

STATE OF NORTH DAKOTA
PUBLIC SERVICE COMMISSION

**Otter Tail Power Company
2023 Electric Rate Increase
Application**

Case No. PU-23-342

ORDER ON INTERIM RATES

December 13, 2023

Preliminary Statement

On November 2, 2023, Otter Tail Power Company (OTP), filed with the Commission an increase in rates for electric service.

On November 2, 2023, OTP also filed an interim rate increase for electric service.

On December 1, 2023, Commission Advocacy Staff filed comments regarding OTP's proposed interim rate increase.

Discussion

OTP's November 2, 2023, interim rate increase filing set forth a rate increase based on revenue requirement for a projected 2024 test year. The rate change would result in a net increase in annual revenue for the 2024 test year of \$14,214,884, or a 6.03% increase in annual revenue.

A company filing for a rate increase is entitled to an interim rate increase under North Dakota Century Code (NDCC) Section 49-05-06(2). The interim rate increase must meet certain criteria including: the same rate of return on common equity authorized by the Commission in the public utility's more recent rate proceeding; rate base and expense items the same in nature and kind allowed by the Commission in its most recent rate proceeding and no change in the existing rate design.

OTP's November 2, 2023, interim rate filing is a net increase in annual revenue of \$14,214,884, subject to refund, to be effective January 1, 2024. The total interim revenue requirement is \$34,450,473, however \$20,235,589 of this total includes items currently recovered in rider rates that will be removed from those rider rates effective January 1, 2024. This will have the effect of making the interim rates appear to be a much larger increase. While the net revenue increase is 6.03%, the interim rate will be set at 30.51%. The interim rate will only be applied to the base customer, demand, energy, fixed, facilities and monthly minimum charges on customer bills. It will not be applied to the energy adjustment rider or any other rider charges.

Advocacy Staff states that OTP's interim increase complies with NDCC Section 49-05-06(2) and should be approved for service rendered on or after January 1, 2024.

The Commission finds that OTP's interim increase complies with NDCC Section 49-05-06(2).

In the event the interim rate amounts collected by OTP are more than final rates approved by the Commission, OTP is required to refund the excess under NDCC Section 49-05-06(4), including interest at a rate to be determined by the Commission.

Order

The Commission Orders:

1. The request of Otter Tail Power Company, for interim rates to increase annual revenue collections by \$34,450,473 as filed on November 2, 2023, is approved.
2. Interim rates are effective for service rendered on or after January 1, 2024.

PUBLIC SERVICE COMMISSION


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Commissioner


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Chair


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