

215 South Cascade Street  
PO Box 496  
Fergus Falls, Minnesota 56538-0496  
218 739-8200  
[www.otpc.com](http://www.otpc.com) (web site)

August 28, 2017



Daniel P. Wolf  
Executive Secretary  
Minnesota Public Utilities Commission  
121 7<sup>th</sup> Place East, Suite 350  
St. Paul, MN 55101-2147

**RE: In the Matter of Otter Tail Power Company's Petition for Approval of the Annual Rate Update to its Environmental Upgrades Cost Recovery Rider Rate, Rate Schedule 13.08  
Docket No. E017/M-16-373  
Supplemental Filing – REVISED ATTACHMENTS**

Dear Mr. Wolf:

Enclosed for filing in the above-referenced matter are *Revised Attachments* to Otter Tail Power Company's (Otter Tail) April 29, 2016 Initial Filing in this docket (Initial Filing). Subsequent to Otter Tail's Initial Filing, the Public Utility Commission's May 1, 2017 Order (the Order) in Otter Tail's general rate case, Docket No. E017/GR-15-1033 (Rate Case) established a new return on equity (ROE) for Otter Tail's return on rate base. Otter Tail includes *Revised Attachments* 1-6 that reflect the Order and the rider roll-in information that was provided in Otter Tail's August 21, 2017 Compliance Filing (Compliance Filing) in the Rate Case.<sup>1</sup>

The attachments included in this Supplemental filing include the following changes to Otter Tail's Initial Filing:

*Revised Attachments 1-6:*

- *ROE.* Subsequent to Otter Tail's Initial Filing in this Docket, the Order established a new ROE for Otter Tail's return on rate base.<sup>2</sup>
- *Revised Actual and Forecasted Costs and Revenues.* This supplement includes actual Big Stone Plant Air Quality Control System (Big Stone AQCS) project cost and revenue information through July 2017 and forecasted cost and revenue information through October 2017 in *Revised Attachments 2* and *3*.
- *Big Stone AQCS.* As Ordered as part of Otter Tail's Rate Case, the Big Stone AQCS project rolls into base rates with the implementation of final rates in the Rate Case and is

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<sup>1</sup> Otter Tail's August 21, 2017 Compliance Filing in Docket No. E017/GR-15-1033.

<sup>2</sup> The Initial Filing included a 10.40 percent ROE and the Order established a 9.41 percent ROE.

no longer recovered through the Environmental Cost Recovery Rider (ECR Rider) mechanism.

- *Revised Recovery Period and Projections.* Otter Tail includes new forecasted sales information for the November 2017 through October 2018 recovery period.

The information provided above for the *Revised Attachments* was included in the Rate Case Compliance Filing. Final rates from the Rate Case are expected to be implemented on November 1, 2017; therefore, as of November 1, 2017, *Revised Attachment 1* shows a zero balance in the revenue requirements related to the Big Stone Plant AQCS project. This removal of the rate base amounts from the ECR Rider reflects that recovery for the investment moves to base rates with the implementation of final rates on that date. *Revised Attachment 1, Line 3*, reflects the remaining true-up balances in the existing ECR Rider that will be returned to customers during the proposed recovery period of November 2017 through October 2018.

As shown on Page 1, Line 3, in *Revised Attachment 1*, the ECR Rider tracker balance is an over-collection of \$1,857,668 at the end of October 2017. Otter Tail proposes a November 2017 through October 2018 recovery period to return this balance to customers. The resulting revenue requirement for the recovery period is a credit of \$1,943,044, which includes a carrying credit of \$85,376. *Revised Attachment 4*, provides the rate design, consistent with past ECR Rider updates approved by the Commission.<sup>3</sup>

*Revised Attachment 6*, Tariff Schedule 13.08, reflects the proposed (0.935) percent of bill rate, a credit, to be implemented November 1, 2017. This new rate is projected to reduce the tracker balance to zero at the end of the recovery period. The tariff sheet footers are also revised to reflect Bruce G. Gerhardson as Director of Regulatory Affairs & Compliance due to Thomas Brause's retirement.

Table 2 below shows the current rate calculated in the initial filing as well as the proposed recovery period with revised calculations as discussed above.

Table 2

	November 2017 – October 2018 Revenue Requirement	Calculated ECR Rate
Current Effective Rate	N/A	6.927%
Revised Filing	(\$1,943,044)	(0.935)%

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<sup>3</sup> Commission's Approval of the Annual Rate Update to OTP's Environmental Upgrades Cost Recovery Rider, Rate Schedule 13.08, in Docket Nos. E017/M-14-647 (November 26, 2014), and E017/M-16-373 (July 5, 2016).

Mr. Wolf  
August 28, 2017  
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**Summary**

The overall impact of these changes decreases the factor from 6.927 percent to (0.935) percent of bill. Otter Tail requests that this rate change be approved to be implemented on November 1, 2017 in conjunction with the expected implementation of final rates in Otter Tail's rate case.

If you have any questions regarding this filing, please contact me at 218-739-8385 or [bhaugen@otpc.com](mailto:bhaugen@otpc.com).

