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March 1, 2021

Mr. Steve Kahl  
Director of Administration/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 Application for Approval of the Annual Rate Update to Rate Schedule, Section 13.06, Generation Cost Recovery Rider Case No. PU-21-Initial Filing**

Dear Mr. Kahl:

Enclosed are an original and seven (7) copies of Otter Tail Power Company's (Otter Tail's) Application for Approval of the Annual Rate Update to its Generation Cost Recovery Rider.

Also enclosed is a check in the amount of \$50 for the filing fee. Otter Tail is proposing a rate reduction in this filing.

An electronic copy of this filing is being sent to the North Dakota Public Service Commission at [ndpsc@nd.gov](mailto:ndpsc@nd.gov). Should you have any questions, please feel free to contact me at 218-739-8562 or [wrader@otpc.com](mailto:wrader@otpc.com).

Sincerely,

/s/ WILLIAM RADER  
William Rader  
Rates Analyst  
Regulatory Administration

cjh  
Enclosures  
By electronic filing and US 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 Application for Approval  
of the Annual Rate Update to Rate  
Schedule, Section 13.06, Generation  
Cost Recovery Rider

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Case No. PU-21-

**APPLICATION**

**I. INTRODUCTION**

Otter Tail Power Company (Otter Tail) submits this Application to the North Dakota Public Service Commission (Commission) for approval of an annual update to its Generation Cost Recovery Rider (GCRR or Rider). This annual update filing results in a revenue requirement of \$5,153,770, and a corresponding factor of 5.179 percent.

This filing is Otter Tail's third update to the GCRR and includes actual cost and revenue information through January 2021 and forecasted cost and revenue information for February 2021 through June 2022. It includes the revenue requirement related to the Astoria Station Natural Gas Plant project (Astoria Station). Astoria Station is a 245 megawatt (MW) natural gas-fired, frame-style, simple cycle combustion turbine generation facility located near Astoria, South Dakota. Astoria Station received an Advance Determination of Prudence (ADP) in Case No. PU-17-140 and the recovery mechanism for Astoria Station, the GCRR, was approved in Otter Tail's most recent general rate case, Case No. PU-17-398. Also included is the forecasted net savings associated with the retirement of Hoot Lake Plant (HLP), Otter Tail's coal-fired electric generation facility located near Fergus Falls, Minnesota. The proposed effective date of this annual update is July 1, 2021 and Otter Tail proposes to recover the revenue requirement through the recovery period of July 2021 through June 2022.

**II. GENERAL FILING INFORMATION**

Pursuant to § 69-02-02-04 of the Commission's Rules of Practice and Procedure, the following information is provided:

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

Otter Tail Power Company  
215 South Cascade Street  
P.O. Box 496  
Fergus Falls, MN 56538-0496  
Phone (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, MN 56538-0496  
Phone (218) 739-8956

**C. Title of utility employee responsible for filing**

William Rader  
Rates Analyst, Regulatory Administration  
Otter Tail Power Company  
215 South Cascade Street  
P.O. Box 496  
Fergus Falls, MN 56538-0496  
Phone (218) 739-8562

**D. The date of filing and the date changes will take effect**

The date of this filing is March 01, 2021. Otter Tail proposes a rate effective date of July 1, 2021.

**E. Other requirements of North Dakota Rules Part 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.

**F. Customer Notification**

Otter Tail will include a notice to North Dakota customers in March bills of the proposed change to the Rider factor. Attachment 8 is a sample of the notice. Otter Tail will also include an implementation notice to North Dakota customers regarding the approved change to the Rider factor in July bills. Attachment 9 is a sample of the implementation notice.

### **III. BACKGROUND**

Cost recovery through this Rider, and recovery of revenue requirements for the investment, is under the authority granted to the Commission under N.D.C.C. §§ 49-02, 49-05, and 49-06. On September 26, 2018, the Commission approved Otter Tail's GCRR tariff in Case No. PU-17-398.<sup>1</sup> Otter Tail's first update was approved by the Commission's May 15, 2019 Order in Case No. PU-19-91. Otter Tail's second annual update was approved by the Commission's June 10, 2020 Order in Case No. PU-20-91.

In this third annual update, Otter Tail requests to update the Rider factor to 5.179 percent and recover actual costs incurred through January 2021 and projected costs through June 2022, pursuant to its Electric Rate Schedule Section 13.06.

The projected revenue requirement for this Rider (found in Attachment 1), as allocated to North Dakota, is \$5,153,770 for the July 2021 through June 2022 recovery period. This includes revenue requirements of \$5,132,533 associated with Astoria Station and a HLP closure credit for the recovery period, a carrying charge of \$17,309, and an expected June 2021 under-collected balance of \$3,927.

### **IV. ASTORIA STATION PROJECT DESCRIPTION**

Otter Tail has constructed and is currently commissioning a 245 MW natural gas-fired, simple cycle combustion turbine near Astoria, South Dakota. Otter Tail will own and operate this generation resource. The project includes all associated facilities, including a short segment of natural gas pipeline necessary to interconnect to the Northern Border Pipeline, and a generation-tie line necessary to connect Astoria Station to the electric grid. The project has been designed with quick-start capability to serve a load-following function and provide for peak capacity needs. Otter Tail's ADP application for Astoria Station (Case No. PU-17-140) provides a complete description of the project and analysis to determine the appropriateness of the project.

As discussed in Case No. PU-17-140, Astoria Station will provide capacity, dispatchable energy, and grid support as part of Otter Tail's two-part plan<sup>2</sup> to reliably meet our customers' electric needs. Astoria Station will replace expiring capacity purchase agreements and allow for

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<sup>1</sup> *Otter Tail Power Company Application for Authority to Increase Electric Rates in North Dakota*, Case No. PU-17-398.

<sup>2</sup> Otter Tail's two-part plan consists of Astoria Station and the North Dakota-based Merricourt Wind project deemed prudent by the Commission in Case No. PU-17-141.

the 2021 retirement of the 1950s-era 140 MW Powder River Basin (PRB) coal-fired Hoot Lake Plant near Fergus Falls, Minnesota.<sup>3</sup> As noted in Case Nos. PU-17-140 and PU-17-141, Otter Tail cannot justify continuing to maintain and operate Hoot Lake Plant past 2021 given the significant balance of plant investments needed to keep such aged units and associated infrastructure operational. Consequently, the determination was made several years ago to retire Hoot Lake Plant in 2021 and replace the plant's generation capacity.

The most recent Astoria Station quarterly construction progress report, filed in Case No. PU-17-140 on January 14, 2021, is included as Attachment 11 to this filing. At the time of this Application, Otter Tail has awarded all major equipment supply and installation agreements, completed construction, and is performing commissioning activities. As recently as February 13, 2021, Astoria successfully completed a key commissioning milestone of running at full load for at least one hour to satisfy requirements necessary for the unit to meet MISO capacity accreditation for the 2021/2022 planning year which begins June 1, 2021. Otter Tail estimates Astoria Station will be deemed commercially operational towards the end of Q1 2021 or early Q2 2021.

Total project construction work in progress (CWIP) costs incurred thru January 2021 was \$129.7 million (OTP Total) and \$51.7 million (OTP ND), not including allowance for funds used during construction (AFUDC). Forecasted total project CWIP costs through June 2022 is \$152.5 million (OTP Total) and \$60.8 million (OTP ND), not including AFUDC. AFUDC of \$795,688 (OTP Total) and \$317,006 (OTP ND) is included in the Rider through December 2018. AFUDC was shut off in January 2019 when recovery of Astoria Station began in this Rider.

