

June 14, 2018

Daniel P. Wolf Executive Secretary Minnesota Public Utilities Commission 121 7th 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 Update to its Renewable Resource Cost Recovery Rider Rate, Rate Schedule 13.04 Docket No. E017/M-18-Initial Filing

Dear Mr. Wolf:

Otter Tail Power Company (Otter Tail) hereby submits its Petition to the Minnesota Public Utilities Commission (Commission) for approval of its annual update to the Renewable Resource Cost Recovery Rider Rate under Otter Tail's Rate Schedeule 13.04.

Otter Tail has electronically filed this document with the Commission which, in compliance with Minn. Rule 7829.1300, Subp. 2, also constitutes service on the Department of Commerce, Division of Energy Resources and the Office of Attorney General-Antitrust & Utilities Division. A Summary of the filing has been served on all persons on Otter Tail's general service list. A Certificate of Service is also enclosed.

If you have any questions regarding this filing, please contact me at 218-739-8819 or at <u>dmandelke@otpco.com</u>.

Sincerely,

/s/ DARLENE C. MANDELKE Darlene C. Mandelke, Rates Analyst Regulatory Administration

kaw Enclosures By electronic filing c: Service List

An Equal Opportunity Employer

STATE OF MINNESOTA BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

In the Matter of Otter Tail Power Company's Petition for Approval of the Annual Update to its Renewable Resource Cost Recovery Rider Rate, Rate Schedule 13.04

Docket No. E017/M-18-

SUMMARY OF FILING

On June 14, 2018, Otter Tail Power Company (Otter Tail) has filed a petition with the Minnesota Public Utilities Commission for approval of its annual update to the Renewable Resource Cost Recovery Rider rate under the Otter Tail's Rate Schedule 13.04.

STATE OF MINNESOTA BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

In the Matter of Otter Tail Power Company's Petition for Approval of the Annual Update to its Renewable Resource Cost Recovery Rider Rate, Rate Schedule 13.04 Docket No. E017/M-18-

PETITION OF OTTER TAIL POWER COMPANY

I. INTRODUCTION

Otter Tail Power Company (Otter Tail or Company) submits this Petition to the Minnesota Public Utilities Commission (Commission) for approval of its annual update (Update) to its Renewable Resource Cost Recovery Rider (RRAR) rate under Otter Tail's Rate Schedule 13.04.

In Otter Tail's last general rate case, Docket No. E017/M-15-1033, filed on February 16, 2016, Otter Tail proposed to recover Production Tax Credit (PTC)-related expenses through the RRAR after the PTCs expire. On October 30, 2017, the Commission approved Otter Tail's RRAR rate schedule and the RRAR rate in the Findings of Fact, Conclusions and Order¹ (Order) for Docket No. E017/M-15-1033. The RRAR allows Otter Tail to recover the difference between PTCs generated by its Langdon and Ashtabula wind farms included in base rates and actual PTCs generated by these facilities. The RRAR rate was effective November 1, 2017. Due to the 10-year sunset on PTCs based on original in service dates, OTP stopped receiving PTCs for Langdon in late 2017 and will stop receiving PTCs for Ashtabula in October 2018. Otter Tail files this Update to the RRAR rate, which includes actual PTCs in base rates and PTCs generated through May 2018 and forecasted PTCs generated through October 2019.

Also, included in this filing is the tax gross up of the RRAR rate calculation. PTCs are grossed up in the Cost of Service Study and need to be grossed up in the RRAR rate calculation to achieve the intent of the Order of including the difference in the RRAR.

¹Minnesota Public Utilities Commission's May 1, 2017 Order Approving Findings of Fact, Conclusions and Order, Order Point 18.

For this annual update, Otter Tail requests approval to recover the revenue requirement of \$5,885,819 over the recovery period of November 2018 through October 2019.

II. SUMMARY OF FILING

Pursuant to Minn. Rules 7829.1300, Subp. 1, a one-paragraph summary of the filing accompanies this Petition.

III. GENERAL FILING INFORMATION

Pursuant to Minn. Rules 7829.1300, Subp. 3, the following information is provided.

A. Name, address, and telephone number of utility

(Minn. Rules 7829.1300, Subp. 3(A))

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

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

(Minn. Rules 7829.1300, Subp. 3(B))

Cary Stephenson Associate General Counsel Otter Tail Power Company 215 South Cascade Street Fergus Falls, Minnesota 56538-0496 (218) 739-8956

C. Date of filing and proposed effective date of rates

(Minn. Rules 7829.1300, Subp. 3(C))

The date of the filing is June 14, 2018. Otter Tail proposes the RRAR rates become effective November 1, 2018, or on the first day of the month following Commission approval, should its decision be thereafter.

