative methods.

III. UPDATED ATTACHMENTS

A. Partially Levelized

Otter Tail submits Attachments 1A, 4A, 6A, 7A, 8A, 10A and 11A to this filing that reflect updated calculations for the revenue requirements, RRA Factor and accumulated deferred income tax (ADIT) pro-rate projection and updated customer notice and rate schedules for the April 2020 through March 2021 recovery period based on the Partially Levelized PTC method. The above listed attachments of this filing result in a net revenue requirement of \$5,762,597 (Attachment 1A, Line No. 4) for the proposed recovery period. Included in the total revenue requirement is a carrying credit of (\$41,525) and the current cumulative true-up of a credit of (\$719,902) which includes (\$190,989) energy certificate sales and the (\$500,446) North Dakota Environmental Cost Recovery Rider (ND ECRR) balance transfer.

B. Schock Look

Otter Tail submits Attachments 1B, 4B, 6B, 7B, 8B, 10B and 11B to this filing that reflect updated calculations for the revenue requirements, RRA Factor and ADIT pro-rate projection and updated customer notice and rate schedules for the April 2020 through March 2021 recovery period based on the Schock Look PTC method. The above listed attachments of this filing result in a net revenue requirement of \$4,202,320 (Attachment 1B, Line No. 4) for the proposed recovery period. Included in the total revenue requirement is a carrying credit of (\$9,574) and the current cumulative true-up of a credit of (\$719,753) which includes (\$190,989) energy certificate sales and the (\$500,446) ND ECRR balance transfer.

IV. RRA FACTOR IMPACT

Table 1 below provides the net revenue requirements [Line 4], the RRA Factor [Line 5] and bill comparison [Lines 6 through 8] for the Pass-through [Column A], Partially Levelized [Column B], and Schock Look [Column C] methods.

Table 1

Line No.	Components	A	B	C
		Pass-through Method April 2020 - March 2021 Recovery Period	Partially Levelized April 2020 - March 2021 Recovery Period	Schock Look April 2020 - March 2021 Recovery Period
1	Revenue Requirements	\$4,555,336	\$6,524,023	\$4,931,647
2	Carryin Cost	(\$8,157)	(\$41,525)	(\$9,574)
3	True-up	(\$719,552)	(\$719,902)	(\$719,753)
4	Net Revenue Requirements	\$3,827,627	\$5,762,597	\$4,202,320
5	RRA Factor	3.744%	5.637%	4.110%
6	Average Residential Using 1,000 kWh Billing Increase	\$2.72	\$4.01	\$2.97
7	Commercial Customer Using 10,000 kWh & 40 kW Billing Increase	\$4.84	\$7.14	\$5.28
8	Large Industrial Customer Using 50,000 kWh & 75 kW Billing Increase	\$84.53	\$124.86	\$92.33

V. CONCLUSION

Otter Tail respectfully requests the Commission approve its annual RRAR filing and resulting RRA Factor effective April 1, 2020 for either the Partially Levelized (5.637 percent) or Schock Look (4.110 percent) PTC method based on the tracker activity with prior approved components and cost recovery associated with the Merricourt Wind Project.

Dated: February 25, 2020

Respectfully Submitted,

OTTER TAIL POWER COMPANY

By: /s/ DARLENE C. MANDELKE

Darlene C. Mandelke

Rates Analyst, Regulatory Administration

Otter Tail Power Company

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OTTER TAIL POWER COMPANY
RENEWABLE RESOURCE RIDER 2020 RRA FACTOR FILING ATTACHMENTS