The Astoria Station Project includes transmission network upgrades required to accommodate the interconnection of these facilities into the integrated transmission system. Transmission network upgrades of approximately \$8.7M (OTP Total) were included in the total cost estimate of the project. Per prior FERC Orders<sup>4,5</sup>, Transmission owners may elect to self-

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<sup>3</sup> The closure of Hoot Lake Plant was contemplated in Otter Tail's 2011-2025 Integrated Resource Plan filed with the Commission in Case No. PU-10-346. The Integrated Resource Plan and associated 2012-2026 Baseload Diversification Study was filed and approved by the Minnesota Public Utilities Commission in Docket No. E017/RP-10-623.

<sup>4</sup> See FERC Order dated August 31, 2018 in FERC Docket No. ER18-2513 and FERC Orders on Remand dated August 31, 2018 under FERC Docket Nos. EL15-36, EL15-68, ER16-696, ER18-1964 and EL18-1965. See Remand Order at PP 28-88; see also *Ameren Srvs. Co. v. FERC*, 880 F.3d 571, 581 (D.C. Cir. 2018). FERC further denied requests for rehearing of the Commission's August 31, 2018 order on remand in a December 20, 2019 order under Docket No. ER18-2513, Midcontinent Independent System Operator, Inc., 164 FERC ¶ 61,158 (2018)

<sup>5</sup> See FERC Order dated December 20, 2019 under FERC Docket No. ER18-2513. (169 FERC ¶ 61,233)

fund the transmission network upgrades. The Transmission Owner will pay for and build the necessary transmission network upgrades that are needed by the interconnection customer(s). The interconnection customer(s) will then pay the transmission owner for the cost of the network upgrade through facility service agreement (FSA) revenues over a 20-year term.

In the case of the transmission upgrades necessary to interconnect the Astoria Station Project, Otter Tail is the owner of those transmission facilities. In addition, MISO determined that the costs of those transmission upgrades benefitted two interconnection customers, and so therefor, the costs are being shared between Astoria Station and the Tatanka Ridge Wind, LLC project. MISO determined Astoria Station is responsible for 65.48% of the interconnection costs, while Tatanka Ridge Wind, LLC is responsible for 34.52% of the interconnection costs. As Otter Tail owns the transmission facilities and is the owner of Astoria, the network upgrades are included as part of the overall capital spend of the project along with the associated FSA revenues received and paid for from Tatanka Ridge Wind, LLC. Attachment 4, Line 20 identifies forecasted Net FSA Revenues for the Astoria Station interconnection of approximately \$330,489 (OTP Total) / \$131,668 (OTP ND) to be paid to Otter Tail during the July 2021 through June 2022 recovery period. This revenue stream represents the FSA revenues to be received from Tatanka Ridge Wind, LLC to pay for their share of the interconnection upgrades. No revenue stream exists related to Otter Tail's ownership of both Astoria and the Transmission facilities under the FSA.

Otter Tail entered into a Long-Term Service Agreement (LTSA) with Mitsubishi. The arrangement of an LTSA is one where the manufacturer maintains a parts pool for its fleet of combustion turbines and takes on the risk of the repair and/or replacement of the combustion components. The owner makes prepayments to the manufacturer for the major maintenance based on the hours and/or starts the unit is operated up until the major maintenance is complete. There are many benefits to an LTSA which include: predictable major maintenance costs paid overtime; predictable planned outage lengths, long-term parts warranties, coverage for damage caused by failed parts, and remote monitoring of the combustion turbine by the manufacturer. The annual LTSA fee is estimated to be \$1.9 million (OTP Total) / \$0.76 million (OTP ND) during a typical year Astoria Station is in service. Attachment 4, Line No. 8 includes approximately 79 percent of the LTSA agreement as capital costs, as estimated by Mitsubishi. The remaining 21 percent is included as part of operating costs for Astoria Station on Attachment 4, Line No. 19. The capital portion of the LTSA Prepayments is included in rate base

until major maintenance is completed. At that point, the amount of accumulated LTSA Prepayments that have been utilized during major maintenance will be included in Plant Balance and subject to depreciation.

## **V. HOOT LAKE PLANT RETIREMENT**

The Settlement Agreement in Otter Tail’s most recent general rate case, PU-17-398, stated “when OTP retires its Hoot Lake plant, retirement-related changes to costs of service will be evaluated and included as part of the calculation of the GCRR revenue requirements until those changes to costs are reflected in base rates in a general rate case.”<sup>6</sup>

Hoot Lake Plant (HLP) is scheduled to be retired on May 31, 2021. Otter Tail expects HLP to continue to incur normal operational costs through May 2021. For 1-2 months after operations cease, there will be staff present as it is anticipated that Otter Tail staff will continue to perform certain pre-demolition work to: assure certain plant components are placed into a final “locked out” condition and ready for demolition; provide assistance with remediation crews, draining oils or otherwise preparing for site demolition, etc. Labor and expense costs charged to HLP will continue to decrease over the subsequent months. Otter Tail expects to average approximately 17 FTE employees for 2021, not including FTEs that will move from Hoot Lake Plant to other departments at the conclusion of Hoot Lake Plant operations or our expectation that a number of employees will be using vacation for several months in advance of their retirement or end of employment.

Some operational costs will continue to be charged to HLP in 2022 and 2023. For example, the air emission permit fees, which are a significant amount of the continuing expenses, are paid by Otter Tail two years in arrears. Therefore, the fees related to 2021 operations are not paid until 2023.

The 2018 Test Year in Otter Tail’s most recent general rate case included components of HLP that are representative of the way that the plant continues to operate today and will continue to operate through May 2021. Starting in June of 2021, Otter Tail includes a credit in the Rider that reflects the HLP Adjustment. Otter Tail provides a summary of the HLP Adjustment as Attachment 7. The HLP Adjustment in this filing compares the forecasted calendar year 2021 to

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<sup>6</sup>The Commission issued its Order on Settlement on September 26, 2018. The Hoot Lake Plant retirement treatment in the ND GCRR is referenced on page 9 of the Settlement Agreement.

the 2018 Test Year and results in a forecasted HLP Adjustment credit for 2021 of (\$1,107,176) [Attachment 7, Column D, Line 27]. This adjustment is spread evenly over the months of June 2021 through December 2021 in Attachment 3. Otter Tail also includes the monthly forecasted credit totaling (\$1,998,222) over the first six months of 2022 based on the calendar year 2022 amount as shown on Attachment 7, Column E, Line 27. Otter Tail will update forecasts and actuals in its next annual update for this Rider.

## **VI. REVENUE REQUIREMENTS COMPONENTS AND TRACKER**

### **A. Components of the Revenue Requirement Calculation**

Attachment 4 to this filing provides the revenue requirement calculation for the Astoria Station project. The revenue requirement includes the components described below.

