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Fergus Falls, Minnesota 56538-0496
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July 16, 2025

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 Otter Tail Power Company's Application for
Approval of the Deferred Accounting Filing regarding the Langdon
Repowering Project
Case No. PU-25-**

Dear Mr. Kahl:

Enclosed please find copies of Otter Tail Power Company's (Otter Tail Power) Application to the North Dakota Public Service Commission for approval of the deferred accounting of the Langdon Repowering project.

Also enclosed is Otter Tail Power's check in the amount of \$10,000 for the filing fee.

An electronic copy of this filing is also being sent to the North Dakota Public Service Commission at ndpsc@nd.gov. If you have any questions regarding this filing, please contact me at 218-739-8406 or jsillerud@otpco.com.

Sincerely,

/s/ JORDAN M. SILLERUD
Jordan M. Sillerud
Rates Analyst
Regulatory Economics

kde
Enclosures
By electronic filing and U.S. mail

1 PU-25-226 Filed 07/16/2025 Pages: 6
Application for Deferred Accounting - Langdon
Repowering Project

Otter Tail Power Company
Jordan M. Sillerud; Rates Analyst

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

**In the Matter of Otter Tail Power
Company's Application for Approval of
Deferred Accounting Treatment of
Langdon Repower Depreciation True-Up**

**Case No. PU-25-
APPLICATION**

I. INTRODUCTION

Otter Tail Power Company (Otter Tail Power or the Company) submits this Application to the North Dakota Public Service Commission (Commission) for approval to track and record the difference between the calculated Langdon Repower Project depreciation included in base rates¹ and the calculated depreciation expense based on the currently approved depreciable life of the asset, shown in Attachment 1 as a deferred regulatory asset, until the next North Dakota rate case filing.

II. GENERAL FILING INFORMATION

Pursuant to N.D. Admin. Code § 69-02-02-04, the following information is provided.

A. Name, address, and telephone number of utility making the filing

Otter Tail Power Company
215 South Cascade Street
P.O. Box 496
Fergus Falls, Minnesota 56538-0496
(218) 739-8200

¹ 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.

B. Name, address, and telephone number of utility attorney

Lauren Donofrio
Senior Associate General Counsel – Regulatory
Otter Tail Power Company
215 South Cascade Street
P.O. Box 496
Fergus Falls, Minnesota 56538-0496
(218) 739-8774

C. Date of filing

The date of this filing is July 16, 2025.

D. Title of utility employee responsible for filing

Jordan Sillerud
Rates Analyst
Regulatory Economics
Otter Tail Power Company
215 South Cascade Street
P.O. Box 496
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Paula Foster
Supervisor, Regulatory Analysis
Regulatory Economics
Otter Tail Power Company
215 South Cascade Street
P.O. Box 496
Fergus Falls, MN 56538-0496
(218) 739-8042
pfoster@otpc.com

We request that all communications regarding this proceeding, including data requests, also be directed to:

Amber Grenier
Manager, Regulatory Economics
Regulatory Economics
Otter Tail Power Company
215 South Cascade Street
P.O. Box 496
Fergus Falls, Minnesota 56538-0496
(218) 739-8728
agrenier@otpc.com

Regulatory Filing Coordinator
Otter Tail Power Company
215 South Cascade Street
P.O. Box 496
Fergus Falls, MN 56538-0496
regulatory_filing_coordinators@otpco.com

E. Articles of Incorporation

Pursuant to N.D. Admin. Code § 69-02-02-04, a certified copy of Otter Tail Power's Articles of Incorporation is on file with the Commission, as is an original Certificate of Good Standing.