Attachment 1A	Summary of revenue requirements (Partially Levelized)
Attachment 4A	Merricourt revenue requirements calculation (Partially Levelized)
Attachment 6A	Renewable Resource Tracker report (Partially Levelized)
Attachment 7A	Rate Design Calculation (Partially Levelized)
Attachment 8A	ADIT Pro-Rate Projection (Partially Levelized)
Attachment 10A	Customer Notice (Partially Levelized)
Attachment 11 A	Rate Schedule (legislative and non-legislative versions) (Partially Levelized)
Attachment 1B	Summary of revenue requirements (Schock Look)
Attachment 4B	Merricourt revenue requirements calculation (Schock Look)
Attachment 6B	Renewable Resource Tracker report (Fully Levelized)
Attachment 7B	Rate Design Calculation (Schock Look)
Attachment 8B	ADIT Pro-Rate Projection (Schock Look)
Attachment 10B	Customer Notice (Schock Look)
Attachment 11B	Rate Schedule (legislative and non-legislative versions) (Schock Look)

Otter Tail Power Company
Renewable Resource Cost Recovery Rider
North Dakota

Summary of Revenue Requirements

Line No.	Revenue Requirements	Apr 2020 - Mar 2021
1	Revenue Requirements	\$ 6,524,023
2	Carrying Cost	\$ (41,525)
3	True up	<u>\$ (719,902)</u>
4	Total	<u><u>\$ 5,762,597</u></u>

Otter Tail Power Company
North Dakota Renewable Resource Rider
Mercurio Wind Farm