Sincerely,

*/s/ BRYCE C. HAUGEN*

Bryce C. Haugen  
Senior Rates Analyst, Regulatory Administration

jch  
Enclosures  
By electronic filing  
c: Service List

**Otter Tail Power Company**  
**Environmental Cost Recovery Rider**  
**Docket No. E017/M-16-\_\_\_\_\_**

**Summary of Revenue Requirements**

Line No.	Revenue Requirements	Nov 2017 - Oct 2018
1	Air Quality Control System	\$0
2	Carrying Cost	(85,376)
3	True Up	<u>(1,857,668)</u>
4	Total	<u><u>(\$1,943,044)</u></u>



Otter Tail Power Company  
 Environmental Cost Recovery Rider Tracker  
 Docket No. E017/M-16-

Line No.	TRACKER SUMMARY Requirements Compared to Billed:	2016		YE Actual	2017								2017		
		November Actual	December Actual		January Actual	February Actual	March Actual	April Actual	May Actual	June Actual	July Actual	August Projected	Collection Period	September Projected	October Projected
1	Revenue Requirements	982,679	982,695	11,961,594	883,675	883,678	883,717	883,718	883,717	883,860	883,860	883,860	11,003,200	883,860	883,860
2	Air Quality Control System														
3	Billed (forecast kWh x adj factor)	934,639	1,044,129	11,804,439	1,190,394	1,111,719	1,013,881	987,760	909,763	927,529	900,821	986,052	11,836,373	957,875	920,694
4															
5	Difference	48,040	(61,435)	157,155	(306,719)	(228,041)	(130,164)	(104,042)	(26,046)	(43,669)	(16,961)	(102,192)		(74,015)	(36,833)
6	Carrying Charge	(4,777)	(4,466)		(4,939)	(7,176)	(8,863)	(9,861)	(10,678)	(10,942)	(11,334)	(11,537)	(95,795)	(12,353)	(12,972)
7	Cummulative Difference	(622,431)	(688,332)		(999,990)	(1,235,206)	(1,374,233)	(1,488,136)	(1,524,860)	(1,579,471)	(1,607,766)	(1,721,495)		(1,807,862)	(1,857,668)
8															
9	Carrying Charge Calculation	(4,466)	(4,939)		(7,176)	(8,863)	(9,861)	(10,678)	(10,942)	(11,334)	(11,537)	(12,353)		(12,972)	(13,330)
10	Cumulative Carrying Charge	(91,200)	(96,140)		(12,115)	(20,978)	(30,839)	(41,517)	(52,459)	(63,793)	(75,329)	(87,682)		(100,655)	(113,985)
11	Carrying cost	8.61%	8.61%		8.61%	8.61%	8.61%	8.61%	8.61%	8.61%	8.61%	8.61%		8.61%	8.61%
12															
13															
14	Forecasted Sales (MWh)											217,010		210,809	202,626

Conditionally approved on July 5, 2016 in Docket E017/M-16- 373

SUMMARY	Sept 2016 - Aug 2017
Revenue Requirements	\$12,487,422
Carrying Charge	(27,494)
2015 - 2016 True Up	(576,215)
Total Revenue Requirements	\$11,883,713
Oct 2016 - Sept 2017 projected sales in mWh	2,615,366
Average Rate	\$0.00454

Otter Tail Power Company  
 Environmental Cost Recovery Rider Tracker  
 Docket No. E017/M-16-

Line No.	TRACKER SUMMARY Requirements Compared to Billed:	2017		YE Projected	2018										2018 Collection Period		
		November Projected	December Projected		January Projected	February Projected	March Projected	April Projected	May Projected	June Projected	July Projected	August Projected	September Projected	October Projected			
1	Revenue Requirements			8,837,807													0
2	Air Quality Control System	0	0		0	0	0	0	0	0	0	0	0	0	0	0	0
3	Billed (forecast kWh x adj factor)	(158,409)	(172,614)	9,575,465	(189,966)	(184,591)	(162,189)	(162,146)	(146,580)	(145,861)	(156,098)	(159,920)	(155,350)	(149,320)			(1,943,044)
4																	
5	Difference	158,409	172,614	(737,658)	189,966	184,591	162,189	162,146	146,580	145,861	156,098	159,920	155,350	149,320			1,943,044
6	Carrying Charge	(13,330)	(12,289)		(11,138)	(9,855)	(8,601)	(7,499)	(6,390)	(5,384)	(4,376)	(3,287)	(2,163)	(1,064)			(85,376)
7	Cumulative Difference	(1,712,588)	(1,552,263)		(1,373,436)	(1,198,700)	(1,045,112)	(890,466)	(750,275)	(609,797)	(458,075)	(301,443)	(148,256)	0			0
8																	
9	Carrying Charge Calculation	(12,289)	(11,138)		(9,855)	(8,601)	(7,499)	(6,390)	(5,384)	(4,376)	(3,287)	(2,163)	(1,064)	0			
10	Cumulative Carrying Charge	(126,273)	(137,412)		(20,994)	(29,595)	(37,094)	(43,484)	(48,868)	(53,243)	(56,530)	(58,693)	(59,757)	(59,757)			
11	Carrying cost	8.61%	8.61%		8.61%	8.61%	8.61%	8.61%	8.61%	8.61%	8.61%	8.61%	8.61%	8.61%			
12																	
13																	
14	Forecasted Sales (MWh)	214,961	234,236		257,783	250,490	220,090	220,031	198,909	197,933	211,824	217,010	210,809	202,626			2,636,702