D. Statutes controlling schedule for processing the filing

(Minn. Rules 7829.1300, Subp. 3(D))

Minn. Stat. § 216B.16 permits a utility to implement a proposed rate change after giving the Commission a 60 day notice. This filing is a "miscellaneous tariff filing" as defined by the Commission's rules at Minn. Rules 7829.0100, Subp. 11. No determination of Otter Tail's overall revenue requirement is necessary (or required under the Statute). Minn. Rules 7829.1400, Subps. 1 and 4 permit comments in response to a miscellaneous tariff filing to be filed within 30 days and reply comments to be filed no later than 10 days thereafter.

E. Title of utility employee responsible for filing

(Minn. Rules 7829.1300, Subp. 3(E))

Darlene Mandelke Rates Analyst, Regulatory Administration Otter Tail Power Company 215 South Cascade Street Fergus Falls, Minnesota 56538-0496 (218) 739-8819

F. Impact on rates

(Minn. Rules 7829.1300, Subp 4(F))

The RRAR has no effect on Otter Tail's base rates. The additional information required under this Rule is included throughout the Petition.

G. Service List

(Minn. Rules 7829.0700)

Otter Tail requests that the following persons be placed on the Commission's official service list for this matter and that any trade secret comments, requests, or information be

provided to the following on behalf of Otter Tail:

Darlene Mandelke	Cary Stephenson
Rates Analyst	Associate General Counsel
Regulatory Administration	Otter Tail Power Company
Otter Tail Power Company	215 South Cascade Street
215 South Cascade Street	Fergus Falls, MN 56538-0496
Fergus Falls, MN 56538-0496	(218) 739-8956
(218) 739-8819	cstephenson@otpco.com
dmandelke@otpcp.com	

H. Service on other parties

(Minn. Rules 7829.1300, Subp. 2; Minn. Rules 7829.0600)

Pursuant to Minn. Rule 7829.1300, Subp. 2, Otter Tail served a copy of this Petition on the Office of Energy Security of the Department of Commerce and the Antitrust & Utilities Division of the Office of the Attorney General. A summary of the filing prepared in accordance with Minn. Rule 7829.1300, Subp. 1 was served on all parties on Otter Tail's general service list.

IV. DESCRIPTION AND PURPOSE OF FILING

A. Background

Otter Tail's RRAR was originally established in Docket Nos. E017/M-08-119 and E017/M-08-131.² On February 16, 2016, Otter Tail filed a RRAR tariff and proposed rates in Docket No. E017/M-15-1033 to recover the increased tax expenses associated with the expiration of the PTCs for Langdon and Ashtabula. On October 30, 2017, the Commission approved Otter Tail's RRAR rate schedule and the RRAR rate in the Order. The RRAR rate was effective November 1, 2017. The RRAR allows Otter Tail to recover the difference between PTCs included in base rates and actual PTCs. Otter Tail now files its annual update to its RRAR rate, which includes actual PTCs in base rates compared to PTCs generated through May 2018 and those PTCs forecasted through October 2019. Due to the 10year sunset on PTCs based on original in service dates, OTP stopped receiving PTCs for Langdon in late 2017 and will stop receiving PTCs for Ashtabula in October 2018.

² Minnesota Public Utility Commission's August 15, 2008 Order Approving Rider, Purchase Power Agreement, Variance and Eligibility and Adding Requirements.

For additional background Otter Tail provides the following table that details the history of Otter Tail's RRAR since inception;

RRCR History	Description	Docket Number
Original	Original RRAR Rider and RRAR Factor	E017/M-08-119 and E017/M-08-131
1st - 3rd Revision	2009 Annual Update	E017/M-08-1529
4th Revision	2010 Annual Update	E017/M-09-1484
5th Revision	2010 General Rate Case	E017/GR-10-239
6th Revision	2012 Annual Update	E017/M-12-708
7th Revision	2017 General Rate Case	E017/GR-15-1033

Attachment 1 is a summary of the proposed \$5,885,819 revenue requirement calculated for the November 1, 2018 through October 31, 2019 recovery period including the revenue requirement for the proposed recovery period of \$5,265,493 and the projected under-recovery of the current period's PTCs of \$620,327. The average RRAR rate for this update is \$.00219 per kWh, an increase of \$.00170 per kWh from the current rate of \$.00049 per kWh.

