

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

**Otter Tail Power Company**  
**2023 Renewable Resource Cost Adj. Factor**  
**Rates**

**Case No. PU-22-429**

**ORDER**

**April 27, 2023**

**Preliminary Statement**

On December 30, 2022, Otter Tail Power Company (OTP) filed an application to change its Renewable Resource Cost Recovery (RRCR) rider rate. The proposed rate reflects costs through March 31, 2024, related to investments in the Merricourt Wind Energy Project, the Ashtabula III Wind Farm, and a true-up of unused production tax credits associated with Ashtabula and Langdon Wind Energy Facilities. OTP proposes to increase the RRCR from the current charge of 7.108 percent to 15.541 percent effective April 1, 2023. The effect of the rate change on the bill for a residential customer using 1000 kWh is an increase of \$5.77 per month.

On February 8, 2023, the Commission issued a Notice of Opportunity for Consolidated Hearing that provided until March 24, 2023, for receiving written comments and hearing requests. No request for 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 OTP's tariff?

On March 15, 2023, the Midwest Large Energy Consumers (MLEC) filed comments.

On March 16, 2023, the Commission discussed these matters with OTP, MLEC and Commission staff during an informal hearing.

On March 23, 2023, OTP filed an updated RRCR rate proposal.

On March 27, 2023, the Midwest Large Energy Consumers (MLEC) filed additional comments. The Commission issued a second Notice of Opportunity for Hearing that provided until May 1, 2023, for receiving written comments and hearing requests.

On April 12, 2023, Applied Digital filed comments.

On April 14, 2023, OTP filed an updated RRCR rate proposal.

On April 19, 2023, OTP filed a correction to the April 14, 2023, RRCR rate proposal.

On April 24, 2023, OTP filed reply comments with final proposed rates.

### **Discussion**

OTP proposes a \$17 million revenue requirement to be collected from customers over the April 1, 2023, through March 31, 2024, recovery period. The result is an RRCR rider rate increase from 7.108 to 15.542 percent. The revenue requirement includes \$14.5 million of costs associated with the wind projects, a charge of \$2.4 million associated with the true-up, and a charge of \$96k associated with carrying costs on the true-up amount.

The revenue requirement for the 2023 RRCR rider rate is approximately \$9 million higher than the revenue requirement for the 2022 RRCR rider rate. The increase can largely be attributed to increased cost associated with the wind projects, the true-up amount, and an increase in the jurisdictional allocator.

The Commission determined there would be no change to the jurisdictional allocator used in the RRCR. The revenue requirement without a jurisdictional change and a delay of implementation to May 1, 2023, resulted in a revenue requirement of \$12.2 million and an RRCR rider rate of 12.157%.

As a result of this change, a residential customer consuming 1,000 kWh per month would experience a bill increase of approximately \$3.46.

The Commission finds OTP's investments qualify for recovery, the incurred costs are reasonable and prudent, and the rate adjustments are consistent with the terms of OTP's tariff. Therefore, the 2023 RRCR rider rate change should be approved.

### **Order**

The Commission Orders Otter Tail Power Company's 2023 Renewable Resource Cost Recovery Rider rate filed on April 24, 2023, is APPROVED for service rendered on or after May 1, 2023, conditioned on not receiving public comments.

PUBLIC SERVICE COMMISSION

*Sheri Haugen-Hoffart* *Randy Christmann* *Julie Fedorchak*  
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Commissioner Chair Commissioner