Line	2019	2020										2020 YE	2021						
		Dec-19	Projected Jan-20	Projected Feb-20	Projected Mar-20	Projected Apr-20	Projected May-20	Projected Jun-20	Projected Jul-20	Projected Aug-20	Projected Sep-20		Projected Oct-20	Projected Nov-20	Projected Dec-20	Projected Jan-21	Projected Feb-21	Projected Mar-21	
1	RATE BASE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2	Plant Balance - Mercurio	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
3	Accumulated Depreciation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
4	Net Plant in Service	0.00	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
5	CWP Calculation:																		
6	Beginning	70,175,637	83,320,179	83,360,179	93,000,179	97,440,179	112,490,179	128,740,179	146,980,179	173,640,179	204,080,458	229,324,458	245,799,458	250,819,458	261,738,322	261,738,322	261,738,322	261,738,322	
7	Additional CWP	0	40,000,000	9,640,000	4,400,000	15,000,000	16,250,000	18,240,000	26,660,000	30,440,000	25,244,000	16,475,000	0	0	0	0	0	0	
8	Clearings from CWP	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
9	ADDC	474,542	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
10	CWP	83,320,179	83,360,179	93,000,179	97,440,179	112,490,179	128,740,179	146,980,179	173,640,179	204,080,458	229,324,458	245,799,458	250,819,458	261,738,322	261,738,322	261,738,322	261,738,322		
11	ADP Pro-Rated	1,000,000	1,000,000	1,000,000	9,920,000	9,856,000	9,792,000	9,728,000	9,664,000	9,600,000	9,536,000	9,472,000	9,408,000	9,344,000	9,280,000	9,216,000	9,152,000	9,088,000	
12	Accum. Deferred Inc. Taxes - Fed & State	0.00	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
13	Accum. Deferred Inc. Taxes - Fed & State - No Prorate	0.00	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
14	Accum. Deferred Inc. Taxes - Federal PTC	0.00	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
15	End of month rate base - Federal PTC	83,320,179	83,360,179	93,000,179	97,440,179	112,490,179	128,740,179	146,980,179	173,640,179	204,080,458	229,324,458	245,799,458	250,296,909	259,833,974	259,833,974	259,833,974	259,833,974	259,833,974	
16	End of month rate base - No Prorate	83,320,179	83,360,179	93,000,179	97,440,179	112,490,179	128,740,179	146,980,179	173,640,179	204,080,458	229,324,458	245,799,458	249,421,509	259,084,869	259,084,869	259,084,869	259,084,869	259,084,869	
17	Average rate base	2,577,054.20	13,515,439	13,515,439	13,515,439	13,515,439	13,515,439	13,515,439	13,515,439	13,515,439	13,515,439	13,515,439	13,515,439	13,515,439	13,515,439	13,515,439	13,515,439	13,515,439	
18	Return on Rate Base	1,032,850	1,032,850	1,032,850	1,032,850	1,032,850	1,032,850	1,032,850	1,032,850	1,032,850	1,032,850	1,032,850	1,032,850	1,032,850	1,032,850	1,032,850	1,032,850	1,032,850	
19	Available for return (equity portion of rate base)	693,241	693,241	693,241	693,241	693,241	693,241	693,241	693,241	693,241	693,241	693,241	693,241	693,241	693,241	693,241	693,241	693,241	
20	EXPENSES																		
21	O&M and Depreciation	741,100	741,100	741,100	741,100	741,100	741,100	741,100	741,100	741,100	741,100	741,100	741,100	741,100	741,100	741,100	741,100	741,100	
22	Operating Costs	431,987	431,987	431,987	431,987	431,987	431,987	431,987	431,987	431,987	431,987	431,987	431,987	431,987	431,987	431,987	431,987	431,987	
23	Ground Lease Payments	59,288	59,288	59,288	59,288	59,288	59,288	59,288	59,288	59,288	59,288	59,288	59,288	59,288	59,288	59,288	59,288	59,288	
24	Property Tax	116,576	116,576	116,576	116,576	116,576	116,576	116,576	116,576	116,576	116,576	116,576	116,576	116,576	116,576	116,576	116,576	116,576	
25	Book Depreciation	119,857	119,857	119,857	119,857	119,857	119,857	119,857	119,857	119,857	119,857	119,857	119,857	119,857	119,857	119,857	119,857	119,857	
26	Total O&M and Depreciation Expense	1,880,562.84	1,880,562.84	1,880,562.84	1,880,562.84	1,880,562.84	1,880,562.84	1,880,562.84	1,880,562.84	1,880,562.84	1,880,562.84	1,880,562.84	1,880,562.84	1,880,562.84	1,880,562.84	1,880,562.84	1,880,562.84	1,880,562.84	
27	Income before Taxes	1,495,999	1,491,411	1,495,580	1,495,999	1,491,411	1,495,580	1,495,999	1,491,411	1,495,580	1,495,999	1,491,411	1,495,580	1,495,999	1,491,411	1,495,580	1,495,999	1,491,411	