- *Rate base section.* This section provides details on the amount of plant in service, accumulated depreciation (if applicable), construction work in progress (CWIP), accumulated deferred taxes, including the effect of proration on Federal amounts, LTSA Capital Prepayments, and a 13-month average rate base calculation.
- *Expense section.* The expenses applicable to the project are listed here and include operating costs, net FSA payments/revenues, property taxes, depreciation, and income taxes.
- *Revenue requirements section.* This section shows the components of the revenue requirements. Included are the above-mentioned expenses and return on rate base.
- *Return on investment (cost of capital).* The return on investment utilizes the cost of capital approved in Otter Tail's most recent general rate case, Case No. PU-17-398.
- *Depreciation expense.* Depreciation expense is calculated using Otter Tail's latest composite depreciation rates.
- *Property taxes.* The property tax calculation is based on Otter Tail's composite tax rate for the jurisdiction in which the facilities are located and is calculated in accordance with the procedures specified by that state. Based on agreements with the state of South Dakota, the year after Astoria Station is in-service, the total property tax expense will be subject to a ramp-up period where the total property tax will be multiplied by 0 percent the first year, 20 percent the second year, 40 percent the third year, 60 percent the fourth year, and 80 percent the fifth year, and 100 percent the sixth year and years forward. With Astoria Station going into service in 2021, the 0 percent treatment begins with

property tax expense in 2022 (based on 2021 year-end values). A couple small components of the Astoria Station project have not yet received formal approval of this treatment; thus, the property tax amount for 2022 on Attachment 4 is not equal to \$0.

- *Operation and maintenance Expense.* Otter Tail tracks operation and maintenance costs specifically related to the Astoria Station project.
- *Proration of Accumulated Deferred Income Tax (ADIT).* Otter Tail provides Attachment 5 to this filing to show the projected Federal ADIT proration calculation impact on the revenue requirement for the recovery period. Otter Tail provides Attachment 6 calculating 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 in order to comply with Section 1.167(l)-1(h)(6)(ii) of the IRS regulations and to avoid a tax normalization violation<sup>7</sup>. Attachment 6, Line 30 shows the preservation of the proration of ADIT resulting in an increase of \$14,543, plus any applicable carrying charge, to the revenue requirement. This item is included in the Tracker on Attachment 3, Line No. 5. The methodology used in Attachment 6 is consistent with the IRS rules related to proration and the same methodology approved in Otter Tail's most recent Transmission Cost Recovery Rider update in Case No. PU-20-383.

## **B. Tracker Balance**

Otter Tail maintains a tracker account (Attachment 3) and accounting system to track and account for retail revenue requirements until all costs are fully recovered or reflected in base rates as part of a general rate case. The tracker account compares Otter Tail's North Dakota jurisdictional costs and the amount recovered through North Dakota retail revenue. The tracker account balance (either positive or negative) accrues monthly carrying charges at a rate of 1/12 of Otter Tail's cost of capital times the tracker balance.

When annual updates to the Rider are filed, the tracker account is updated (trued-up) so that any over/under recovered amount at the end of the previous recovery period is reflected in the Rider revenue requirement for the upcoming recovery period. This approach helps ensure the appropriate recovery through the Rider factor. Attachment 3 includes actual information through January 2021 and projected information through June 2022.

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<sup>7</sup> See Treas. Reg. SS 1.167(l)-1(h)(6)(ii).

## VII. RATE DESIGN

The Commission approved the percent-of-bill method for the GCRR factor in Otter Tail's most recent North Dakota general rate case.<sup>8</sup> The rate design is the calculated revenue requirement from July 2021 through June 2022 divided by the total forecasted base revenue from North Dakota electric retail customers from July 2021 through June 2022. Otter Tail proposes a GCRR factor of 5.179 percent for the proposed recovery period. The rate design calculation is shown on Attachment 2.

## VIII. RATE IMPACT

The incremental impact of the proposed GCRR factor for a residential customer using 1,000 kWh is a decrease of approximately \$0.66 per month from the current GCRR factor of 6.041 percent. Table 1 below shows the estimated incremental monthly impact on a residential customer using 1,000 kWh and a large general service customer using 400,000 kWh and 1,000 kW:

**Table 1**

	Average kWh's per month	Proposed Factor	Incremental Monthly Impact
Residential	1,000 kWh	5.179%	-\$0.66
Large General Service	400,000 kWh & 1,000 kW	5.179%	-\$166.74

The above factor is calculated based on an expected implementation date of July 1, 2021. If the implementation date is different than July 1, 2021, Otter Tail requests the option to recalculate the factor in order to recover all approved costs over the approved recovery period.

## IX. GENERATION COST RECOVERY RIDER RATE SCHEDULE

Otter Tail's revised Rate Schedule 13.06 is provided in Attachment 10 to this Application, in both legislative and non-legislative versions reflecting the proposed updated GCRR factor.

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<sup>8</sup> *Otter Tail Power Company Application for Authority to Increase Electric Rates in North Dakota*, Case No. PU-17-398. The Commission issued its Order on Settlement on September 26, 2018. The GCRR and percent of bill methodology are referenced on page 9 of the Settlement Agreement approved by the Commission.

## **X. CONCLUSION**

Otter Tail respectfully requests the Commission approve this annual update to the Generation Cost Recovery Rider and the proposed implementation date of July 1, 2021, for the updated Rider factor.

Date: March 01, 2021

Respectfully submitted:

OTTER TAIL POWER COMPANY

/s/ WILLIAM RADER

William Rader, Rates Analyst  
Regulatory Administration  
215 South Cascade Street  
P.O. Box 496  
Fergus Falls, MN 56538-0496  
Phone (218) 739-8562

## **Attachments**

Attachment 1	Summary of Revenue Requirements
Attachment 2	Rate Design Calculation
Attachment 3	Project Tracker
Attachment 4	Astoria Station Project Revenue Requirement Calculation
Attachment 5	Federal ADIT Proration Projection
Attachment 6	Federal ADIT Proration Preservation
Attachment 7	Hoot Lake Plant Adjustment
Attachment 8	Customer Notice – Filing Notice
Attachment 9	Customer Notice – Rate Implementation Notice
Attachment 10	Generation Cost Recovery Rider, Electric Rate Schedule 13.06
Attachment 11	January 14, 2021 Quarterly Construction Progress Report

**Summary of Revenue Requirements**

Line No.	Revenue Requirements	July 2021 - June 2022
1	Net Revenue Requirement	\$5,132,533
2	Carrying Charge	17,309
3	True-Up (June 2021)	<u>3,927</u>
4	Total	<u><u>\$5,153,770</u></u>

**Rate Design Calculation**

Line No.	Rate Design Calculation	
1	Net Revenue Requirement (July 2021 - June 2022)	\$5,153,770
2	Forecasted Retail Sales, all classes (July 2021 - June 2022)	\$99,504,623
3	Percentage of Revenue Rate (Line 1/Line 2)	5.179%

