

STATE OF NORTH DAKOTA
PUBLIC SERVICE COMMISSION

Otter Tail Power Company
Transmission Facility Cost Recovery (2026)
Rates

Case No. PU-25-252

ORDER

January 26, 2026

Preliminary Statement

On September 15, 2025, Otter Tail Power Company (OTP) filed an annual rate update under its Transmission Facility Cost Recovery Rider (TCRR) tariff.

On October 9, 2025, the Commission issued a Notice of Opportunity for Hearing, which provided until November 18, 2025, for receiving written comments and hearing requests. No response was received. The notice provided that, if deemed appropriate, the Commission can determine the matter without a hearing.

The Notice identified the issues to be considered in this proceeding are:

1. Whether the proposed rate adjustment complies with OTP's tariff,
2. Whether the incurred costs for new or modified electric transmission facilities are reasonable and prudent, and
3. Whether the incurred costs are eligible for recovery through the TCRR.

Discussion

OTP included no new projects in the proposed 2026 TCRR. However, they delayed six projects to better align with their in-service dates; removed one project to reflect a rescoping of the project into several phases; removed another project as they rescoped it due to landowner concerns; and eliminated a third project as recent work in the area resolved the issue.

The 2026 revenue requirement increased by approximately \$2 million over the 2025 requirement. The increase was driven by a \$400k increase in the cost of the Milbank Area Reliability Project and a \$700k increase in certain net MISO charges with the remainder driven by the true-up over last year's rate. OTP also included Generator

Interconnection Project revenue in its revenue requirement as detailed in the last rate case. This offered a slight benefit to ratepayers.

OTP proposes a TCRR rate of \$.00387 per kWh (.387 cents per kWh) for residential customers. It is to be collected effective February 1, 2026, to December 31, 2026, with a total revenue requirement of \$5,137,664.

The change results in a billing increase for a residential customer using 1000 kWh per month of \$1.48 over the existing TCRR rate. Including the increase, such a customer would expect to pay a total of \$3.87 per month.

The proposed rate adjustment complies with OTP's tariff.

The costs incurred for new or modified electric transmission facilities are reasonable and prudent.

The costs incurred are eligible for recovery through the TCRR.

Order

The Commission orders OTP's TCRR rate filed on September 15, 2025, is approved effective February 1, 2026, to December 31, 2026.

PUBLIC SERVICE COMMISSION

 Sheri Haugen-Hoffart Commissioner	 Randy Christmann Chair	 Jill Kringstad Commissioner
---	--	---