

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

**Otter Tail Power Company**  
**Transmission Facility Cost Recovery (2024)**  
**Rates**

**Case No. PU-23-306**

**ORDER**

**December 18, 2023**

**Preliminary Statement**

On September 15, 2023, Otter Tail Power Company (OTP) filed an annual rate update under its Transmission Facility Cost Recovery Rider (TCRR) tariff.

On October 11, 2023, the Commission issued a Notice of Opportunity for Hearing, which provided until November 22, 2023, for receiving written comments and hearing requests. No response was received. The notice provided that, if deemed appropriate, the Commission can determine the matter without a hearing.

The Notice identified the issues to be considered in this proceeding are:

1. Whether the proposed rate adjustment complies with OTP's tariff,
2. Whether the incurred costs for new or modified electric transmission facilities are reasonable and prudent, and
3. Whether the incurred costs are eligible for recovery through the TCRR.

On November 2, 2023, OTP filed a Supplemental TCRR tariff.

On November 22, 2023, the Commission held an Informal Hearing to discuss the matter with OTP.

**Discussion**

On October 5, 2023, Staff notified OTP that they were not correctly allocating general and administrative (G&A) credits for MISO Schedules 26 and 26a based on FERC formula rates. OTP subsequently indicated to Staff that they would correct this error in a subsequent filing, which would reduce the revenue requirement by \$0.7 million per year.

After a subsequent data request, OTP discovered they had not incorporated the actual project cost for the Gackle Rural Loop project, and that they would need to explain this oversight in a subsequent filing. In the subsequent filing the cost was properly reflected as an additional \$7.2 million in total cost to ND.

Within the corrected November 2, 2023, TCRR filing, OTP made the following corrections:

1. Corrected the G&A credit, which reduced the revenue requirement by \$0.7 million
2. Included an explanation of the actual Gackle Rural Loop project costs.

OTP also moved 40 projects out of the TCRR into base rates and updated the capital structure and allocation factors. The update includes two new MISO Long Range Transmission Projects: the Jamestown to Ellendale 345 kV project and the Big Stone South to Alexandria to Big Oaks 345 kV project. It also includes the Milbank Area Reliability Project, seven Extenda-Life and transmission rebuild projects, a change in scope of an existing project, updated MISO and SPP revenue and charges, and an update to the true-up.

The Supplemental TCRR's 2024 revenue requirement is \$4,481,941, resulting in a 2024 TCRR rate of 0.336 cents per kWh for residential service rendered on or after January 1, 2024. Including the transfer of projects to base rates, the change results in a billing decrease for a residential customer using 1000 kWh per month of \$2.39 over the existing TCRR rate.

The proposed rate adjustment complies with OTP's tariff.

The incurred costs for new or modified electric transmission facilities are reasonable and prudent.

The incurred costs are eligible for recovery through the TCRR.

### Order

The Commission orders OTP's 2024 TCRR rate filed on November 2, 2023, is approved effective January 1, 2024.

### PUBLIC SERVICE COMMISSION

  
Sheri Haugen-Hoffart  
Commissioner

  
Randy Christmann  
Chair

  
Julie Fedorchak  
Commissioner