Otter Tail Power Company  
Generation Cost Recovery Rider Tracker  
North Dakota

Line No.	TRACKER SUMMARY Requirements Compared to Billed:	2020												YE Actual		
		January Actual	February Actual	March Actual	April Actual	May Actual	June Actual	Collection Period	July Actual	August Actual	September Actual	October Actual	November Actual		December Actual	
1	Revenue Requirements															
2	Astoria Station	328,116	328,116	328,116	327,491	327,955	328,438	2,888,763	327,954	326,660	317,223	317,389	317,892	321,908	3,897,256	
3	Hoot Lake Plant - Plant Closure							0							0	
4	3 Total Revenue Requirements	328,116	328,116	328,116	327,491	327,955	328,438	2,888,763	327,954	326,660	317,223	317,389	317,892	321,908	3,897,256	
5	4 Preservation of ADIT Proration	0	0	0	0	0	0	0	1,212	1,212	1,212	1,212	1,212	1,212	7,272	
6	7 Net Revenue Requirement	328,116	328,116	328,116	327,491	327,955	328,438	2,888,763	329,166	327,872	318,435	318,601	319,104	323,120	3,904,528	
8	9 Billed (forecast \$ x adj factor)	251,282	228,024	209,928	203,550	173,750	182,683	2,413,968	344,788	546,786	541,535	482,731	451,125	472,722	4,088,903	
10	11 Difference	76,834	100,092	118,188	123,941	154,205	145,755		(15,623)	(218,915)	(223,099)	(164,130)	(132,022)	(149,602)	(184,375)	
11	12 Carrying Charge	(1,451)	(971)	(340)	411	1,202	2,192	17,375	3,134	3,055	1,680	270	(773)	(1,619)	6,789	
12	13 Cumulative Difference (True-Up)	(152,505)	(53,384)	64,464	188,816	344,223	492,170		479,682	263,822	42,403	(121,457)	(254,252)	(405,474)	(405,474)	
13	14															
14	15 Monthly Carrying Charge	(971)	(340)	411	1,202	2,192	3,134		3,055	1,680	270	(773)	(1,619)	(2,582)		
15	16 Carrying cost	7.64%	7.64%	7.64%	7.64%	7.64%	7.64%		7.64%	7.64%	7.64%	7.64%	7.64%	7.64%		
16	17															
17	18															
18	19 Forecasted Revenue							0							0	

Approved on June 10, 2020 in Case No. PU-20-91	
<b>SUMMARY</b>	<b>July 2020 - June 2021</b>
Net Revenue Requirements (July 2020 - June 2021)	\$5,835,145
Carrying Charge	(10,578)
True-up (June 2020)	359,617
Total Revenue Requirement	\$6,184,184
July 2020 - June 2021 Projected Revenue	\$102,374,050
Average Rate	6.041%

Otter Tail Power Company  
Generation Cost Recovery Rider Tracker  
North Dakota

Line No.	TRACKER SUMMARY Requirements Compared to Billed:	2021													
		January Actual	February Projected	March Projected	April Projected	May Projected	June Projected	Collection Period	July Projected	August Projected	September Projected	October Projected	November Projected	December Projected	YE Projected
1	Revenue Requirements														
1	Astoria Station	468,087	535,363	535,363	669,948	674,273	679,371	5,491,430	678,881	676,267	675,262	681,078	679,812	678,003	7,631,708
2	Hoot Lake Plant - Plant Closure						(158,168)	(158,168)	(158,168)	(158,168)	(158,168)	(158,168)	(158,168)	(158,168)	(1,107,176)
3	Total Revenue Requirements	468,087	535,363	535,363	669,948	674,273	521,203	5,333,262	520,713	518,099	517,094	522,910	521,644	519,835	6,524,532
4															
5	Preservation of ADIT Proration	1,212	1,212	1,212	1,212	1,212	1,212	14,543							
6															
7	Net Revenue Requirement	469,299	536,575	536,575	671,160	675,485	522,415	5,347,805	520,713	518,099	517,094	522,910	521,644	519,835	6,524,532
8															
9	Billed (forecast \$ x adj factor)	557,195	539,039	499,252	465,364	420,026	507,564	5,828,128	460,627	475,599	468,234	360,143	396,013	430,556	5,579,612
10															
11	Difference	(87,897)	(2,465)	37,323	205,796	255,459	14,850		60,086	42,500	48,861	162,767	125,631	89,280	944,920
12	Carrying Charge	(2,582)	(3,158)	(3,194)	(2,977)	(1,685)	(69)	(7,919)	25	408	681	997	2,039	2,853	(6,664)
13	Cummulative Difference (True-Up)	(495,952)	(501,575)	(467,447)	(264,628)	(10,854)	3,927		64,038	106,946	156,488	320,252	447,922	540,054	540,054
14															
15	Monthly Carrying Charge	(3,158)	(3,194)	(2,977)	(1,685)	(69)	25		408	681	997	2,039	2,853	3,439	
16	Carrying cost	7.64%	7.64%	7.64%	7.64%	7.64%	7.64%		7.64%	7.64%	7.64%	7.64%	7.64%	7.64%	
17															
18															
19	Forecasted Revenue		8,923,014	8,264,393	7,703,425	6,952,927	8,401,990	40,245,750	8,893,390	9,182,465	9,040,261	6,953,338	7,645,883	8,312,804	90,273,890

Filed on March 1, 2021 in Case No. PU-21-	
SUMMARY	July 2021 - June 2022
Net Revenue Requirements (July 2021 - June 2022)	\$ 5,132,533
Carrying Charge	\$ 17,309
True-up (June 2021)	\$ 3,927
Total Revenue Requirement	\$ 5,153,770
July 2021 - June 2022 Projected Revenue	\$ 99,504,623
Average Rate	5.179%

Otter Tail Power Company  
Generation Cost Recovery Rider Tracker  
North Dakota

Line No.	TRACKER SUMMARY Requirements Compared to Billed:	2022						Collection Period
		January Projected	February Projected	March Projected	April Projected	May Projected	June Projected	
1	Revenue Requirements							
2	Astoria Station	667,800	667,800	667,800	668,408	668,408	670,244	8,079,764
3	Hoot Lake Plant - Plant Closure	(333,037)	(333,037)	(333,037)	(333,037)	(333,037)	(333,037)	(2,947,230)
4	3 Total Revenue Requirements	334,763	334,763	334,763	335,371	335,371	337,207	5,132,533
5	4 Preservation of ADIT Proration							
6	7 Net Revenue Requirement	334,763	334,763	334,763	335,371	335,371	337,207	5,132,533
8	9 Billed (forecast \$ x adj factor)	476,956	462,857	428,587	399,390	360,198	434,610	5,153,770
9	11 Difference	(142,193)	(128,095)	(93,825)	(64,019)	(24,827)	(97,403)	
10	12 Carrying Charge	3,439	2,556	1,756	1,170	770	616	17,309
11	13 Cumulative Difference (True-Up)	401,301	275,762	183,693	120,844	96,786	0	
12	14							
13	15 Monthly Carrying Charge	2,556	1,756	1,170	770	616	0	
14	16 Carrying cost	7.64%	7.64%	7.64%	7.64%	7.64%	7.64%	
15	17							
16	18							
17	19 Forecasted Revenue	9,208,653	8,936,458	8,274,803	7,711,089	6,954,399	8,391,079	99,504,623

