

Memorandum

To: Commissioners Christmann, Haugen-Hoffart and Fedorchak

From: Victor Schock, Director of Public Utilities *VS*

Date: November 16, 2023

Re: Otter Tail Power Company, 2023 Electric Rate Increase, Application, Case No. PU-23-342

On November 2, 2023, Otter Tail Power Company (OTP) filed an application to increase its Electric rates in North Dakota.

It is worth noting that OTP is proposing to transfer costs from its Transmission, Generation, Metering & Distribution and Renewable Riders into base rates at the beginning of its rate case rather than after completion. This is a change from how we have traditionally handled such transfers in North Dakota, however it has been done by OTP in other jurisdictions.

The primary drivers of the increase request as laid out by OTP are: Interest rate and inflation increases and aggregate cost increases.

The chart below provides a summary of the interim and full rate increase request.

OTP 2023 Electric Rate Increase	
Date Filed	11/2/2023
Test Year	2024
Retail Electric Customers	59,000
Requested ROE	10.60%
Currently Authorized ROE	9.77%
Last Electric Case	PU-17-398
Last Electric Increase authorized	5.03%
Interim Rates Effective Date	1/1/2024
Commission's Deadline for final rates (49-05-06 (1))	6/2/2024

Breakdown	Interim	Full Request
2024 Retail Revenue at current rates	\$182,974,451	\$182,686,888
Requested Increase	\$14,214,884	\$17,358,237
2024 Rider revenues to be included in interim/full ask	\$20,235,589	\$23,302,321
2024 Retail Revenue at requested rates	\$217,424,924	\$223,347,446
% Increase	6.03%	8.43%
Interim Rate Surcharge	30.51%	
Monthly bill impact to Residential	\$20.56	\$11.33
Monthly bill impact to Residential net of rider change	\$7.26	\$11.33