SUMMARY	Nov 17 - Oct 18
Revenue Requirements	\$0
Carrying Charge	(85,376)
Oct 2017 true up	(1,857,668)
Total Revenue Requirements	(\$1,943,044)
Oct 2016 - Sept 2017 projected sales in mWh	2,636,702
Average Rate	(\$0.00074)

Otter Tail Power Company  
 Environmental Cost Recovery Rider Revenue Requirement Calc  
 Docket No. E017M-16-

Line No.	Year>>	2015																2016 Actual Total
		2015 Actual November	2015 Actual December	2015 Projected Total	2016 Actual January	2016 Actual February	2016 Actual March	2016 Actual April	2016 Actual May	2016 Actual June	2016 Actual July	2016 Actual August	2016 Actual September	2016 Actual October	2016 Actual November	2016 Actual December		
1	RATE BASE																	
2	Plant Balance	0	175,040,234	175,040,234	175,150,273	175,320,412	175,171,397	175,222,909	175,216,438	175,494,207	178,038,683	178,244,481	175,701,945	176,084,545	176,096,302	176,134,842		
3	Accumulated Depreciation	0	0	0	(438,592)	(877,461)	(1,316,755)	(1,755,676)	(2,194,727)	(2,633,761)	(3,073,490)	(3,519,911)	(3,965,212)	(4,406,463)	(4,847,672)	(5,288,911)		
4	Net Plant in Service	0	175,040,234	175,040,234	174,711,681	174,442,951	173,854,642	173,467,233	173,021,711	172,860,446	174,965,193	174,724,890	171,735,733	171,678,082	171,248,630	170,845,931		
5	CWIP Calculation																	
6	Eligible AFUDC CWIP	190,165,144	190,719,857															
7	Additional CWIP	554,713	(174,271,215)															
8	Ending Eligible AFUDC CWIP	190,719,857	16,448,641															
9	AFUDC	0	0															
10	Additional AFUDC	0	0															
11	Ending AFUDC	3,544,995	3,544,995															
12	AFUDC Rate	0.00%	0.00%															
13	Bag House Exclusion																	
14	Additional Bag House Exclusion	(57,653)	(79,968)															
15	Total Bag House Exclusion	(19,913,669)	(19,993,636)															
16	Deferred Tax Asset			17,769,693	17,769,693	17,769,693	17,769,693	17,769,693	17,769,693	17,769,693	17,769,693	17,769,693	17,769,693	17,769,693	17,769,693	17,769,693		
17	Reversal of Deferred Tax Asset			0	(1,034,171)	(2,068,342)	(3,102,513)	(4,136,684)	(5,170,855)	(6,205,026)	(7,239,197)	(8,273,368)	(9,307,539)	(10,341,710)	(11,375,881)	(12,410,052)		
18	Prorated Reversal of Deferred Tax Asset			0	(1,034,171)	(2,068,342)	(3,102,513)	(4,136,684)	(5,170,855)	(6,205,026)	(7,239,197)	(8,273,368)	(9,307,539)	(10,341,710)	(11,375,881)	(12,410,052)		
19	Non-prorated ADIT			0	(30,988,224)	(31,273,074)	(31,557,748)	(31,842,576)	(32,127,350)	(32,412,132)	(32,696,625)	(32,978,483)	(33,260,125)	(33,544,403)	(33,828,285)	(34,112,154)		
20	ADIT Pro-Rated			0	(30,988,224)	(31,273,074)	(31,557,748)	(31,842,576)	(32,127,350)	(32,412,132)	(32,696,625)	(32,978,483)	(33,260,125)	(33,544,403)	(33,828,285)	(34,112,154)		
21	Accumulated Deferred Income Taxes Federal & State	0	(30,703,260)	(30,703,260)														
22	Ending Rate Base	174,351,183	162,106,666	162,106,666	160,458,979	158,871,228	156,964,074	155,257,666	153,493,199	152,012,982	152,797,063	151,242,732	146,937,761	145,561,661	143,814,157	142,093,418		
23	Average Rate Base	13,471,672	13,471,672	161,660,066	12,702,638	12,702,638	12,702,638	12,702,638	12,702,638	12,702,638	12,702,638	12,702,638	12,702,638	12,702,638	12,702,638	12,702,638		
24	Return on Rate Base	1,160,008	1,160,008	13,920,095	1,093,789	1,093,789	1,093,789	1,023,600	953,412	953,412	953,412	953,412	953,412	953,412	953,412	953,412		
25	Available for Return (equity portion of rate base)	748,271	748,271	8,979,256	705,556	705,556	705,556	666,556	627,554	627,554	627,554	627,554	627,554	627,554	627,554	627,554		
26	EXPENSES																	
27	O&M and Depreciation	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
28	Operating Costs	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
29	Property Tax	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
30	Book Depreciation	0	0	0	438,592	438,868	439,295	438,921	439,050	439,034	439,730	446,101	446,621	440,251	441,209	441,239		
31	Total O&M and Depreciation Expense	0	0	0	438,592	438,868	439,295	438,921	439,050	439,034	439,730	446,101	446,621	440,251	441,209	441,239		
32	Income before Taxes																	
33	Available for Return (from above)	748,271	748,271	8,979,256	705,556	705,556	705,556	666,556	627,554	627,554	627,554	627,554	627,554	627,554	627,554	627,554		
34	Taxable Income (grossed up)	1,7056	1,276,260	1,276,260	1,203,405	1,203,405	1,203,405	1,136,884	1,070,363	1,070,363	1,070,363	1,070,363	1,070,363	1,070,363	1,070,363	1,070,363		
35	Income Taxes																	
36	Current and Def Income Taxes	41.37%	527,989	527,989	6,335,866	497,848	497,848	497,848	470,329	442,809	442,809	442,809	442,809	442,809	442,809	442,809		
37	Total Income Tax Expense		527,989	527,989	6,335,866	497,848	497,848	497,848	470,329	442,809	442,809	442,809	442,809	442,809	442,809	442,809		
38	REVENUE REQUIREMENTS																	
39	Expenses	527,989	527,989	6,335,866	936,441	936,717	937,143	909,250	881,860	881,843	882,539	888,910	889,431	883,060	884,019	884,048		
40	Return on Rate Base	1,160,008	1,160,008	13,920,095	1,093,789	1,093,789	1,093,789	1,023,600	953,412	953,412	953,412	953,412	953,412	953,412	953,412	953,412		
41	Subtotal Revenue Requirements	1,687,997	1,687,997	20,255,961	2,030,230	2,030,505	2,030,932	1,932,850	1,835,272	1,835,255	1,835,951	1,842,322	1,842,843	1,836,472	1,837,431	1,837,460		
42	Adjustments																	
43	Total Revenue Requirements	1,687,997	1,687,997	20,255,961	2,030,230	2,030,505	2,030,932	1,932,850	1,835,272	1,835,255	1,835,951	1,842,322	1,842,843	1,836,472	1,837,431	1,837,460		
44	Base Demand Factor	75.29%	1,270,809	1,270,809	1,528,460	1,528,667	1,528,988	1,420,501	1,315,890	1,315,878	1,316,377	1,320,945	1,311,318	1,316,750	1,317,438	1,317,459		
45	Peak Demand Factor	24.71%	417,187	417,187	501,770	501,838	501,943	512,350	519,382	519,377	519,574	521,377	521,524	519,722	519,993	520,001		
46	Minnesota share - E1 factor	51.5408%	654,986	654,986	7,859,826	787,781	787,887	788,053	753,848	718,443	718,436	718,709	721,203	721,406	718,912	719,288		
47	Minnesota share - D1 factor	48.3009%	201,505	201,505	2,418,062	242,359	242,392	242,443	253,496	263,062	263,079	263,179	264,092	264,167	263,254	263,391		
48	Minnesota Revenue Requirements	856,491	856,491	10,277,888	1,030,140	1,030,280	1,030,496	1,007,342	981,524	981,516	981,888	985,295	985,573	982,166	982,679	982,695		