Attachment 2 provides the details of the Revenue Requirements Calculation. This calculation includes the difference between the amount of actual PTCs included in base rates compared to the amount actually generated by month through May 2018 and forecasted to be generated by month from June 2018 through December 2019. The monthly difference is grossed up for income tax.

B. Tracker Balance

Otter Tail maintains a tracker account worksheet and accounting system to track and account for PTCs included in base rates compared to the actual PTCs generated. When submitting annual filings, the tracker account is updated so that any over/under recovered amount at the end of the previous year is reflected in the RARR adjustment for the upcoming year. This approach ensures that no under/over recovery occurs. The tracker summary balance is included in Attachment 3 and the detail is included in Attachment 2.

If the effective date of the updated RRAR rates is more than 45 days later than November 1, 2018, Otter Tail respectfully requests the option to recalculate the rates in order to implement rates that forecasts the tracker balance as close to zero as possible at the end of the recovery period.

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This Petition includes the impact of the following items on its revenue requirement:

- <u>PTCs</u>: Actual generation of PTCs is incorporated through May 2018 and forecasted through the end of the proposed recovery period. The amount of PTCs incorporated in to the 2016 Test Year is \$7.451 million (OTP Total) / \$3.752 million (OTP MN).³ Otter Tail provides Attachment 5 to this filing that shows the PTC amounts Ordered in the Rate Case. The actual PTC amounts are compared to those PTC amounts included in base rates in Otter Tail's last general rate case in detail in Attachment 3.
- 2. <u>Tax Gross-Up</u>: Based on review of the calculation of PTCs included in Otter Tail's cost of service study for its last rate case to establish base rates and those actually generated, Otter Tail identified the need to include the appropriate tax gross-up factor for actual generated PTCs in the RRAR beginning with implementation of the true-up calculation which began January 2017. This is necessary to match the tax gross-up that occurs in the cost of service study for the calculation of base rates. As shown in Attachment 5 to this filing, the agreed upon PTC amounts do not include the tax gross-up that occurs in the cost of service study to establish base rates. Otter Tail includes the tax gross-up calculation on Line Nos. 33 and 34 of Attachment 2.

C. Rate Design

Otter Tail proposes to use the rate design approved in previous RRAR filings which includes demand and energy components. This is consistent with the last rate update approved for this rider. The rate design is shown in Attachment 4. The proposed rates are based on the assumption that they will be in effect beginning November 1, 2018.

D. Revenue Requirements, Rate Application and Impact

Otter Tail proposes that the RRAR continue to be applicable to electric service under all of Otter Tail's retail rate schedules as defined in Rate Schedule 13.04. The charge will continue to be included as part of the Resource Adjustment line on customers' bills.

The total revenue requirement for the proposed recovery period, as shown on line 4 in Attachment 1, is \$5,885,819.

³ Docket No. E017/GR-15-1033, Ex. 516 at 5 (Johnson Surrebuttal).

E. Customer notification and billing

Attachment 6 is the proposed notice to customers that will be included with customer bills in the month that the new RRAR rates are implemented.

V. RENEWABLE RESOURCE COST RECOVERY RIDER RATE SCHEDULE

Otter Tail's updated rate schedule Section 13.04 is provided in Attachment 7 to this Petition in both redline and clean versions.

VI. CONCLUSION

Otter Tail respectfully requests the Commission approve this 2018 Update to its RRAR to be effective November 1, 2018, as explained in this Petition.

Dated: June 14, 2018

Respectfully submitted:

OTTER TAIL POWER COMPANY

By: /s/ DARLENE MANDELKE

Darlene Mandelke Rates Analyst, Regulatory Administration 215 South Cascade Street P.O. Box 496 Fergus Falls, MN 56538-0496 Phone (218) 739-8819

OTTER TAIL POWER COMPANY RENEWABLE RESOURCE COST RECOVERY RIDER FILING ATTACHMENTS

- Attachment 1 Revenue Requirements Summary
- Attachment 2 Revenue Requirements Calculations
- Attachment 3 Renewable Resource Cost Recovery Rider Tracker Report
- Attachment 4 Rate Design
- Attachment 5 PTCs established in base rates in Rate Case
- Attachment 6 Notice to Customers
- Attachment 7 Renewable Resource Cost Recovery Rider, Electric Rate Schedule 13.04

Summary of Revenue Requirements

Line No.	Revenue Requirements	Nov 2018 - Oct 2019
1	Production Tax Credits	\$5,265,493
2	Carrying Cost	0
3	True Up	620,326
4	Total	\$5,885,819

