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December 13, 2024



Mr. Steve Kahl  
Director of Administration/Executive Secretary  
North Dakota Public Service Commission  
600 East Boulevard, Dept. 408  
Bismarck, ND 58505-0480

**RE: In the Matter of the Application and Notice of Otter Tail Power Company for  
Authority to Increase Rates for Electric Service in North Dakota  
Case No. PU-23-342  
OAH File No. 20230373  
Presentation**

Dear Mr. Kahl:

Please find enclosed for filing a copy of the PowerPoint slides of witness Bruce Gerhardson the Company plans to offer at the December 16, 2024, hearing.

An original and 7 copies will be delivered on Monday, Dec. 16<sup>th</sup>. If you have any questions regarding this filing, please contact me at [jfyhrie@otpc.com](mailto:jfyhrie@otpc.com).

Sincerely,

/s/ JESSICA J FYHRIE  
Jessica J Fyhrie  
Manager, Regulatory Proceedings

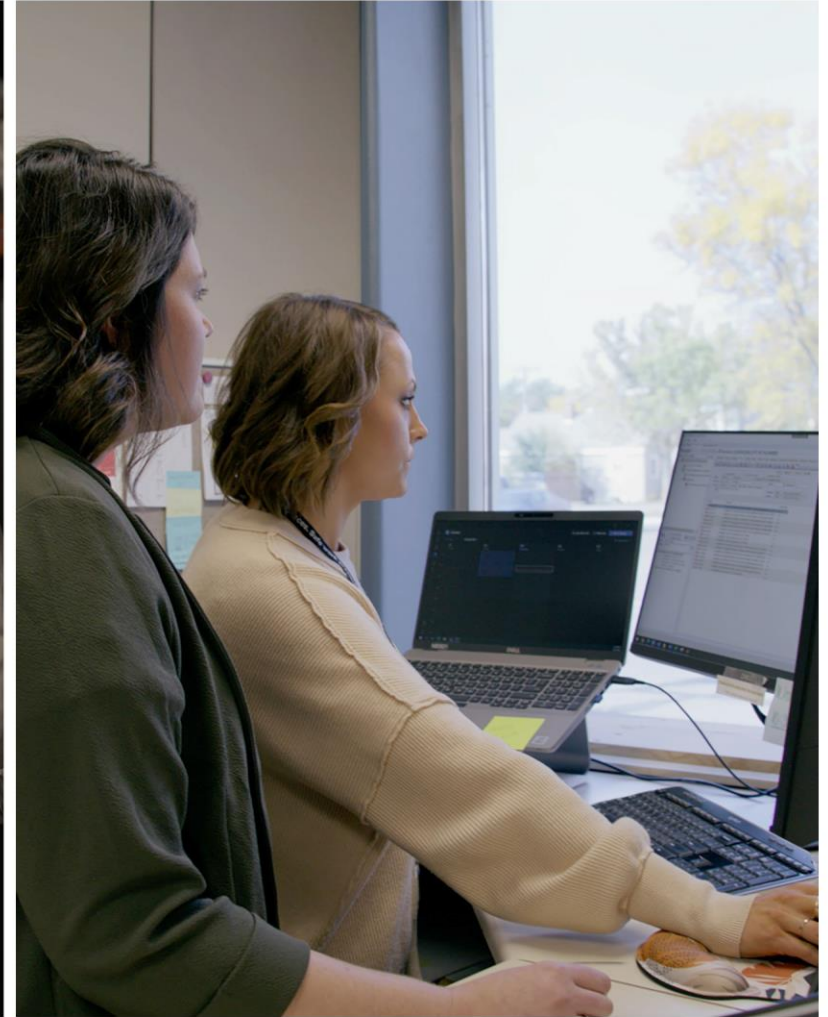
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Enclosures  
By electronic filing  
c: Service List

125 PU-23-342 Filed 12/13/2024 Pages: 12  
Formal Hearing Presentation

Otter Tail Power Company  
Jessica Fyhrie, Mgr. Reg. Proceedings

# OTP NORTH DAKOTA RATE CASE (CASE NO. PU-23-342)

Settlement Hearing December 16, 2024



# MISSION, VISION AND VALUES

## Mission

To produce and deliver electricity as reliably, economically, and environmentally responsible as possible to the balanced benefit of customers, shareholders, and employees and to improve the quality of life in the areas in which we do business.