Line No.	SUPPORTING INFORMATION / DATA															
1																
2																
3																
4	rate		0.00%													
5																
6																
7																
8																
9																
10																
11																
12																
13																
14																
15																
16																
17																
18																
19																
20	Deferred Tax															
21	Book depreciation	0	0	0	438,592	438,868	439,295	438,921	439,050	439,034	439,730	446,101	446,621	440,251	441,209	441,239
22	Tax depreciation-Federal	0	90,802,121	90,802,121	859,622	859,622	859,622	859,622	859,622	859,622	859,622	859,622	859,622	859,622	859,622	859,622
23	Tax depreciation-State	0	20,786,028	20,786,028	1,990,070	1,990,070	1,990,070	1,990,070	1,990,070	1,990,070	1,990,070	1,990,070	1,990,070	1,990,070	1,990,070	1,990,070
24	Federal deferred income taxes	35.00%	(28,666,230)	(28,666,230)	(132,919)	(132,832)	(132,698)	(132,815)	(132,751)	(132,760)	(132,569)	(130,549)	(130,384)	(132,396)	(132,093)	(132,044)
25	State deferred income taxes		(2,037,031)	(2,037,031)	(152,045)	(152,018)	(151,976)	(152,013)	(152,000)	(152,002)	(151,933)	(151,309)	(151,258)	(151,882)	(151,788)	(151,786)



Otter Tail Power Company  
 Environmental Cost Recovery Rider Revenue Requirement Calc  
 Docket No. E017M-16-373