Otter Tail Power Company  
Generation Cost Recovery Rider  
North Dakota

Line No.	Year>>	2020	2020	2020	2020	2020	2020	2020	2020	2020	2020	2020	2020	2020	2020	2020
		Actual January	Actual February	Actual March	Actual April	Actual May	Actual June	Actual July	Actual August	Actual September	Actual October	Actual November	Actual December	Actual Total		
<b>RATE BASE</b>																
1	Plant Balance - Astoria Station	0	0	0	0	0	0	122,752	367,901	632,780	632,780	9,321,198	9,327,928	9,327,928		
2	Accumulated Depreciation	0	0	0	0	0	0	(181)	(763)	(1,780)	(2,737)	(15,169)	(15,169)			
3	Net Plant in Service	0	0	0	0	0	0	122,752	367,721	632,017	631,000	9,318,402	9,312,759	9,312,759		
4	CWIP	66,101,703	76,742,794	78,141,216	93,441,964	98,138,071	107,185,265	111,176,245	115,134,116	120,395,092	123,048,781	118,485,660	121,164,121	121,164,121		
5	ADIT Proration Factor	1.000000	1.000000	1.000000	1.000000	1.000000	1.000000	1.000000	1.000000	1.000000	1.000000	1.000000	1.000000	1.000000		
6	Accumulated Deferred Income Taxes Federal & State	0	0	0	0	0	0	(62)	(230)	(502)	(668)	(53,885)	(104,331)	(104,331)		
7																
8	LTSA Pre-Payments															
9	Ending Rate Base (Lines 3+4+6+8)	66,101,703	76,742,794	78,141,216	93,441,964	98,138,071	107,185,265	111,298,934	115,501,606	121,026,607	123,679,114	127,750,177	130,372,550	130,372,550		
10																
11	Average Rate Base	8,391,801	8,391,801	8,391,801	8,391,801	8,391,801	8,391,801	8,391,801	8,391,801	8,391,801	8,391,801	8,391,801	8,391,801	8,391,801	100,701,613	
12																
13	Return on Rate Base	641,301	641,301	641,301	641,301	641,301	641,301	641,301	641,301	641,301	641,301	641,301	641,301	641,301	7,695,617	
14																
15	Available for Return (equity portion of rate base)	430,436	430,436	430,436	430,436	430,436	430,436	430,436	430,436	430,436	430,436	430,436	430,436	430,436	5,165,237	
16																
<b>EXPENSES</b>																
<b>O&amp;M and Depreciation</b>																
18	Operating Costs	0	0	0	(1,568)	(405)	808	(407)	(407)	(399)	(400)	862	(413)	(2,329)		
19	Net Facility Service Agreement Payments/Revenues									(3,429)	(27,524)	(27,541)	(27,541)	(113,575)		
20	Property Tax	43,312	43,312	43,312	43,312	43,312	43,312	43,312	43,312	43,312	43,312	43,312	43,312	519,746		
21	Book Depreciation	0	0	0	0	0	0	0	181	583	1,017	1,017	12,372	15,169		
22	Total O&M and Depreciation Expense	43,312	43,312	43,312	41,745	42,907	44,120	42,905	39,657	15,972	16,388	17,650	27,730	419,011		
23																
24																
25	Income before Taxes															
26	Available for Return (from above)	430,436	430,436	430,436	430,436	430,436	430,436	430,436	430,436	430,436	430,436	430,436	430,436	5,165,237		
27	Taxable Income (grossed up)	569,397	569,397	569,397	569,397	569,397	569,397	569,397	569,397	569,397	569,397	569,397	569,397	6,832,768		
28																
29	Income Taxes															
30	Current and Def Income Taxes	138,961	138,961	138,961	138,961	138,961	138,961	138,961	138,961	138,961	138,961	138,961	138,961	1,667,530		
31	Total Income Tax Expense	138,961	138,961	138,961	138,961	138,961	138,961	138,961	138,961	138,961	138,961	138,961	138,961	1,667,530		
32																
33																
<b>REVENUE REQUIREMENTS</b>																
34	Expenses	182,273	182,273	182,273	180,705	181,868	183,081	181,866	178,618	154,933	155,349	156,611	166,691	2,086,541		
35	Return on Rate Base (from above)	641,301	641,301	641,301	641,301	641,301	641,301	641,301	641,301	641,301	641,301	641,301	641,301	7,695,617		
36	Subtotal Revenue Requirements	823,574	823,574	823,574	822,007	823,170	824,382	823,168	819,919	796,235	796,650	797,912	807,992	9,782,158		
37	Adjustments												0			
38	Total Revenue Requirements	823,574	823,574	823,574	822,007	823,170	824,382	823,168	819,919	796,235	796,650	797,912	807,992	9,782,158		
39																
40	Peak Demand Factor	823,574	823,574	823,574	822,007	823,170	824,382	823,168	819,919	796,235	796,650	797,912	807,992	9,782,158		
41																
42	North Dakota share - D1 factor	328,116	328,116	328,116	327,491	327,955	328,438	327,954	326,660	317,223	317,389	317,892	321,908	3,897,256		
43	ND Revenue Requirements	328,116	328,116	328,116	327,491	327,955	328,438	327,954	326,660	317,223	317,389	317,892	321,908	3,897,256		
44																
45	Total North Dakota Share	328,116	328,116	328,116	327,491	327,955	328,438	327,954	326,660	317,223	317,389	317,892	321,908	3,897,256		
46																
<b>SUPPORTING INFORMATION / DATA</b>																
47	ND Cap Structure with allowed ROE per order.															
48	Capital Structure	<u>Ratio</u>		<u>Cost</u>		<u>WA Cost</u>		<u>Property tax</u>								
49	Debt	47.50%		5.29%		2.51%		2020 composite rate								0.87%
50	Preferred equity	0.00%		0.00%		0.00%										
51	Common equity	52.50%		9.77%		5.13%										
52	Total	100.00%				7.64% Overall Return										
53																
54																
55																
56																
57																
58																
59																
60																
61																
62																
63	<b>Deferred Tax</b>															
64	Book depreciation	0	0	0	0	0	0	0	181	583	1,017	1,017	12,372	15,169		
65	Tax depreciation-Federal	0	0	0	0	0	0	256	869	1,696	1,696	219,075	219,075	442,667		
66	Tax depreciation-State	0	0	0	0	0	0	256	869	1,696	1,696	219,075	219,075	442,667		
67	Federal deferred income taxes	0	0	0	0	0	0	(51)	(138)	(224)	(137)	(43,819)	(41,537)	(85,905)		
68	State deferred income taxes	0	0	0	0	0	0	(11)	(30)	(48)	(29)	(9,398)	(8,909)	(18,425)		

