

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

**Otter Tail Power Company**  
**2025 Renewable Resource Cost Recovery Adj. Factor**  
**Rates**

**Case No. PU-24-390**

**ORDER**

**May 19, 2025**

**Preliminary Statement**

On December 31, 2024, Otter Tail Power Company (OTP) filed a request for approval of its 2025 Renewable Resource Cost Recovery Rider Adjustment Factor (RRCR). The RRCR recovers projected costs from April 1, 2025, through March 31, 2026, of the repowers to Langdon, Luverne, Ashtabula I and III wind projects and includes the Merricourt Wind Energy Center (Merricourt) production tax credits. OTP proposes to decrease the rate of the RRCR from 2.449 percent to 0.081 percent on June 1, 2025. A residential customer using 1,000 kWh would see a monthly bill decrease of \$1.62 beginning on April 1, 2025.

On January 22, 2025, the Commission issued a Notice of Opportunity for Hearing that provided until March 3, 2025, for receiving written comments and hearing requests. No request for hearing was received.

The Notice identified the following issues to be considered in this matter:

1. Whether the investments and associated costs for the resources qualify for recovery?
2. Whether the incurred costs are reasonable and prudent?
3. Whether the rate adjustments are consistent with the terms of OTP's tariff?

On February 14, 2025, OTP filed a supplemental RRCR rate proposal in response to the North Dakota Public Service Commission's (ND PSC's) order in the most recent general rate case, PU-23-342 (General Rate Case). In addition to the adjustments required by the General Rate Case, OTP also included adjustments for the difference between the Langdon Project 35-year life depreciation that was approved as part of the general rate case and the 18-year life that was intended as well as the property taxes related to these assets.

On April 22, 2025, an informal hearing was held to allow OTP to explain their reasons for the addition of these adjustments for Langdon.

On May 9, 2025, OTP filed additional supplemental rate data that removed the Langdon depreciation and property tax adjustments and changed the amortization period from June 2025 to March 2026.

### Discussion

OTP proposes an RRCR credit of \$3.79 million and rate of -2.95% over a shortened June 1, 2025, to March 31, 2026, recovery period. As a result of this change, a residential customer consuming 1,000 kWh per month would have a monthly RRCR credit of \$2.88, which is a \$5.27 decrease from the previous rate of \$2.39 per month.

The projected costs include credits related to the Merricourt Production Tax Credits (PTCs), Investment Tax Credits (ITCs) plus the cost for the PTC true-up of Langdon as well as costs related to the ongoing repowers of the Ashtabula, Luverne, and Ashtabula III wind projects. The revenue requirement for the 2025 RRCR is a credit of \$3.79 million for the recovery period of June 1, 2025, through March 31, 2026. The revenue requirement includes a credit of \$1.30 million revenue requirement, a cumulative true-up credit of \$2,420,486 and a carrying charge credit \$66,059.

Of particular note is the Merricourt regulatory liability that was added to the supplemental RRCR filing as a result of findings from the General Rate Case. Otter Tail placed Merricourt into service in 2020, but had not recognized the regulatory liability resulting from the earned PTCs in excess of the levelized credits provided to North Dakota customers. This resulted in a regulatory liability of nearly \$43 million. The recognition of this liability is responsible for \$2.84 million of the \$3.79 million total credit.

The Commission finds OTP's investments qualify for recovery, the incurred costs are reasonable and prudent, and the rate adjustments are consistent with the terms of OTP's tariff. Therefore, the 2025 RRCR rider rate change should be approved.

### Order

The Commission Orders Otter Tail Power Company's 2025 Renewable Resource Cost Recovery Rider rate filed on May 9, 2025, is APPROVED for service rendered on or after June 1, 2025.

### PUBLIC SERVICE COMMISSION

  
Sheri Haugen-Hoffart  
Commissioner

  
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