Line No.	Year>>	2017	2017	2017	2017	2017	2017	2017	2017	2017	2017	2017	2017	2017	2017	2017	
		Actual January	Actual February	Actual March	Actual April	Actual May	Actual June	Actual July	Actual August	Actual September	Actual October	Actual November	Actual December	Projected	Projected	Projected	Projected
1		<b>RATE BASE</b>															
2		176,137,379	176,168,635	176,168,704	176,169,633	176,282,985	176,282,911	176,282,912	176,282,912	176,282,912	176,352,329	176,352,329	176,352,329	176,352,329	176,352,329	176,352,329	176,352,329
3		(5,700,024)	(6,111,143)	(6,522,336)	(6,933,528)	(7,344,720)	(7,756,180)	(8,167,639)	(8,579,098)	(8,990,557)	(9,402,016)	(9,813,537)	(10,225,258)	(10,225,258)	(10,225,258)	(10,225,258)	(10,225,258)
4		170,437,355	170,057,492	169,646,368	169,236,105	168,938,264	168,526,731	168,115,273	167,703,814	167,292,355	166,950,314	166,538,693	166,127,072	166,127,072	166,127,072	166,127,072	166,127,072
5		<b>CWIP Calculation</b>															
6		Eligible AFUDC CWIP															
7		Additional CWIP															
8		Ending Eligible AFUDC CWIP															
9		AFUDC															
10		Additional AFUDC															
11		Ending AFUDC															
12		AFUDC Rate															
13		Bag House Exclusion															
14		Additional Bag House Exclusion															
15		17,769,693	17,769,693	17,769,693	17,769,693	17,769,693	17,769,693	17,769,693	17,769,693	17,769,693	17,769,693	17,769,693	17,769,693	17,769,693	17,769,693	17,769,693	17,769,693
16		(12,856,689)	(13,303,326)	(13,749,962)	(14,196,599)	(14,643,236)	(15,089,873)	(15,536,509)	(15,983,146)	(16,429,783)	(16,876,420)	(17,323,056)	(17,769,693)	(17,769,693)	(17,769,693)	(17,769,693)	(17,769,693)
17		(12,856,689)	(13,303,326)	(13,749,962)	(14,196,599)	(14,643,236)	(15,089,873)	(15,536,509)	(15,983,146)	(16,429,783)	(16,876,420)	(17,323,056)	(17,769,693)	(17,769,693)	(17,769,693)	(17,769,693)	(17,769,693)
18		(34,391,940)	(34,671,724)	(34,951,478)	(35,231,231)	(35,510,985)	(35,790,738)	(36,070,491)	(36,349,914)	(36,629,557)	(36,909,201)	(37,188,777)	(37,468,353)	(37,468,353)	(37,468,353)	(37,468,353)	(37,468,353)
19		1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
20		(34,391,940)	(34,671,724)	(34,951,478)	(35,231,231)	(35,510,985)	(35,790,738)	(36,070,491)	(36,349,914)	(36,629,557)	(36,909,201)	(37,188,777)	(37,468,353)	(37,468,353)	(37,468,353)	(37,468,353)	(37,468,353)
21		140,958,419	139,852,135	138,714,621	137,576,968	136,553,737	135,415,924	134,278,186	133,140,447	132,002,708	130,934,386	130,319,054	129,752,363	129,752,363	129,752,363	129,752,363	129,752,363
22		11,292,259	11,292,259	11,292,259	11,292,259	11,292,259	11,292,259	11,292,259	11,292,259	11,292,259	11,292,259	11,292,259	11,292,259	11,292,259	11,292,259	11,292,259	11,292,259
23		847,554	847,554	847,554	847,554	847,554	847,554	847,554	847,554	847,554	847,554	847,554	847,554	847,554	847,554	847,554	847,554
24		557,876	557,876	557,876	557,876	557,876	557,876	557,876	557,876	557,876	557,876	557,876	557,876	557,876	557,876	557,876	557,876
25		<b>EXPENSES</b>															
26		O&M and Depreciation															
27		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
28		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
29		411,113	411,119	411,192	411,192	411,192	411,459	411,459	411,459	411,459	411,621	411,621	411,621	411,621	411,621	411,621	411,621
30		411,113	411,119	411,192	411,192	411,192	411,459	411,459	411,459	411,459	411,621	411,621	411,621	411,621	411,621	411,621	411,621
31		Income before Taxes															
32		557,876	557,876	557,876	557,876	557,876	557,876	557,876	557,876	557,876	557,876	557,876	557,876	557,876	557,876	557,876	557,876
33		951,520	951,520	951,520	951,520	951,520	951,520	951,520	951,520	951,520	951,520	951,520	951,520	951,520	951,520	951,520	951,520
34		1,7056															
35		Income Taxes															
36		393,644	393,644	393,644	393,644	393,644	393,644	393,644	393,644	393,644	393,644	393,644	393,644	393,644	393,644	393,644	393,644
37		393,644	393,644	393,644	393,644	393,644	393,644	393,644	393,644	393,644	393,644	393,644	393,644	393,644	393,644	393,644	393,644
38		Total Income Tax Expense															
39		41.37%															
40		<b>REVENUE REQUIREMENTS</b>															
41		804,757	804,763	804,836	804,836	804,836	805,103	805,103	805,103	805,103	805,103	805,265	805,265	805,265	805,265	805,265	805,265
42		847,554	847,554	847,554	847,554	847,554	847,554	847,554	847,554	847,554	847,554	847,554	847,554	847,554	847,554	847,554	847,554
43		1,652,312	1,652,318	1,652,391	1,652,391	1,652,391	1,652,658	1,652,658	1,652,657	1,652,657	1,652,657	1,652,657	1,652,657	1,652,657	1,652,657	1,652,657	1,652,657
44		Adjustments															
45		1,652,312	1,652,318	1,652,391	1,652,391	1,652,391	1,652,658	1,652,658	1,652,657	1,652,657	1,652,657	1,652,657	1,652,657	1,652,657	1,652,657	1,652,657	1,652,657
46		Base Demand Factor															
47		75.29%	1,184,708	1,184,712	1,184,764	1,184,764	1,184,764	1,184,955	1,184,955	1,184,955	1,184,955	1,184,955	1,184,955	1,184,955	1,184,955	1,184,955	1,184,955
48		24.71%	467,604	467,606	467,627	467,627	467,627	467,702	467,702	467,702	467,702	467,702	467,702	467,702	467,702	467,702	467,702
49		Minnesota share - E1 factor															
50		51.5408%	646,820	646,823	646,851	646,851	646,851	646,956	646,956	646,956	646,956	646,956	646,956	646,956	646,956	646,956	646,956
51		48.3009%	236,855	236,856	236,866	236,866	236,866	236,904	236,904	236,904	236,904	236,904	236,904	236,904	236,904	236,904	236,904
52		Minnesota Revenue Requirements															
53		883,675	883,678	883,717	883,718	883,717	883,860	883,860	883,860	883,860	883,860	883,860	883,860	883,860	883,860	883,860	883,860
54		Total Revenue Requirements															
55		10,605,700															
56		<b>SUPPORTING INFORMATION / DATA</b>															
57		MN Cap Structure with Implementation of Interim Rates April 16, 2016															
58		Capital Structure															
59		Debt															
60		Preferred equity															
61		Common equity															
62		Total															
63		Overall Return															
64		Project life (years)															
65		7-year MACRS															
66		Federal															
67		State															
68		Statutory Tax Rate															
69		Tax conversion factor															
70		Base Demand Factor															
71		Peak Demand Factor															
72		MN share - E1 factor															
73		MN share - D1 factor															
74		Deferred Tax															
75		411,113	411,119	411,192	411,192	411,192	411,459	411,459	411,459	411,459	411,459	411,621	411,621	411,621	411,621	411,621	411,621
76		810,973	810,973	810,973	810,973	810,973	810,973	810,973	810,973	810,973	810,973	810,973	810,973	810,973	810,973	810,973	810,973
77		1,977,956	1,977,956	1,977,956	1,977,956	1,977,956	1,977,956	1,977,956	1,977,956	1,977,956	1,977,956	1,977,956	1,977,956	1,977,956	1,977,956	1,977,956	1,977,956
78		35.00%	(126,236)	(126,234)	(126,211)	(126,211)	(126,211)	(126,126)	(126,127)	(126,127)	(126,127)	(126,127)	(126,127)	(126,127)	(126,127)	(126,127)	(126,127)
79		(153,551)	(153,550)	(153,543)	(153,543)	(153,543)	(153,517)	(153,517)	(153,517)	(153,517)	(153,517)	(153,517)	(153,517)	(153,517)	(153,517)	(153,517)	(153,517)
80		Total deferred income taxes															

