


# Memorandum

To: Commissioners Christmann, Haugen-Hoffart, and Kringstad

From: Adam Renfandt 

Date: September 10, 2025

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

On August 19, 2025, Ottetail Power Company (OTP) submitted an amended compliance filing (second one) for electric rates effective since March 15, 2025. In the filing, OTP describes that rates for Section 14.04, Controlled Service Interruptible Load Self-Contained and CT Metering Rider rates (Dual Metered Rates) led to unintended customer impacts. These rates are available to customers with interruptible loads, primarily electric heating, with an alternative form of heating. OTP decreased all summer and winter energy rates in this class as part of the amendment (see summer and winter energy rates in bold on page 2). OTP proposes that the amended rates be effective October 1, 2025, with refunds retroactive to March 15, 2025, and are to be issued to customers in either December 2025 or January 2026.

In the Settlement Agreement with Advocacy Staff, a \$13.1M revenue increase was authorized. Through discovery, Staff determined how this error occurred. When OTP adjusted base revenue at current rates to account for a rate case settlement concession, OTP incorrectly made a \$1M adjustment to how much they were currently collecting from rates (by way of a formula error). This adjustment placed \$1M of additional revenue into base revenue that was attributed to no customer (see the \$940,685 present revenue plug and the \$1,046,290 net effect of the plug circled on page 3 associated with no bills). Therefore, base revenue at current rates (prior to rate increase) was overstated by \$1M. Adding this \$1M to the \$13.1M authorized increase meant that OTP was collecting a revenue increase of \$14.1M. This amended filing (the second one) corrects for this error.

OTP appears to have correctly set the Section 14.04 rates in this amended filing, and Advocacy Staff recommends that the Commission approve the rates as amended effective October 1, 2025, with refunds retroactive to March 15, 2025, that are to be issued to customers in either December 2025 or January 2026.

**Otter Tail Power  
Revised Interruptible Rates**

					<b>Billing Units</b>		<b>Proposed Rate (Final)</b>		<b>Proposed Rate (Revised)</b>	
					<b>Summer</b>	<b>Winter</b>	<b>Summer</b>	<b>Winter</b>	<b>Summer</b>	<b>Winter</b>
<b>Controlled Service Interruptible</b>										
<b>14.04 Controlled Service - Interruptible Load Rider CT Metering - Option 1 (Rates 170, 165, 881)</b>										
Customer Charge	Bills			2,619	\$	20.20	\$	20.20	\$	20.20
Facilities Charge	kW			558,708	\$	1.42	\$	1.42	\$	1.42
Energy - All kWh	kWh	8,360,599	57,621,234	65,981,833	\$	<b>0.02135</b>	\$	<b>0.01851</b>	\$	<b>0.01637</b>
Penalty kWh	kWh			-	\$	0.18412	\$	0.20847	\$	0.20847
Base Revenue:										
<b>14.04 Controlled Service - Interruptible Load Rider CT Metering - Option 2 (Rates 168, 268, 169, 269)</b>										
Customer Charge	Bills			122	\$	20.20	\$	20.20	\$	20.20
Facilities Charge	kW			9,301	\$	1.42	\$	1.42	\$	1.42
Energy - All kWh	kWh	69,359	806,935	876,294	\$	<b>0.02135</b>	\$	<b>0.01851</b>	\$	<b>0.01637</b>
Control Period Demand	kW			-	\$	14.50	\$	14.45	\$	14.45
Base Revenue:										
<b>14.05 Controlled Service - Interruptible Load Rider Self-Contained Metering (Rates 190, 185, 882)</b>										
Customer Charge	Bills			85,305	\$	8.50	\$	8.50	\$	8.50
Facilities Charge	Bills			85,305	\$	11.70	\$	11.70	\$	11.70
Energy - All kWh	kWh	12,491,661	119,327,289	131,818,950	\$	<b>0.03035</b>	\$	<b>0.02631</b>	\$	<b>0.02325</b>
Penalty kWh	kWh	-	-	-	\$	0.18412	\$	0.20847	\$	0.20847
Base Revenue:										
<b>Adjustments for Riders included in Base Rates</b>										
Energy Adjustment Rider	kWh									
Renewable Resource Recovery Rider	%									
Transmission Cost Recovery Rider	kWh									
Metering & Distribution Technology Rider	kWh									
Generation Cost Recovery Rider	%									
<b>Total Adjustments:</b>										
<b>Revenue Adjustment:</b>										
<b>Total Base Revenue for the COSS Class:</b>										
<b>Total Adjustments for the COSS Class:</b>										
<b>Total for the COSS Class:</b>										