Otter Tail Power Company  
Generation Cost Recovery Rider  
North Dakota

Line No.	Year>>	2021	2021	2021	2021	2021	2021	2021	2021	2021	2021	2021	2021	2021	2021	2021
		Actual January	Projected February	Projected March	Projected April	Projected May	Projected June	Projected July	Projected August	Projected September	Projected October	Projected November	Projected December	Projected Total		
1	<b>RATE BASE</b>															
2	Plant Balance - Astoria Station	9,331,089	9,331,089	139,293,917	143,853,515	147,291,693	144,286,315	144,286,950	146,002,602	147,709,254	149,415,906	147,510,561	153,045,688	153,045,688		
3	Accumulated Depreciation	(27,550)	(39,935)	(62,319)	(374,140)	(706,816)	(1,047,679)	(1,381,386)	(1,715,116)	(2,052,909)	(2,394,766)	(2,740,686)	(3,082,070)	(3,082,070)		
4	Net Plant in Service	9,303,539	9,291,154	139,241,597	143,479,375	146,584,877	143,238,636	142,914,564	144,287,486	145,656,345	147,021,141	144,769,875	149,963,619	149,963,619		
5	CWIP	121,151,714	123,471,009	0	0	0	0	0	0	0	0	0	0	0		
6	ADIT Proration Factor	1.000000	1.000000	1.000000	1.000000	1.000000	1.000000	0.917808	0.832877	0.750685	0.665753	0.583562	0.498630			
7	Accumulated Deferred Income Taxes Federal & State	(119,383)	(134,435)	(324,854)	(439,755)	(552,007)	(662,261)	(766,681)	(863,265)	(951,480)	(1,031,215)	(1,102,852)	(1,167,516)	(1,167,516)		
8	LTSA Pre-Payments	0	151,436	257,441	348,303	439,165	583,029	795,040	931,332	991,906	1,173,630	1,272,063	1,370,497	1,370,497		
9	Ending Rate Base (Lines 3+4+6+8)	130,335,870	132,779,165	139,174,185	143,387,923	146,472,035	143,159,404	142,942,923	144,355,554	145,696,771	147,163,556	144,939,086	150,166,599	150,166,599		
10	Average Rate Base	11,800,933	11,800,933	11,800,933	11,800,933	11,800,933	11,800,933	11,800,933	11,800,933	11,800,933	11,800,933	11,800,933	11,800,933	11,800,933		
11	Return on Rate Base	901,827	901,827	901,827	901,827	901,827	901,827	901,827	901,827	901,827	901,827	901,827	901,827	901,827		
12	Return on Rate Base	901,827	901,827	901,827	901,827	901,827	901,827	901,827	901,827	901,827	901,827	901,827	901,827	901,827		
13	Return on Rate Base	901,827	901,827	901,827	901,827	901,827	901,827	901,827	901,827	901,827	901,827	901,827	901,827	901,827		
14	Available for Return (equity portion of rate base)	605,299	605,299	605,299	605,299	605,299	605,299	605,299	605,299	605,299	605,299	605,299	605,299	605,299		
15	Available for Return (equity portion of rate base)	605,299	605,299	605,299	605,299	605,299	605,299	605,299	605,299	605,299	605,299	605,299	605,299	605,299		
16	Available for Return (equity portion of rate base)	605,299	605,299	605,299	605,299	605,299	605,299	605,299	605,299	605,299	605,299	605,299	605,299	605,299		
17	<b>EXPENSES</b>															
18	<b>O&amp;M and Depreciation</b>															
19	Operating Costs	(1,783)	167,075	167,075	195,451	195,451	200,060	205,985	199,401	192,817	203,352	196,109	196,106	2,117,099		
20	Net Facility Service Agreement Payments/Revenues	(27,541)	(27,541)	(27,541)	(27,541)	(27,541)	(27,541)	(27,541)	(27,541)	(27,541)	(27,541)	(27,541)	(27,541)	(330,489)		
21	Property Tax	94,607	94,607	94,607	94,607	94,607	94,607	94,607	94,607	94,607	94,607	94,607	94,607	1,135,281		
22	Book Depreciation	12,381	12,385	12,385	321,820	332,676	340,863	333,707	333,730	337,793	341,857	345,920	341,384	3,066,901		
23	Total O&M and Depreciation Expense	77,663	246,526	246,526	584,337	595,193	607,988	606,758	600,197	597,676	612,274	609,095	604,556	5,988,791		
24	Total O&M and Depreciation Expense	77,663	246,526	246,526	584,337	595,193	607,988	606,758	600,197	597,676	612,274	609,095	604,556	5,988,791		
25	Income before Taxes	605,299	605,299	605,299	605,299	605,299	605,299	605,299	605,299	605,299	605,299	605,299	605,299	605,299		
26	Available for Return (from above)	605,299	605,299	605,299	605,299	605,299	605,299	605,299	605,299	605,299	605,299	605,299	605,299	605,299		
27	Taxable Income (grossed up)	800,712	800,712	800,712	800,712	800,712	800,712	800,712	800,712	800,712	800,712	800,712	800,712	800,712		
28	Taxable Income (grossed up)	800,712	800,712	800,712	800,712	800,712	800,712	800,712	800,712	800,712	800,712	800,712	800,712	800,712		
29	Income Taxes	195,413	195,413	195,413	195,413	195,413	195,413	195,413	195,413	195,413	195,413	195,413	195,413	2,344,957		
30	Current and Def Income Taxes	195,413	195,413	195,413	195,413	195,413	195,413	195,413	195,413	195,413	195,413	195,413	195,413	2,344,957		
31	Total Income Tax Expense	195,413	195,413	195,413	195,413	195,413	195,413	195,413	195,413	195,413	195,413	195,413	195,413	2,344,957		
32	Total Income Tax Expense	195,413	195,413	195,413	195,413	195,413	195,413	195,413	195,413	195,413	195,413	195,413	195,413	2,344,957		
33	Total Income Tax Expense	195,413	195,413	195,413	195,413	195,413	195,413	195,413	195,413	195,413	195,413	195,413	195,413	2,344,957		
34	<b>REVENUE REQUIREMENTS</b>															
35	<b>Expenses</b>															
36	Return on Rate Base (from above)	901,827	901,827	901,827	901,827	901,827	901,827	901,827	901,827	901,827	901,827	901,827	901,827	10,821,928		
37	Subtotal Revenue Requirements	1,174,904	1,343,767	1,343,767	1,681,577	1,692,434	1,705,229	1,703,999	1,697,437	1,694,917	1,709,515	1,706,336	1,701,796	19,155,676		
38	Adjustments	0	0	0	0	0	0	0	0	0	0	0	0	0		
39	Total Revenue Requirements	1,174,904	1,343,767	1,343,767	1,681,577	1,692,434	1,705,229	1,703,999	1,697,437	1,694,917	1,709,515	1,706,336	1,701,796	19,155,676		
40	Total Revenue Requirements	1,174,904	1,343,767	1,343,767	1,681,577	1,692,434	1,705,229	1,703,999	1,697,437	1,694,917	1,709,515	1,706,336	1,701,796	19,155,676		
41	Peak Demand Factor	1,174,904	1,343,767	1,343,767	1,681,577	1,692,434	1,705,229	1,703,999	1,697,437	1,694,917	1,709,515	1,706,336	1,701,796	19,155,676		
42	Peak Demand Factor	1,174,904	1,343,767	1,343,767	1,681,577	1,692,434	1,705,229	1,703,999	1,697,437	1,694,917	1,709,515	1,706,336	1,701,796	19,155,676		
43	North Dakota share - D1 factor	468,087	535,363	535,363	669,948	674,273	679,371	678,881	676,267	675,262	681,078	679,812	678,003	7,631,708		
44	ND Revenue Requirements	468,087	535,363	535,363	669,948	674,273	679,371	678,881	676,267	675,262	681,078	679,812	678,003	7,631,708		
45	ND Revenue Requirements	468,087	535,363	535,363	669,948	674,273	679,371	678,881	676,267	675,262	681,078	679,812	678,003	7,631,708		
46	Total North Dakota Share	468,087	535,363	535,363	669,948	674,273	679,371	678,881	676,267	675,262	681,078	679,812	678,003	7,631,708		
46	Total North Dakota Share	468,087	535,363	535,363	669,948	674,273	679,371	678,881	676,267	675,262	681,078	679,812	678,003	7,631,708		
47	<b>SUPPORTING INFORMATION / DATA</b>															
48	ND Cap Structure with allowed ROE per order.															
49	Capital Structure															
50	Debt															
51	Preferred equity															
52	Common equity															
53	Total															
54																
55																
56																
57																
58																
59																
60																
61																
62																
63	<b>Deferred Tax</b>															
64	Book depreciation	12,381	12,385	12,385	321,820	332,676	340,863	333,707	333,730	337,793	341,857	345,920	341,384	3,066,901		
65	Tax depreciation-Federal	74,060	74,060	792,633	792,633	792,633	792,633	792,633	792,633	792,633	792,633	792,633	792,633	8,074,446		
66	Tax depreciation-State	74,060	74,060	792,633	792,633	792,633	792,633	792,633	792,633	792,633	792,633	792,633	792,633	8,074,446		
67	Federal deferred income taxes	(12,394)	(12,393)	(156,790)	(94,609)	(92,428)	(90,783)	(92,221)	(92,216)	(91,400)	(90,583)	(89,766)	(90,678)	(1,006,261)		
68	State deferred income taxes	(2,658)	(2,658)	(33,629)	(20,292)	(19,824)	(19,471)	(19,780)	(19,779)	(19,604)	(19,428)	(19,253)	(19,449)	(215,825)		