Otter Tail Power Company  
Environmental Cost Recovery Rider  
Docket No. E017/M-16-\_\_\_\_\_

**Rate Design**

**Minnesota Revenue Requirements (\$1,943,044)**

**Percent of Revenue**

Forecasted Retail Sales, all classes (Nov 2017 - Oct 2018)	\$207,905,011
12 Month Revenue Requirement	(\$1,943,044)
Percentage of revenue rate	-0.935%

Otter Tail Power Company  
 Environmental Cost Recovery Rider  
 Docket No. E017/M-16-\_\_\_\_\_

Attachment 5  
 Page 1 of 1

**ADIT Proration**

	A	B	C	D
1		Tax Conversion Factor	1.5385	
2		Gross Up of Equity %	7.60%	
3		Equity %	4.94%	
4		Gross Up Factor	2.66%	

		Annual	Monthly
6			
7	Debt Return %	2.57%	0.21%
8	Equity Return %	4.94%	0.41%
9	Rate of Return	7.51%	0.63%
10	Tax RR on Equity Return	2.66%	0.22%
11	Rate Base Rev Req Gross Up Factor	10.17%	0.85%
12	Monthly Gross Up Factor (D11) Multiplied by MN Factors		0.45%

September 2016 - September 2017 Recovery Period				
Month	Original ADIT Balance - All Projects	ADIT Prorate Balance - All Projects	Difference due to ADIT Proration (B - A)	Revenue Requirement Impact C * D12
17	Sep-16	(\$33,260,125)	(\$33,260,125)	\$0
18	Oct-16	(33,544,403)	(33,544,403)	0
19	Nov-16	(33,828,285)	(33,828,285)	0
20	Dec-16	(34,112,154)	(34,112,154)	0
21	Jan-17	(34,391,940)	(34,391,940)	0
22	Feb-17	(34,671,724)	(34,671,724)	0
23	Mar-17	(34,951,478)	(34,951,478)	0
24	Apr-17	(35,231,231)	(35,231,231)	0
25	May-17	(35,510,985)	(35,510,985)	0
26	Jun-17	(35,790,628)	(35,790,628)	0
27	Jul-17	(36,070,271)	(36,070,271)	0
28	Aug-17	(36,349,914)	(36,349,914)	0
29	Sep-17	(\$36,629,557)	(\$36,629,557)	\$0
Total Revenue Requirement Impact				\$0

<b>MN Revenue Requirement Adjustment</b>	<b>\$0</b>
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**REVISED Attachment 6**  
**Environmental Cost Recovery Rider**



Fergus Falls, Minnesota

ENVIRONMENTAL COST RECOVERY RIDER

Table with 2 columns: DESCRIPTION, RATE CODE. Row 1: Environmental Cost Recovery Rider, 31-570

RULES AND REGULATIONS: Terms and conditions of this electric rate schedule and the General Rules and Regulations govern use of this rider.