**Otter Tail Power  
Revised Interruptible Rates**

	Operating Revenues (Final)			Operating Revenues (Revised)			Difference		
	Present Annual	Proposed Annual	Annual Increase	Present Annual	Proposed Annual	Annual Increase	Present Annual	Proposed Annual	Annual Increase
<b>Controlled Service Interruptible</b>									
<b>14.04 Controlled Service - Interruptible Load Rider CT</b>									
Customer Charge	\$ 52,908	\$ 52,908	\$ -	\$ 52,908	\$ 52,908	\$ -	\$ -	\$ -	\$ -
Facilities Charge	\$ 424,618	\$ 791,428	\$ 366,810	\$ 424,618	\$ 793,365	\$ 368,747	\$ -	\$ 1,937	\$ 1,937
Energy - All kWh	\$ 670,355	\$ 1,244,997	\$ 574,642	\$ 670,355	\$ 954,508	\$ 284,153	\$ -	\$ (290,489)	\$ (290,489)
Penalty kWh	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Base Revenue:	\$ 1,147,881	\$ 2,089,333	\$ 941,452	\$ 1,147,881	\$ 1,800,782	\$ 652,900	\$ -	\$ (288,552)	\$ (288,552)
<b>14.04 Controlled Service - Interruptible Load Rider CT</b>									
Customer Charge	\$ 2,458	\$ 2,458	\$ -	\$ 2,458	\$ 2,458	\$ -	\$ -	\$ -	\$ -
Facilities Charge	\$ 7,069	\$ 13,175	\$ 6,106	\$ 7,069	\$ 13,207	\$ 6,139	\$ -	\$ 32	\$ 32
Energy - All kWh	\$ 8,880	\$ 16,416	\$ 7,536	\$ 8,880	\$ 12,586	\$ 3,706	\$ -	\$ (3,830)	\$ (3,830)
Control Period Demand	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Base Revenue:	\$ 18,407	\$ 32,049	\$ 13,643	\$ 18,407	\$ 28,251	\$ 9,844	\$ -	\$ (3,798)	\$ (3,798)
<b>14.05 Controlled Service - Interruptible Load Rider Se</b>									
Customer Charge	\$ 725,093	\$ 725,093	\$ -	\$ 725,093	\$ 725,093	\$ -	\$ -	\$ -	\$ -
Facilities Charge	\$ 998,069	\$ 998,069	\$ -	\$ 998,069	\$ 998,069	\$ -	\$ -	\$ -	\$ -
Energy - All kWh	\$ 1,248,602	\$ 3,518,322	\$ 2,269,721	\$ 1,248,602	\$ 2,694,876	\$ 1,446,274	\$ -	\$ (823,446)	\$ (823,446)
Penalty kWh	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Base Revenue:	\$ 2,971,763	\$ 5,241,483	\$ 2,269,721	\$ 2,971,763	\$ 4,418,037	\$ 1,446,274	\$ -	\$ (823,446)	\$ (823,446)
<b>Adjustments for Riders included in Base Rates</b>									
Energy Adjustment Rider	\$ 5,710,255	\$ 5,486,418	\$ (223,837)	\$ 5,710,255	\$ 5,486,418	\$ (223,837)	\$ -	\$ -	\$ -
Renewable Resource Recovery Rider	\$ 486,734	\$ (204,782)	\$ (691,517)	\$ 389,918	\$ (174,958)	\$ (564,876)	\$ (96,816)	\$ 29,824	\$ 126,640
Transmission Cost Recovery Rider	\$ 176,089	\$ -	\$ (176,089)	\$ 176,089	\$ -	\$ (176,089)	\$ -	\$ -	\$ -
Metering & Distribution Technology Rider	\$ 484,981	\$ 400,063	\$ (84,919)	\$ 484,981	\$ 400,063	\$ (84,919)	\$ -	\$ -	\$ -
Generation Cost Recovery Rider	\$ 154,528	\$ -	\$ (154,528)	\$ 123,791	\$ -	\$ (123,791)	\$ (30,737)	\$ -	\$ 30,737
<b>Total Adjustments:</b>	\$ 7,012,588	\$ 5,681,699	\$ (1,330,889)	\$ 6,885,035	\$ 5,711,523	\$ (1,173,512)	\$ (127,553)	\$ 29,824	\$ 157,378
<b>Revenue Adjustment:</b>	\$ 940,685			\$ (105,544)			\$ (1,046,229)		
<b>Total Base Revenue for the COSS Class:</b>	\$ 5,078,735	\$ 7,362,866	\$ 3,224,815	\$ 4,032,506	\$ 6,247,070	\$ 2,109,019	\$ (1,046,229)	\$ (1,115,796)	\$ (1,115,796)
<b>Total Adjustments for the COSS Class:</b>	\$ 7,012,588	\$ 5,681,699	\$ (1,330,889)	\$ 6,885,035	\$ 5,711,523	\$ (1,173,512)	\$ (127,553)	\$ 29,824	\$ 157,378
<b>Total for the COSS Class:</b>	\$12,091,323	\$13,044,565	\$ 1,893,926	\$10,917,541	\$11,958,593	\$ 935,507	\$ (1,173,782)	\$ (1,085,972)	\$ (958,419)