

# Memorandum

To: Commissioners Christmann, Haugen-Hoffart, and Fedorchak

From: Adam Renfandt



Date: December 5, 2024

Re: Otter Tail Power Company, Transmission Facility Cost Recovery (2025), Rates, Case No. PU-24-336

On September 16, 2024, Otter Tail Power Company (OTP) filed its 2025 update to its Transmission Cost Recovery Rider (TCRR) rates to reflect updated electric transmission revenues and costs. The TCRR rate proposed to be effective January 1, 2025, is \$.0024 per kWh (.24 cents per kWh), or a decrease of \$0.96 for the average residential customer using 1000 kWh per month. The filing proposed a revenue requirement of \$3,134,045, which is \$1,347,907 less than the prior revenue requirement. The reduction was largely driven by the overcollection of revenue that will be returned to ratepayers through the true-up.

OTP proposes six new transmission projects with four of the projects designed to extend the life of the transmission facilities versus a complete rebuild. These projects contributed \$37,224 to the 2025 revenue requirement. Furthermore, OTP proposes to true-up MISO schedules 7, 8, and 9 revenues based on the actual revenue received over base rates. These are the revenues OTP receives from other load serving entities for use of their facilities, and the true-up ensures the customers receive the full amount of revenues.

Staff has reviewed OTP's filing and believes that the costs and proposed revenue true-up are prudent and reasonable and recommends approval of the requested recovery.