APPLICATION OF RIDER: This rider is applicable to electric service under all of the Company’s retail rate schedules in Sections 9, 10, 11, 12 and 14, except for Section 14.09 (TailWinds) and Section 14.11 (Released Energy).

COST RECOVERY FACTOR: There shall be included on each Minnesota Customer’s monthly bill an Environmental Cost Recovery (“ECR”) charge based on the applicable cost recovery factor multiplied by the Customer’s monthly bill. The Customer’s monthly bill shall be based on all applicable charges and credits under the Company’s retail rate schedules in Sections 9, 10, 11, 12 and 14, except for Section 14.09 (TailWinds) and Section 14.11 (Released Energy). The Environmental Cost Recovery Charge will not apply to any Mandatory Riders or sales tax and any local assessments as provided in the General Rules and Regulations for the Company’s electric service. The Environmental Cost Recovery charge will be included in the Resource Adjustment line item on the Customer’s bill.

The Environmental Cost Recovery Factor is 6.927(0.935) percent.

DETERMINATION OF ECR ADJUSTMENT FACTOR: An ECR Adjustment Factor shall be determined by dividing the forecasted balance of the ECR Tracker account by the forecasted retail revenue for the upcoming year (or such other period as may be approved by the Minnesota Public Utilities Commission (“Commission”). The ECR Adjustment Factor shall be rounded to the nearest 0.001%. The ECR Adjustment Factor may be adjusted annually (or other approved periods) with approval of the Commission.

Recoverable Environmental Measures Costs shall be the annual revenue requirements associated with environmental measures eligible for recovery under MN Statute 216B.1692 that are determined by the Commission to be eligible for recovery under this ECR Rider. A standard model will be used to calculate the total forecasted revenue requirements for eligible measures for the designated period. All costs appropriately charged to the ECR Tracker account shall be eligible for recovery through this Rider, and all revenues recovered from the ECR Adjustment shall be credited to the ECR Tracker account.



Fergus Falls, Minnesota

Forecasted retail revenue shall be the estimated total retail electric revenue for the designated recovery period.

**TRUE-UP:** For each recovery period, a true-up adjustment to the ECR Tracker account will be calculated reflecting the difference between actual prior period ECR Adjustment recoveries and the actual prior period revenue requirements. Any resulting over/under recovery will be reflected as a carryover balance and included in calculating the ECR Adjustment Factor.



Fergus Falls, Minnesota

ENVIRONMENTAL COST RECOVERY RIDER

Table with 2 columns: DESCRIPTION, RATE CODE. Row 1: Environmental Cost Recovery Rider, 31-570

RULES AND REGULATIONS: Terms and conditions of this electric rate schedule and the General Rules and Regulations govern use of this rider.

APPLICATION OF RIDER: This rider is applicable to electric service under all of the Company's retail rate schedules in Sections 9, 10, 11, 12 and 14, except for Section 14.09 (TailWinds).

C

COST RECOVERY FACTOR: There shall be included on each Minnesota Customer's monthly bill an Environmental Cost Recovery ("ECR") charge based on the applicable cost recovery factor multiplied by the Customer's monthly bill. The Customer's monthly bill shall be based on all applicable charges and credits under the Company's retail rate schedules in Sections 9, 10, 11, 12 and 14, except for Section 14.09 (TailWinds). The Environmental Cost Recovery Charge will not apply to any Mandatory Riders or sales tax and any local assessments as provided in the General Rules and Regulations for the Company's electric service. The Environmental Cost Recovery charge will be included in the Resource Adjustment line item on the Customer's bill.

C
C

The Environmental Cost Recovery Factor is (0.935) percent.

R

DETERMINATION OF ECR ADJUSTMENT FACTOR: An ECR Adjustment Factor shall be determined by dividing the forecasted balance of the ECR Tracker account by the forecasted retail revenue for the upcoming year (or such other period as may be approved by the Minnesota Public Utilities Commission ("Commission")). The ECR Adjustment Factor shall be rounded to the nearest 0.001%. The ECR Adjustment Factor may be adjusted annually (or other approved periods) with approval of the Commission.

Recoverable Environmental Measures Costs shall be the annual revenue requirements associated with environmental measures eligible for recovery under MN Statute 216B.1692 that are determined by the Commission to be eligible for recovery under this ECR Rider. A standard model will be used to calculate the total forecasted revenue requirements for eligible measures for the designated period. All costs appropriately charged to the ECR Tracker account shall be eligible for recovery through this Rider, and all revenues recovered from the ECR Adjustment shall be credited to the ECR Tracker account.



Fergus Falls, Minnesota

Forecasted retail revenue shall be the estimated total retail electric revenue for the designated recovery period.

**TRUE-UP:** For each recovery period, a true-up adjustment to the ECR Tracker account will be calculated reflecting the difference between actual prior period ECR Adjustment recoveries and the actual prior period revenue requirements. Any resulting over/under recovery will be reflected as a carryover balance and included in calculating the ECR Adjustment Factor.