III. DESCRIPTION AND PURPOSE OF FILING

A. Background Information

In the Supplemental filing² to Otter Tail Power's 2025 Renewable Resource Cost Recovery (RRCR) Rider filed on February 14, 2025, the Company described its proposed solution to correct a mismatch in the depreciable life of 35 years used in the base rate calculation in the rate case versus the currently approved depreciable life of 18 years used in the rider calculation. Otter Tail Power requested approval to recover this revenue requirement differential in its RRCR rider. Following the April 22, 2025 informal hearing to discuss the proposed changes included in the Supplemental filing, Otter Tail Power filed an adjusted rate calculation that excluded the adjustment for the Langdon Repower project's depreciation differential. The Commission approved the adjusted rate, which is referenced on pages two and three of the Commission's Order dated May 9, 2025.

The purpose of the depreciation expense is to recover the utility's plant investment incrementally throughout the service life of the asset. Because Otter Tail Power is not collecting the full depreciation amount in base rates, and the differential was not allowed in the RRCR Rider, the Company will not recover the full cost of the Langdon Repower Project. The Company requests approval to record a deferred asset for the unrecovered amount and to amortize the deferred asset over a period of time in the Company's next rate case.

² In the Matter of Otter Tail Power Company's Request for Approval of its 2025 Renewable Resource Cost Recovery Adjustment Factor Supplemental Filing, Case No. PU-24-390.

B. Application

In support of this Application, the Company provides Attachment 1 to show the calculation for the true-up. Attachment 1 also shows the monthly and annual deferred asset amounts the Company would record for proposed collection in its next rate case. For 2025, only \$416,963 will be deferred, as final rates were implemented on March 15, 2025. The following years will reflect an estimated differential of \$526,690 annually, or \$43,891 per month.

IV. CONCLUSION

Otter Tail Power respectfully requests the Commission approve its request to track and defer the difference between what is in base rates and what the actual depreciation is for the Langdon Repower Project at the time final rates were implemented for Otter Tail Power's most recent Rate Case as a regulatory asset.

Dated: July 16, 2025

Respectfully Submitted,

OTTER TAIL POWER COMPANY

By: /s/JORDAN SILLERUD

Jordan Sillerud

Rates Analyst, Regulatory Economics

Otter Tail Power Company

215 South Cascade Street

P.O. Box 496

Fergus Falls, MN 56538-0496

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Langdon Repower Depreciation Deferral

Line No.		2024	2023	2024
		Test Year	Projected Year-End	Projected Year-End
	RATE BASE			
1	Plant in Service	48,852,196	48,852,196	48,852,196
2	Accumulated Depreciation	(750,928)	-	(2,714,011)
3	Net Plant	48,101,268	48,852,196	46,138,185
4				
5	ADIT Pro-Rated			
6	Accum. Deferred Inc. Taxes - Fed Only	301,796	-	545,378
7	Accum. Deferred Inc. Taxes - Federal & State	366,526	-	662,352
8	Accum. Deferred Inc. Taxes - Fed & State - No Prorate	366,526	-	662,352
9	End of month rate base	48,467,794	48,852,196	46,800,537
10				
11	Average Rate Base	48,467,794	48,852,196	47,826,366
12				
13	Return on Rate Base	3,651,189	3,680,147	3,602,869
14				
15	Available for return (equity portion of rate base)	2,618,716	2,639,485	2,584,059
16				
17	EXPENSES			
18	<i>O&M and Depreciation</i>			
19	Depreciation Expense	1,501,856		2,714,011
20	Property Tax	-		-
21	Total O&M and Depreciation Expense	1,501,856		2,714,011
22				
23	Income before Taxes			
24	Available for return (from above)	2,618,716		2,584,059
25	Adjusted Income before interest and taxes	2,618,716		2,584,059
26				
27	Taxable Income (grossed up)	3,464,134		3,418,290
28				
29	Income Taxes			
30	Current and Def Income Taxes	845,419		834,230
31	Total Income Tax Expense	845,419		834,230
32				
33	REVENUE REQUIREMENT			
34	Expenses	2,347,275		3,548,241
35	Return on Rate Base	3,651,189		3,602,869
36				
37	Revenue Requirements	5,998,464		7,151,110
38				
39	North Dakota Share - E2 Factor	2,740,935		3,267,625
40				
41	Revenue Requirement - Actual 2024 minus TY 2024 Amount			526,690