## Vision

**Growth and success—for our company and the rural communities we serve.** We collaborate and prosper through responsible, resourceful action. We balance community, economic, and environmental commitments. **Always.**

## Values



### Integrity.

We conduct business responsibly and honestly.



### Safety.

We provide safe workplaces and require safe work practices.



### Customer focus.

We provide reliable electricity and timely, courteous customer service.



### Resourcefulness.

We draw on the ingenuity and expertise of various resources to create strategic, balanced plans.



### Community.

We improve the quality of life in the areas in which we do business.

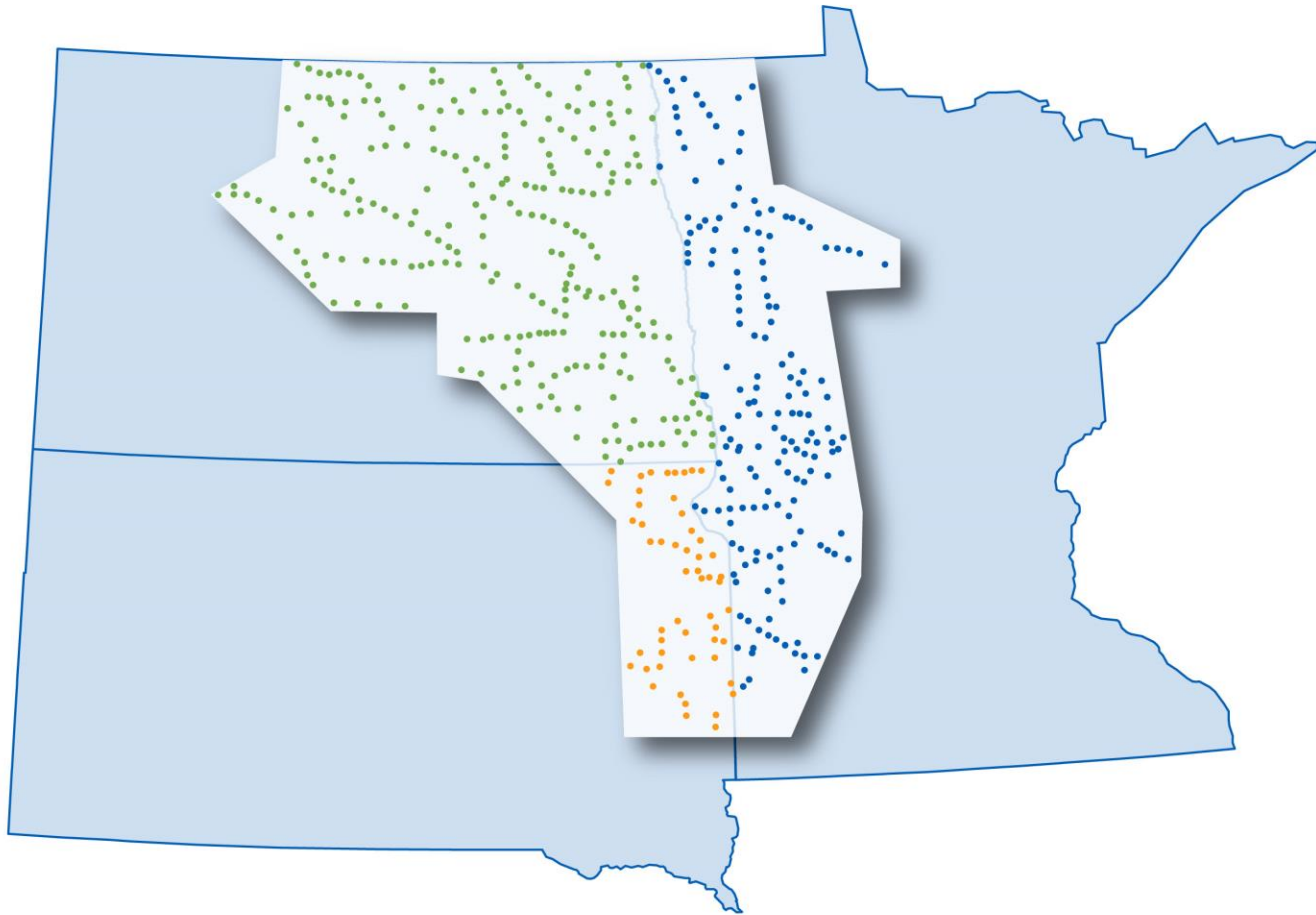


### People.

We build respectful relationships and create an environment where all people can thrive.