28	Available for return (from above)	8,318,888	8,318,888	8,318,888	8,318,888	8,318,888	8,318,888	8,318,888	8,318,888	8,318,888	8,318,888	8,318,888	8,318,888	8,318,888	8,318,888	8,318,888	8,318,888	8,318,888	
29	Less book tax credits - Federal PTC	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
30	Adjusted income before interest and taxes	8,318,888	8,318,888	8,318,888	8,318,888	8,318,888	8,318,888	8,318,888	8,318,888	8,318,888	8,318,888	8,318,888	8,318,888	8,318,888	8,318,888	8,318,888	8,318,888	8,318,888	
31	Taxable income (grossed up)	9,429,571	9,429,571	9,429,571	9,429,571	9,429,571	9,429,571	9,429,571	9,429,571	9,429,571	9,429,571	9,429,571	9,429,571	9,429,571	9,429,571	9,429,571	9,429,571	9,429,571	
32	Income Taxes	2,301,277	2,301,277	2,301,277	2,301,277	2,301,277	2,301,277	2,301,277	2,301,277	2,301,277	2,301,277	2,301,277	2,301,277	2,301,277	2,301,277	2,301,277	2,301,277	2,301,277	
33	Current and Def Income Taxes	151,602	151,602	151,602	151,602	151,602	151,602	151,602	151,602	151,602	151,602	151,602	151,602	151,602	151,602	151,602	151,602	151,602	
34	Federal PTC	(995,297)	(995,297)	(995,297)	(995,297)	(995,297)	(995,297)	(995,297)	(995,297)	(995,297)	(995,297)	(995,297)	(995,297)	(995,297)	(995,297)	(995,297)	(995,297)	(995,297)	
35	Total Income Tax Expense	1,101,602	1,101,602	1,101,602	1,101,602	1,101,602	1,101,602	1,101,602	1,101,602	1,101,602	1,101,602	1,101,602	1,101,602	1,101,602	1,101,602	1,101,602	1,101,602	1,101,602	
36	REVENUE REQUIREMENTS																		
37	Expenses	2,990,948	2,990,948	2,990,948	2,990,948	2,990,948	2,990,948	2,990,948	2,990,948	2,990,948	2,990,948	2,990,948	2,990,948	2,990,948	2,990,948	2,990,948	2,990,948	2,990,948	
38	Return on rate base	1,586,566	1,586,566	1,586,566	1,586,566	1,586,566	1,586,566	1,586,566	1,586,566	1,586,566	1,586,566	1,586,566	1,586,566	1,586,566	1,586,566	1,586,566	1,586,566	1,586,566	
39	Total revenue requirements	4,577,514	4,577,514	4,577,514	4,577,514	4,577,514	4,577,514	4,577,514	4,577,514	4,577,514	4,577,514	4,577,514	4,577,514	4,577,514	4,577,514	4,577,514	4,577,514	4,577,514	
40	North Dakota share - E2 factor	5,781,328	5,781,328	5,781,328	5,781,328	5,781,328	5,781,328	5,781,328	5,781,328	5,781,328	5,781,328	5,781,328	5,781,328	5,781,328	5,781,328	5,781,328	5,781,328	5,781,328	
41	SUPPORTING INFORMATION / DATA																		
42	ND Captive with allowed ROE per order.																		
43	Capital Structure																		
44	Debt	47.80%	5.29%	2.51%	Effective Tax Rate	24.40%	Fed Portion	20.0%	State Portion	4.31%	Ratio	Cost	WA Cost	47.80%	5.29%	2.51%	24.40%	20.0%	4.31%
45	Preferred equity	0.00%	0.00%	0.00%	Tax conversion factor	1.3284					0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
46	Common equity	52.50%	9.77%	5.13%							52.50%	9.77%	5.13%	52.50%	9.77%	5.13%			
47	Total	100.00%	7.64%		ND share - E2 factor	17.5773%					100.00%	7.64%		100.00%	7.64%				
48	Federal Production Tax Credit																		
49	Federal PTC Rate	\$25.00	\$25.00	\$25.00	\$25.00	\$25.00	\$25.00	\$25.00	\$25.00	\$25.00	\$25.00	\$25.00	\$25.00	\$25.00	\$25.00	\$25.00	\$25.00	\$25.00	
50	Output (MWh) / month	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
51	Federal PTC Available based on production	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
52	Credit to Customer	(995,297)	(995,297)	(995,297)	(995,297)	(995,297)	(995,297)	(995,297)	(995,297)	(995,297)	(995,297)	(995,297)	(995,297)	(995,297)	(995,297)	(995,297)	(995,297)	(995,297)	
53	Credit to Customer - Cumulative	(1,190,594)	(1,190,594)	(1,190,594)	(1,190,594)	(1,190,594)	(1,190,594)	(1,190,594)	(1,190,594)	(1,190,594)	(1,190,594)	(1,190,594)	(1,190,594)	(1,190,594)	(1,190,594)	(1,190,594)	(1,190,594)	(1,190,594)	
54	Federal PTC Used on tax return	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
55	Deferred	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
56	Accumulated Deferred	1,190,594	1,190,594	1,190,594	1,190,594	1,190,594	1,190,594	1,190,594	1,190,594	1,190,594	1,190,594	1,190,594	1,190,594	1,190,594	1,190,594	1,190,594	1,190,594	1,190,594	
57	Deferred Tax																		