## **CERTIFICATE OF SERVICE**

**RE: In the Matter of the Petition of Otter Tail Power Company for Approval of an Environmental Cost Recovery Rider Annual Adjustment  
Docket No. E017/M-16-373**

I, Jana Hrdlicka, hereby certify that I have this day served a copy of the following, or a summary thereof, on Daniel P. Wolf and Sharon Ferguson by e-filing, and to all other persons on the attached service list by electronic service or by First Class mail.

**Otter Tail Power Company  
Supplemental Filing – Revised Attachments**

Dated this **28th** day of **August, 2017**.

/S/ JANA HRDLICKA

Jana Hrdlicka, Regulatory Filing Coordinator  
Otter Tail Power Company  
215 South Cascade Street  
Fergus Falls MN 56537  
(218) 739-8879

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Christopher	Anderson	canderson@allete.com	Minnesota Power	30 W Superior St  Duluth, MN 558022191	Electronic Service	No	OFF_SL_16-373_16-373
Julia	Anderson	Julia.Anderson@ag.state.mn.us	Office of the Attorney General-DOC	1800 BRM Tower 445 Minnesota St St. Paul, MN 551012134	Electronic Service	No	OFF_SL_16-373_16-373
Peter	Beithon	pbeithon@otpc.com	Otter Tail Power Company	P.O. Box 496 215 South Cascade Street Fergus Falls, MN 565380496	Electronic Service	No	OFF_SL_16-373_16-373
Ray	Choquette	rchoquette@agp.com	Ag Processing Inc.	12700 West Dodge Road PO Box 2047 Omaha, NE 68103-2047	Electronic Service	No	OFF_SL_16-373_16-373
Ian	Dobson	Residential.Utilities@ag.state.mn.us	Office of the Attorney General-RUD	1400 BRM Tower 445 Minnesota St St. Paul, MN 551012130	Electronic Service	No	OFF_SL_16-373_16-373
James C.	Erickson	jericksonkbc@gmail.com	Kelly Bay Consulting	17 Quechee St  Superior, WI 54880-4421	Electronic Service	No	OFF_SL_16-373_16-373
Sharon	Ferguson	sharon.ferguson@state.mn.us	Department of Commerce	85 7th Place E Ste 280  Saint Paul, MN 551012198	Electronic Service	No	OFF_SL_16-373_16-373
Bruce	Gerhardson	bgerhardson@otpc.com	Otter Tail Power Company	PO Box 496 215 S Cascade St Fergus Falls, MN 565380496	Electronic Service	No	OFF_SL_16-373_16-373
Anthony	Harris	aharris@otpc.com	Otter Tail Power Company	215 S Cascade St  Fergus Falls, MN 56537-2801	Electronic Service	No	OFF_SL_16-373_16-373
Kimberly	Hellwig	kimberly.hellwig@stoel.com	Stoel Rives LLP	33 South Sixth Street Suite 4200 Minneapolis, MN 55402	Electronic Service	No	OFF_SL_16-373_16-373

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Shane	Henriksen	shane.henriksen@enbridge.com	Enbridge Energy Company, Inc.	1409 Hammond Ave FL 2 Superior, WI 54880	Electronic Service	No	OFF_SL_16-373_16-373
Richard	Johnson	Rick.Johnson@lawmoss.com	Moss & Barnett	150 S. 5th Street Suite 1200 Minneapolis, MN 55402	Electronic Service	No	OFF_SL_16-373_16-373
James D.	Larson	james.larson@avantenergy.com	Avant Energy Services	220 S 6th St Ste 1300 Minneapolis, MN 55402	Electronic Service	No	OFF_SL_16-373_16-373
Douglas	Larson	dlarson@dakotaelectric.com	Dakota Electric Association	4300 220th St W Farmington, MN 55024	Electronic Service	No	OFF_SL_16-373_16-373
Kavita	Maini	kmairi@wi.rr.com	KM Energy Consulting LLC	961 N Lost Woods Rd Oconomowoc, WI 53066	Electronic Service	No	OFF_SL_16-373_16-373
Andrew	Moratzka	andrew.moratzka@stoel.com	Stoel Rives LLP	33 South Sixth St Ste 4200 Minneapolis, MN 55402	Electronic Service	No	OFF_SL_16-373_16-373
David G.	Prazak	dprazak@otpc.com	Otter Tail Power Company	P.O. Box 496 215 South Cascade Street Fergus Falls, MN 565380496	Electronic Service	No	OFF_SL_16-373_16-373
Larry L.	Schedin	Larry@LLSResources.com	LLS Resources, LLC	332 Minnesota St, Ste W1390 St. Paul, MN 55101	Electronic Service	No	OFF_SL_16-373_16-373
Cary	Stephenson	cStephenson@otpc.com	Otter Tail Power Company	215 South Cascade Street Fergus Falls, MN 56537	Electronic Service	No	OFF_SL_16-373_16-373
Stuart	Tommerdahl	stommerdahl@otpc.com	Otter Tail Power Company	215 S Cascade St PO Box 496 Fergus Falls, MN 56537	Electronic Service	No	OFF_SL_16-373_16-373

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Daniel P	Wolf	dan.wolf@state.mn.us	Public Utilities Commission	121 7th Place East Suite 350 St. Paul, MN 551012147	Electronic Service	No	OFF_SL_16-373_16-373