

**STATE OF NORTH DAKOTA
PUBLIC SERVICE COMMISSION**

**Otter Tail Power Company
Renewable Resource Cost Recovery (2020)
Rates**

Case No. PU-19-387

ORDER

March 18, 2020

Preliminary Statement

On December 31, 2019, Otter Tail Power Company (Otter Tail) filed an increase to its Renewable Resource Cost Recovery (RRCR) to recover 2020 revenue requirements associated with renewable generation resources. The RRCR is a percent factor multiplied by the customer's monthly bill.

On January 21, 2020 Otter Tail filed supplemental information.

On January 22, 2020, the Commission issued a Notice of Opportunity for Hearing that provided until March 2, 2020 for receiving written comments and hearing requests. No response was received. The Notice identified the issues to consider in this matter are:

1. Whether the investments and associated costs for the resources qualify for recovery,
2. Whether the incurred costs are reasonable and prudent, and
3. Whether the rate adjustments are consistent with the terms of Otter Tail's tariff.

On January 22, 2020 Otter Tail filed supplemental information.

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On January 24, 2020 Otter Tail filed supplemental information.

On February 19, 2020, the Commission discussed the filing with Otter Tail and Commission Staff during an Informal Hearing.

On February 25, 2020 Otter Tail filed supplemental information requested by the Commission during the February 19, 2020 Informal Hearing.

Discussion

The rate change to the RRCR includes the costs associated with the Merricourt Wind Project, It also includes true-up balances and associated carrying charges and the difference between the deferred tax asset for production tax credits included in base rates and the actual balances. And finally, the updated rate reflects a full levelization of Production Tax Credits (PTCs) over the life of the project.

Otter Tail reports an April 2020 through March 2021 revenue requirement of \$5,761,597, resulting in a RRCR rate increase from the current credit of -0.224 to a charge of 5.637 percent.

The billing impact for a residential customer using 1,000 kWh per month will be an increase of approximately \$4.01 per month.

The Commission finds the proposed RRCR rider rate change is reasonable and appropriate.

Order

The Commission orders Otter Tail's Renewable Resource Cost Recovery rider rate of 5.637 percent is APPROVED.

PUBLIC SERVICE COMMISSION


Julie Fedorchak
Commissioner

Voted No

Brian Kroshus
Chairman


Randy Christmann
Commissioner