Otter Tail Power Company
Renewable Resource Cost Recovery Rider
North Dakota

Rate Design Calculation

North Dakota Revenue Requirements \$ 5,762,597

Line No.	Rate Design	Apr 2020 - Mar 2021
1	Forecasted Retail Revenue, all classes (April 2020 - March 2021)	\$ 102,235,290
2	Revenue Requirements	\$ 5,762,597
3	Percentage of Revenue Rate	5.637%

Otter Tail Power Company
Renewable Resource Cost Recovery Rider
North Dakota

Federal ADIT Proration

	A	B	C	D
1		April 2020 - March 2021 Recovery Period		
		All Projects' Revenue Requirements	All Projects' Revenue Requirements with ADIT- Prorate	Difference due to Federal ADIT Proration (B - A)
2	Month			
3	Apr-20	\$404,305	\$407,505	\$3,200
4	May-20	\$404,305	\$407,505	\$3,200
5	Jun-20	\$404,305	\$407,505	\$3,200
6	Jul-20	\$404,305	\$407,505	\$3,200
7	Aug-20	\$404,305	\$407,505	\$3,200
8	Sep-20	\$404,305	\$407,505	\$3,200
9	Oct-20	\$404,305	\$407,505	\$3,200
10	Nov-20	\$291,442	\$294,642	\$3,200
11	Dec-20	\$631,891	\$635,091	\$3,200
12	Jan-21	\$893,729	\$914,546	\$20,818
13	Feb-21	\$892,005	\$912,822	\$20,818
14	Mar-21	\$893,571	\$914,389	\$20,818
15		\$6,432,770	\$6,524,023	\$91,253

16	Revenue Requirement Adjustment Related to Federal ADIT Proration	\$91,253
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Notice of increase to your Renewable Resource Cost Recovery Factor

On March xx, 2020, the North Dakota Public Service Commission approved recovery of our Merricourt Wind Energy Center and our request to increase our Renewable Resource Cost Recovery Rider Factor for usage on and after April 1, 2020. The approved factor for all classes of service now is 5.637% of base charges and credits. The previous factor was -0.224%, a credit. A typical residential customer's bill will increase by approximately \$4.01. The energy produced at the Merricourt Wind Energy Center will lower the costs customers pay through the Energy Adjustment Rider.

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

For more information contact Customer Service at 800-257-4044 or visit otpc.com.

Attachment 11A
Legislative and Non-Legislative Versions of
Tariff Sheet ND 13.04
Renewable Resource Cost Recovery Rider



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.

Renewable Resource Cost Recovery Factor -(0.224) <u>5.637</u> percent

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

The *balance of the RRC Tracker account* for determination of the RRC Factor shall include annual revenue requirements and any true-up balance described as follows:

The annual revenue requirements associated with these investments eligible for recovery under NDCC 49-02, 49-05, and 49-06 that are determined by the Commission to be eligible for recovery under this RRC Rider. A standard model will be used to calculate the total forecasted North Dakota revenue requirements for eligible measures for the designated period.

True-up: For each recovery period, a true-up adjustment to the RRC Tracker account will be calculated reflecting the difference between actual prior period RRC recoveries and actual prior period revenue requirements. Any resulting over/under recovery will be reflected as a carryover balance and included in calculating the next RRC Factor plus carrying charges or credits accrued at the rate of return approved in Otter Tail Power Company’s most recent general rate case.

All costs appropriately charged to the RRC Tracker account shall be eligible for recovery through this Rider, and all revenues recovered from the applicable RRC Factor shall be credited to the RRC Tracker account.

Forecasted retail revenues used for calculating the RRC Factor shall include the forecast of retail electric revenue collected through 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**). Retail revenue used for calculating the RRC Factor will not include any Mandatory Riders.

D
D

The RRC Factor may be adjusted annually (or other approved periods) with approval of the Commission.

MANDATORY AND VOLUNTARY RIDERS: The amount of a bill for service will be modified by any Mandatory Rate Riders that must apply or Voluntary Rate Riders selected by the Customer, unless otherwise noted in this rider. See sections 12.00, 13.00 and 14.00 of the North Dakota electric rates for the matrices of riders.

