

STATE OF NORTH DAKOTA
PUBLIC SERVICE COMMISSION

Otter Tail Power Company
2022 Renewable Resource Cost Recovery Adj. Factor
Rates

Case No. PU-22-19

ORDER

March 30, 2022

Preliminary Statement

On January 5, 2022, Otter Tail Power Company (OTP) filed an application to change its Renewable Resource Cost Recovery (RRCR) Rider rate. The proposed rate reflects forecasted costs related to investments in the Ashtabula and Langdon Wind Energy Facilities and the Merricourt Wind Energy Project for April 1, 2022, through March 2023, and a true-up of over-recovered costs from the recovery period April 2021 through March 2022.

On February 2, 2022, the Commission issued a Notice of Opportunity for Hearing that provided until March 18, 2022, for receiving written comments and hearing requests. No request for a hearing was received.

The Notice identified the following issues to be considered in this matter:

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

On February 23, 2022, the Commission discussed these matters with OTP and Commission staff during an informal hearing.

Discussion

Otter Tail proposes a \$7,825,174 revenue requirement to be collected from customers over the April 1, 2022, through March 2023 recovery period. The result is an RRCR Rider rate decrease from 11.825 to 7.108 percent and is to be applied to energy billed to each customer. The requirement includes \$10,048,792 of costs associated with the three wind projects, a credit of \$2,144,079 associated with the true-up, and a credit of \$79,539 associated with carrying costs on the true-up amount.

The revenue requirement for the 2022 RRCR Rider rate is approximately \$3.9 million lower than the revenue requirement for the 2020 RRCR Rider rate. The decrease

can largely be attributed to the change in useful life for the Merricourt Wind Energy Project from 25 years to 35 years and the sale of renewable energy credits.

As a result of this change, a residential customer consuming 1,000 kWh per month would experience a bill decrease of approximately \$3.23.

The Commission finds Otter Tail's investments qualify for recovery, the incurred costs are reasonable and prudent, and the rate adjustments are consistent with the terms of Otter Tail's tariff; therefore, the 2022 RRCR Rider rate change should be approved.

Order

The Commission orders Otter Tail Power Company's 2022 Renewable Resource Cost Recovery Rider rate filed on January 5, 2022, is APPROVED for service rendered on or after April 1, 2022.

PUBLIC SERVICE COMMISSION


Randy Christmann
Commissioner


Julie Fedorchak
Chair


Sheri Haugen-Hoffart
Commissioner