Federal ADIT Proration Projection

	A	B	C	D
1	<b>July 2021 - June 2022 Recovery Period</b>			
2		<b>Astoria Station Revenue Requirement without ADIT Proration</b>	<b>Astoria Station Revenue Requirement with ADIT Proration</b>	<b>Difference due to Federal ADIT Proration (C - B)</b>
3	Month			
4	Jul-21	\$678,780	\$678,881	\$101
5	Aug-21	\$676,166	\$676,267	\$101
6	Sep-21	\$675,162	\$675,262	\$101
7	Oct-21	\$680,978	\$681,078	\$101
8	Nov-21	\$679,711	\$679,812	\$101
9	Dec-21	\$677,902	\$678,003	\$101
10	Jan-22	\$665,540	\$667,800	\$2,260
11	Feb-22	\$665,540	\$667,800	\$2,260
12	Mar-22	\$665,540	\$667,800	\$2,260
13	Apr-22	\$666,148	\$668,408	\$2,260
14	May-22	\$666,148	\$668,408	\$2,260
15	Jun-22	\$667,984	\$670,244	\$2,260
15		<b>\$8,065,599</b>	<b>\$8,079,764</b>	<b>\$14,165</b>

16	<b>Revenue Requirement Adjustment Related to Federal ADIT Proration</b>	<b>\$14,165</b>
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Federal ADIT Proration Preservation

	A	B	C	D	E
1			Tax Conversion Factor	1.3228	(1/(1-24.4%))
2			Gross Up of Equity %	6.78%	(D1 * D8)
3			Equity Return %	5.13%	(D8)
4			Gross Up Factor	1.66%	(D2-D3)

		Annual	Monthly
5			
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%

July 2020 - June 2021 Recovery Period			
Month	Original ADIT Balance - All Projects with ADIT Pro-Rated	Updated ADIT Balance - All Projects without ADIT Pro-Rated	Difference due to Federal ADIT Proration (C - B)
13			
14	Jun-20	\$0	\$0
15	Jul-20	\$0	(\$51)
16	Aug-20	\$0	(\$190)
17	Sep-20	\$0	(\$413)
18	Oct-20	\$0	(\$550)
19	Nov-20	\$0	(\$44,369)
20	Dec-20	(\$708,198)	(\$65,080)
21	Jan-21	(\$779,153)	(\$70,208)
22	Feb-21	(\$836,712)	(\$74,384)
23	Mar-21	(\$879,672)	(\$113,904)
24	Apr-21	(\$908,472)	(\$129,974)
25	May-21	(\$922,851)	(\$137,824)
26	Jun-21	(\$923,314)	(\$138,073)
27	ADIT Simple Average	(\$461,657)	(\$69,037)
			\$785,241

28	Rate Base Rev Req Gross Up Factor	9.30%
29	Total Company Revenue Requirement (D27 x D28)	\$36,504

30	ND Revenue Requirement Related to Federal ADIT Proration-Preservation (D29 x ND D1 Factor)	\$14,543
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Otter Tail Power Company  
Generation Cost Recovery Rider  
North Dakota  
Hoot Lake Plant Closure Revenue Requirement Shareback

Line No.	A	B Year>>	C	D	E
			2018 Test Year	2021 Projected Estimating May 31, 2021 HLP Closure Date	2022 Projected
	<b>RATE BASE</b>				
1	Ending Plant in Service		71,447,408	41,255,377	11,534,041
2	Ending Accumulated Depreciation		57,439,161	42,649,027	15,789,435
3	Ending Net Plant		14,008,247	(1,393,650)	(4,255,394)
4					
5	Accumulated Deferred Income Taxes Federal & State		(9,198,582)	(7,559,294)	(587,455)
6	Rate Base - Simple Average		4,809,665	(8,952,944)	(4,842,849)
7					
8	Rate Base Revenue Requirement		9.30%	9.30%	9.30%
9	Return on Rate Base (OTP Total)		447,299	(832,624)	(450,385)
10					
11	North Dakota Share -Blended Base Peak Split		36.42%	36.42%	36.42%
12	Return on Rate Base (OTP ND)		162,917	(303,261)	(164,041)
13					
14	<b>EXPENSES</b>				
15	<i>O&amp;M and Depreciation</i>				
16	Operations and Maintenance		6,904,226	3,543,056	970,000
17	Property Tax		1,127,988	878,000	233,000
18	Annual Depreciation Expense		3,558,914	5,410,171	313,317
19	Total O&M and Depreciation Expense		11,591,128	9,831,227	1,516,317
20					
21	North Dakota Share -Blended Base Peak Split		36.42%	36.42%	36.42%
22	O&M (OTP ND)		4,221,765	3,580,768	552,279
23					
24	<b>REVENUE REQUIREMENTS</b>				
25	Total Revenue Requirements (OTP ND) - Line 12 + Line 22		4,384,682	3,277,506	388,238
26					
27	Revenue Requirement Shareback			(1,107,176)	(3,996,444)

North Dakota			
28	<b>Tax Rate</b>		21.00%
29			2018 TY COSS
30	<b>Capital Structure</b>	Rate	Ratio Cost
31	Debt	5.2900%	47.50% 2.51%
32	Preferred Equity	0.0000%	0.00% 0.00%
33	Common Equity	9.7700%	52.50% 5.13%
34	Required Rate of Return		7.64%
35	Equity Return Tax Revenue Requirement		1.66%
36	<b>Rate Base Revenue Requirement Factor</b>		<b>9.30%</b>
37			
38			
39	Gross Up Factor	1.32284	Gross Up of Equity % 6.79%
40		1 / (1 - Tax Rate)	Equity % 5.13%
41			Difference 1.66%
42			
43	OTP ND Share (blended base peak split)		<b>36.42%</b>
44	Base Demand Factor		81.73%
45	Peak Demand Factor		18.27%
46	ND share - E1 factor		35.66%
47	ND share - D1 factor		39.84%
48			
49			

**NOTICE TO OTTER TAIL POWER COMPANY CUSTOMERS**

On March 1, 2021, we filed an application with the North Dakota Public Service Commission to update our Generation Cost Recovery Rider (GCRR) rate. The GCRR rate is included on the Generation Rider line of your bill. We developed the GCRR to allow recovery of costs associated with Astoria Station, our simple-cycle natural gas combustion turbine. The GCRR also includes a credit for the spring 2021 retirement of our coal-fired Hoot Lake Plant. The proposed rate is 5.179 percent of your bill, a decrease from the current rate of 6.041 percent. This proposed change is for bills rendered on and after July 1, 2021.