# COMMUNITIES WE SERVE

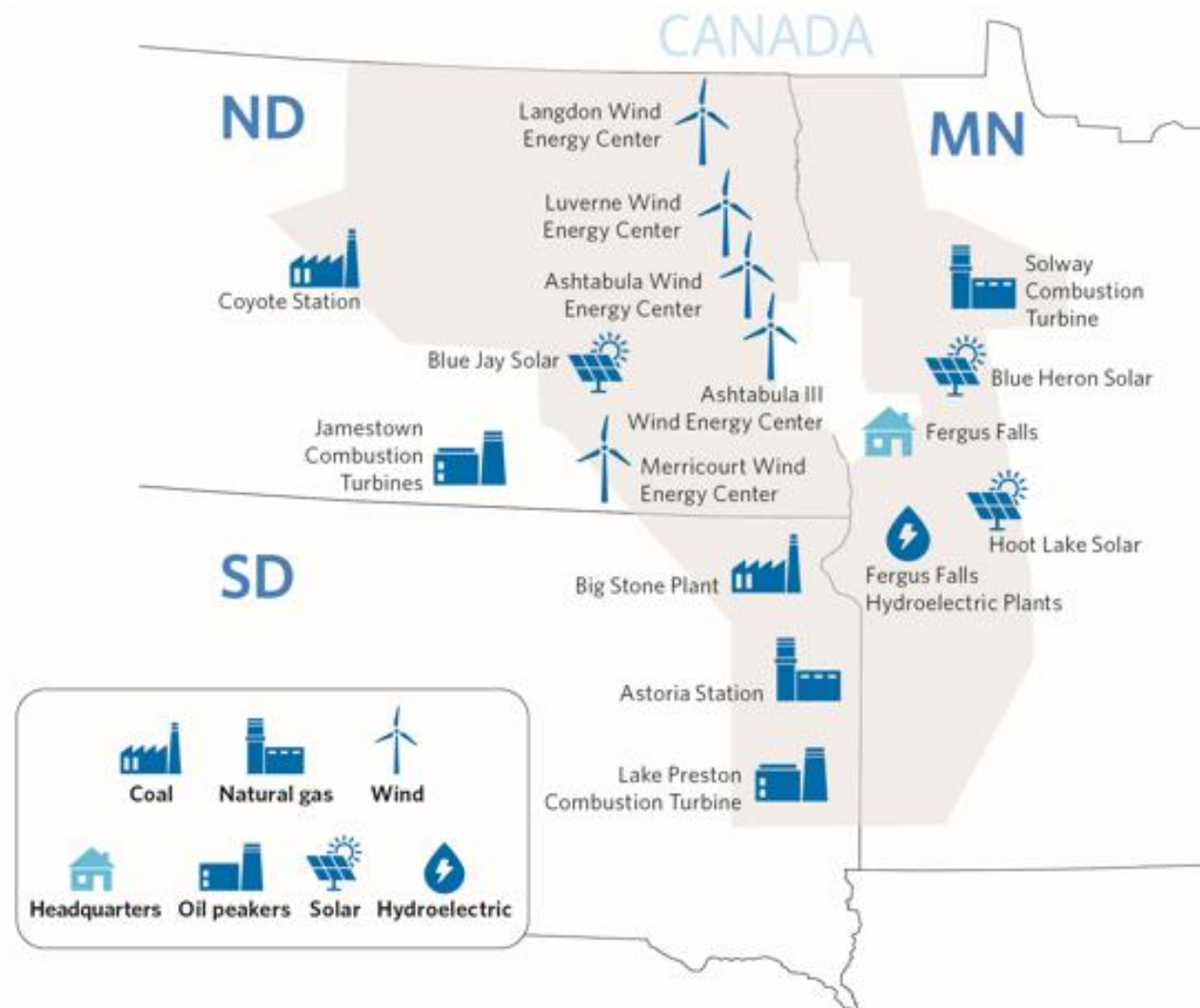


**422**  
COMMUNITIES