Otter Tail Power Company
Renewable Resource Cost Recovery Rider
North Dakota

Summary of Revenue Requirements

Line No.	Revenue Requirements	Apr 2020 - Mar 2021
1	Revenue Requirements	\$ 4,931,647
2	Carrying Cost	\$ (9,574)
3	True up	<u>\$ (719,753)</u>
4	Total	<u><u>\$ 4,202,320</u></u>

Otter Tail Power Company
Renewable Resource Cost Recovery Rider
North Dakota

Rate Design Calculation

North Dakota Revenue Requirements \$ 4,202,320

Line No.	Rate Design	Apr 2020 - Mar 2021
1	Forecasted Retail Revenue, all classes (April 2020 - March 2021)	\$ 102,235,290
2	Revenue Requirements	\$ 4,202,320
3	Percentage of Revenue Rate	4.110%

Otter Tail Power Company
Renewable Resource Cost Recovery Rider
North Dakota

Federal ADIT Proration

	A	B	C	D
1	April 2020 - March 2021 Recovery Period			
		All Projects' Revenue Requirements	All Projects' Revenue Requirements with ADIT- Prorate	Difference due to Federal ADIT Proration (B - A)
2	Month			
3	Apr-20	\$404,544	\$407,578	\$3,034
4	May-20	\$404,544	\$407,578	\$3,034
5	Jun-20	\$404,544	\$407,578	\$3,034
6	Jul-20	\$404,544	\$407,578	\$3,034
7	Aug-20	\$404,544	\$407,578	\$3,034
8	Sep-20	\$404,544	\$407,578	\$3,034
9	Oct-20	\$404,544	\$407,578	\$3,034
10	Nov-20	\$114,931	\$117,965	\$3,034
11	Dec-20	\$455,380	\$458,414	\$3,034
12	Jan-21	\$487,741	\$501,369	\$13,628
13	Feb-21	\$486,017	\$499,645	\$13,628
14	Mar-21	\$487,583	\$501,211	\$13,628
15		\$4,863,456	\$4,931,647	\$68,191

16	Revenue Requirement Adjustment Related to Federal ADIT Proration	\$68,191
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Notice of increase to your Renewable Resource Cost Recovery Factor

On March xx, 2020, the North Dakota Public Service Commission approved recovery of our Merricourt Wind Energy Center and our request to increase our Renewable Resource Cost Recovery Factor for usage on and after April 1, 2020. The approved factor for all classes of service now is 4.110% of base charges and credits. The previous factor was -0.224%, a credit. A typical residential customer's bill will increase by approximately \$2.97. The energy produced at the Merricourt Wind Energy Center will lower the costs customers pay through the Energy Adjustment Rider.

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

For more information contact Customer Service at 800-257-4044 or visit otpc.com.

Attachment 11B
Legislative and Non-Legislative Versions of
Tariff Sheet ND 13.04
Renewable Resource Cost Recovery Rider



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.

Renewable Resource Cost Recovery Factor -(0.224) <u>4.110</u> percent

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

The *balance of the RRC Tracker account* for determination of the RRC Factor shall include annual revenue requirements and any true-up balance described as follows:

The annual revenue requirements associated with these investments eligible for recovery under NDCC 49-02, 49-05, and 49-06 that are determined by the Commission to be eligible for recovery under this RRC Rider. A standard model will be used to calculate the total forecasted North Dakota revenue requirements for eligible measures for the designated period.

True-up: For each recovery period, a true-up adjustment to the RRC Tracker account will be calculated reflecting the difference between actual prior period RRC recoveries and actual prior period revenue requirements. Any resulting over/under recovery will be reflected as a carryover balance and included in calculating the next RRC Factor plus carrying charges or credits accrued at the rate of return approved in Otter Tail Power Company’s most recent general rate case.

All costs appropriately charged to the RRC Tracker account shall be eligible for recovery through this Rider, and all revenues recovered from the applicable RRC Factor shall be credited to the RRC Tracker account.

Forecasted retail revenues used for calculating the RRC Factor shall include the forecast of retail electric revenue collected through 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**). Retail revenue used for calculating the RRC Factor will not include any Mandatory Riders.

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D

The RRC Factor may be adjusted annually (or other approved periods) with approval of the Commission.

MANDATORY AND VOLUNTARY RIDERS: The amount of a bill for service will be modified by any Mandatory Rate Riders that must apply or Voluntary Rate Riders selected by the Customer, unless otherwise noted in this rider. See sections 12.00, 13.00 and 14.00 of the North Dakota electric rates for the matrices of riders.