The new rate is proposed only, and, if suspended by the Commission, won't be effective until the Commission acts. If approved, customers can expect the following average monthly bill impacts from the previous GCRR rate: Residential (-\$0.66 at 1,000 kWh/month), Large General Service: (-\$166.74 at 400,000 kWh/month and 1,000 kW/month).

For more information contact Customer Service at 800-257-4044 or visit [otpc.com](http://otpc.com).

**NOTICE TO OTTER TAIL POWER COMPANY CUSTOMERS**

On Month ##, 2021, the North Dakota Public Service Commission approved our request to update the Generation Cost Recovery Rider (GCRR) rate. The GCRR recovers costs for constructing Astoria Station, our simple-cycle natural gas combustion turbine. The GCRR also includes a credit for the spring 2021 retirement of our coal-fired Hoot Lake Plant. The approved rate is 5.179 percent of your base bill, and we'll include it as part of the Generation Rider line on and after July 1, 2021.

The following table shows the approved rate and the incremental impact to a typical customer's bill.

	Average kWh's per month	Proposed rate	Monthly incremental impact
Residential	1,000	5.179%	-\$0.66
Large General Service	400,000 kWh & 1,000 kW	5.179%	-\$166.74

For more information contact Customer Service at 800-257-4044 or visit [otpc.com](http://otpc.com).

Attachment 10  
Legislative and Non-Legislative Versions of  
Tariff Sheet ND 13.06 – Generation Cost Recovery Rider

**GENERATION COST RECOVERY RIDER**

DESCRIPTION	RATE CODE
All Services	NGCR

**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 Generation Cost Recovery (GCR) 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 GCR 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.

<b>Generation Cost Recovery Factor <del>-6.0415.179</del> percent</b>
---

**DETERMINATION OF GENERATION COST RECOVERY CHARGE:** The GCR Factor shall be determined by dividing the forecasted *balance of the GCR Tracker account* by the *forecasted retail revenues subject to the GCR Factor*. The forecasted GCR 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 GCR Factor shall be rounded to the nearest 0.001 percent.

NORTH DAKOTA PUBLIC  
SERVICE COMMISSION  
Dakota  
Case No. PU-~~20-26921~~-  
Approved by ~~memo order~~ dated ~~June 19, 2020~~  
Bruce G. Gerhardson

EFFECTIVE with bills rendered on  
and after July ~~15, 2020~~, 2021, in North

\_\_\_\_\_  
APPROVED:  
Vice President, Regulatory Affairs

**GENERATION COST RECOVERY RIDER**

DESCRIPTION	RATE CODE
All Services	NGCR

**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 Generation Cost Recovery (GCR) 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 GCR 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.

<b>Generation Cost Recovery Factor 5.179 percent</b>
--

**R**

**DETERMINATION OF GENERATION COST RECOVERY CHARGE:** The GCR Factor shall be determined by dividing the forecasted *balance of the GCR Tracker account* by the *forecasted retail revenues subject to the GCR Factor*. The forecasted GCR 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 GCR Factor shall be rounded to the nearest 0.001 percent.

Attachment 11  
January 14, 2021  
Quarterly Construction Progress Report

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



January 14, 2021

Steve Kahl  
Director of Administration/Executive Secretary  
North Dakota Public Service Commission  
State Capitol  
Bismarck, ND 58505

**RE: Otter Tail Power Company's Application for Astoria Natural Gas Project  
Case No. PU-17-140  
Quarterly Report - Compliance Filing**

Dear Mr. Kahl:

On November 3, 2017, the Commission issued an Order on Settlement and approved a Settlement Agreement between Otter Tail and Advocacy Staff in the above-described case. The Settlement Agreement required Otter Tail to "provide the Commission quarterly construction progress reports on the Astoria Project until the project is in service."

Enclosed is Otter Tail's report for the quarter ending December 31, 2020.

If you have any questions regarding this report, please contact me at (605) 924-0767 or at [kphinney@otpc.com](mailto:kphinney@otpc.com).

Sincerely,

*/s/ KIRK PHINNEY*  
Kirk Phinney  
Manager, Supply Engineering

cjh  
Enclosures  
By electronic filing

**ASTORIA NATURAL GAS PROJECT  
QUARTERLY CONSTRUCTION PROGRESS REPORT**

**TO THE**

**NORTH DAKOTA PUBLIC SERVICE COMMISSION**

**FOR THE**

**PERIOD OCTOBER 1 THROUGH DECEMBER 31, 2020**

**January 14, 2021**

## **Astoria Natural Gas Project Quarterly Construction Progress Report**

Otter Tail Power Company (OTP) submits this report on the Astoria Natural Gas Project in compliance with the North Dakota Public Service Commission's November 3, 2017 Order on Settlement in Case Number PU-17-140, which requires OTP to provide the Commission quarterly construction progress reports on the Astoria Natural Gas Project until the project is in service. This report concerns project activities through December 31, 2020.

Project activities for the fourth quarter of 2020 focused on commissioning activities and completing construction activities necessary for initial operation of the plant.

All major procurements identified for the project have been completed and all major equipment and materials have been delivered to the site.

Construction activities during the quarter included completing the fuel gas system piping, cable installation and terminations, air inlet ductwork, air inlet filter installation, partial site asphaltting, final concrete, plant area lighting, pressure testing of piping systems, and insulation of piping and combustion turbine. The general work contractor also began demobilizing equipment such as the large cranes and heavy haul dump trucks.

Commissioning activities for the quarter included cleaning of numerous piping systems, energizing the generator step up and unit auxiliary transformers via the transmission switchyard, combustion turbine and generator lube oil flush, bringing natural gas to the fuel gas equipment, test firing the fuel gas water bath heater, functional checks of balance of plant systems, high voltage equipment protection check out, calibration of all instruments, and initial fills of oils and lubricants.

Managing implications of the COVID-19 pandemic continued in the fourth quarter of 2020. During the quarter, several workers at the site tested positive for COVID-19. However, given the sporadic timing of the cases - - nothing suggested on-site spread. Mandatory face covering usage, continuous cleaning, disinfecting, and coordinated contract tracing with all on-site contractors will continue through completion of the project. Additional project costs due to COVID-19 have remained relatively low. As the workforce transitions from a large construction workforce to a smaller workforce, individual positive COVID-19 cases could impact commissioning and startup on specific equipment requiring specialized workforce personnel. To date, these risks have been

avoided, and we have worked with equipment suppliers on technical support contingency plans and preventative measures already in place.

Several contractual milestones were missed due to instrumentation failures discovered during the commissioning process. Replacement instruments were received onsite by the end of the quarter; however, their lead time impacted the critical path schedule by six weeks. At the time of this report, commissioning efforts have resumed in full and OTP is assessing cost and schedule impacts.

The focus for the first quarter of 2021 will be continued COVID-19 impact mitigation efforts, final commissioning of all systems, achieving first fire of the Unit, and hot commissioning of the combustion turbine. The project remains within budget and the anticipated in-service date is March 1, 2021.



Site activity near beginning of quarter 10/2/2020



Site activity near end of quarter 12/31/2020