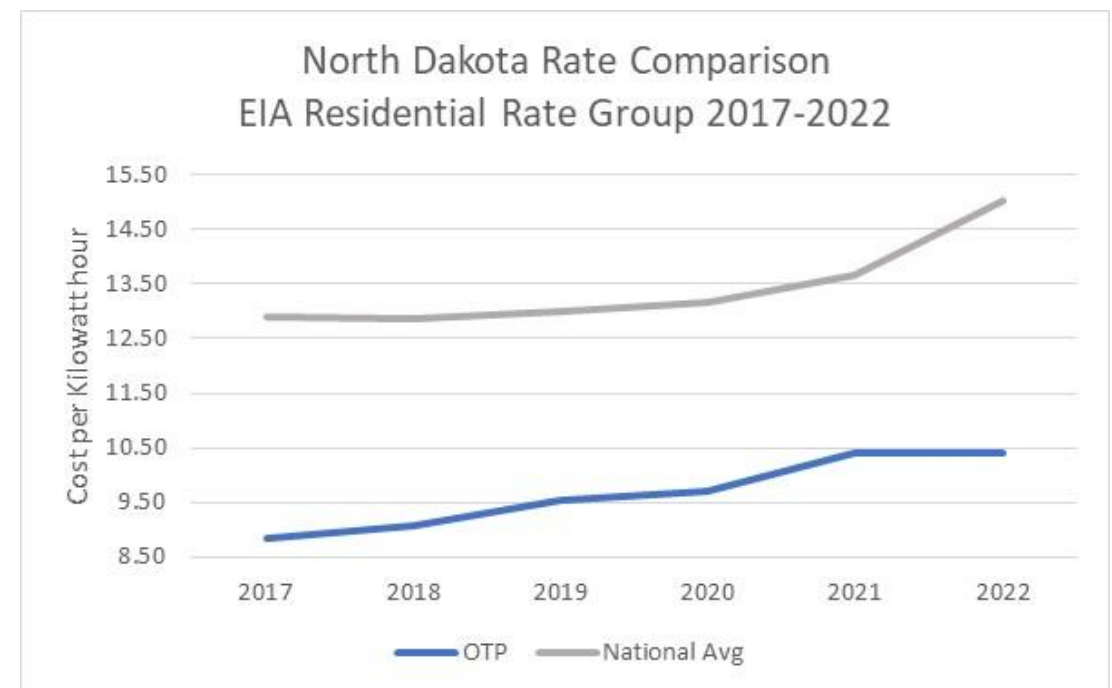
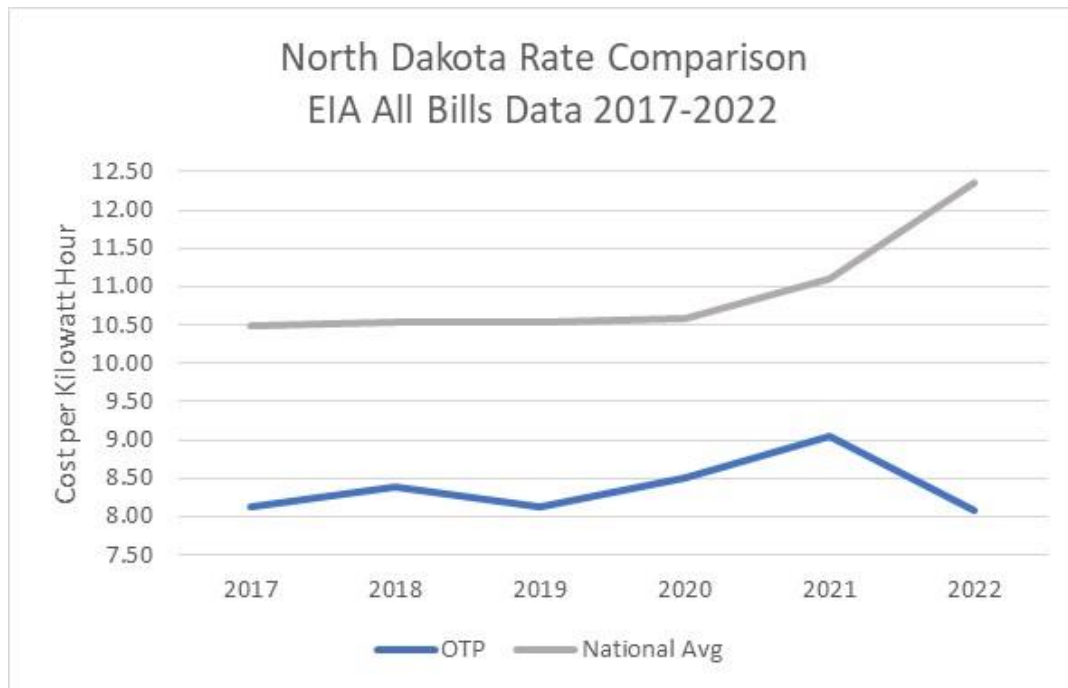
# OUR GENERATION, TRANSMISSION AND DISTRIBUTION



**6,352** & **7,877**  
MILES OF TRANSMISSION LINES & MILES OF DISTRIBUTION LINES

# OUR RATES

- OTP's rates are approximately 34.5% below the national average.



# 2024 TEST YEAR RATE CASE

- Case filed in November 2023, seeking \$17.4 million net increase to base rate revenue
  - 8.43 percent effective increase above present base rate revenue, after accounting for costs moving from riders to base rates
- Last rate case filed in 2017 based on a 2018 Test Year (PU-17-398)
- Case addresses operational costs that have increased since 2018

# THE SETTLEMENT

- Resolves all issues in case
- Results in \$13.1 million net increase to base rate revenue
  - 6.18 percent net increase above present base rate revenue-approximately 1 percent annually since last rate case
- Provides for some costs to move from riders to base rates, and other costs to move from base rates to riders
- Does not include OTP's Sales Adjustment Proposal
- Average residential customer using 875 kWh will see \$8.43 monthly increase



# AGREED UPON COST OF CAPITAL

- Equity at 10.10% return
- Equity Ratio at 53.50%, when combined with agreed upon costs of short-term debt and long-term debt, results in an authorized ROR of 7.53%
- 70/30 (customer/OTP) earnings sharing mechanism, if actual future earnings ever above 10.20%
- Settlement Capital Structure:

Capitalization	Percent of Total	Cost of Capital	Weighted Cost of Capital
Short term debt	2.98%	6.35%	0.19%
Long term debt	43.52%	4.45%	1.94%
Total debt	46.50%	4.57%	2.13%
Common equity	<u>53.50%</u>	10.10%	<u>5.40%</u>
Total Capitalization	100%		7.53%

# INCREASE TO AVERAGE CUSTOMER – RESIDENTIAL/BUSINESS

Average Monthly Electricity Costs			
Customer rate type	Monthly kilowatt-hour use	Requested increase	Final increase to monthly bill
Residential	875	\$11.33	\$8.46
Business	2800	\$34.30	\$24.77

The increase may be more for some customers and less for others depending on the rates on which they are served and the amount of electricity they use.



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[otpsustainability.com](https://otpsustainability.com)

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

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In the Matter of Otter Tail Power  
Company's Application for Authority  
To Increase Rates for Electric Service  
In North Dakota

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Case No. PU-23-342

**CERTIFICATE OF SERVICE**

Kim Ward certifies that on the 13<sup>th</sup> day of December, 2024, she served a true and correct copy of the attached Presentation by email addressed to the following individuals:

Steve Kahl  
Director of Admin./Exec. Secretary  
ND Public Service Commission  
[ndpsc@nd.gov](mailto:ndpsc@nd.gov)

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Subscribed and sworn to before me this  
13<sup>th</sup> day of December, 2024

  
\_\_\_\_\_  
Notary Public