LineNo	Water		Balance Forward	2017 Actual January	2017 Actual February	2017 Actual March	2017 Actual Acti	2017 Actual May	2017 Actual June	2017 Actual July	2017 Actual August	2017 Actual Sectember	2017 Actual October		aut /	2017 Actual Total	2018 Actual January F	2018 Actual A	2018 Actual A	2018 2 Notwal A April 1	ona crual Pr Mar	2018 2 ojected Pro June	2018 : sjected Pro July A			rojected P	2018 201 ajected Proje vember Decer	zed Project	red Projects		2019 Projected March	2019 Projected April	2019 Projected May	2019 Projected June	2019 Projected July	2019 Projected August	2019 Projected September	2019 Projected I October P	rejected Pr	ojected Pr	2019 rojected Total
12345870	PTC Casculation Langdon PTLs is Allura Down Bases PTLs Bases Total PTLs is Name Rame M JunicScional Nocaser - EPG PTLs Is Name Name - NV Steres Accuse PTLs Is Concessed WHV1			12,582 (24,00) (22,208) (25,25076) (152,182)	12,592 (24.03) (232,208) 50,367015 (152,182)	12,582 (24.00) (202,208) 50,2570% (152,182)	12,592 (24,00) (20,201) 50,36701% (152,192)	12,582 64.001 (322,268) 90,367075 (152,188)	12,592 (24.00) (202,208) <u>50,35701%</u> (152,182)	12,582 24,60 (302,208) 50,3570% (152,182)	12,592 (24,00) (202,208) 50,35701% (152,142)	12,582 24,00 (302,208) <u>80,3570%</u> (152,182)	12,592 (24,00) (202,208) 50,35701% (152,162)	60.36707% 9	(24.00) (202.328) (2 36201%	151,109 3,626,616) 1,826,255)	12,592 (24,00) (202,208) 50,35701% (152,182)	12,982 (24,00) (202,208) (32,208) (152,182)	12,592 (24,00) (202,208) 0,35701% 5 (152,182)	12,582 (24,00) (202,208) (0.35704% 58 (152,182) (12,582 (24.00) (202,208) (35707% 5 (152,168)	12,582 (24,00) (202,208) 0.36704% 58 (152,182)	12,582 (24.00) (201,208) (152,168)	12,582 (24,00) (262,208) 0.36791% ((152,188)	0.359315 1	50.35701%	(24.00) (202.208) (20 0.3670% 50.3	2,597 15 2,597 (2,69 2,228) (2,69 2,245) (1,69	(20 (414) (202, 50,50	1% 50.35701	50,35701%	12,582 (24.50) (202,208) 50,200% (152,182)	12,592 (24,00) (202,208) (202,208) (203,2091% (152,198)	12,582 (24.00) (22,268) 50,3570% (152,182)	12,592 (24,00) (302,208) <u>50,557(4%</u> (152,182)	12,582 (24,00) (202,208) 50,35707% (152,182)	12,592 (24,00) (20,200) (20,200) (152,192)	50.35701%	12,592 (24,00) (242,204) 50,2070/15 5 (152,182)	(24.00) (202.328) (0.2570/16)	151,109 0,628,616) 1,828,255)
9 10 11 12 13 14 15	Actual Price demonstration (perviy) Actual PTC Rans Total PTC Gamerand - Total PTC Gamerand - Accuser - EPG PTC: Gamerand - All Michael Langdon Rag Assart (Liability)		(26,877)	15,159 (24.00) (263,817) 50,35201% (183,207) (21,024)	50.35701%	54,438 (24,00) (346,513) 50,357076 (174,480) (22,311)	12,347 (24,00) (294,331) 50,36701% (148,224) 2,869	50.35707%	12,211 (24,00) (280,058) 50,35701% (147,579) 4,607	8,549 (24,00) (205,149) 90,3570% (100,377) 40,860	5,851 (24.00) (140,412) 50.35701% (70,70%) 81,47%	50.35707%		50.35707% SP	0400 0 035201% 0 (1	149,633 3,591,182) 1,808,412) (19,034)	124.00 50357015 152,183	0.36701% 5	0.35707% 5	0.35701% 50	3501% 5	0.36705% 58	0.35701% 9	0.35701% 0	0 000000	60.95701% I	0		60.967	*% 50.35704 0	0	50.3670/% 0						60.3670/16 50.3670/16 152,183	50.35701% S	0	0 0 1,826,255
16 17 18 19 20 21 22	Autrabula PTCs: in Dance Rome Gause 90°C Rome Total PTCs 5 in Dance Rome Total PTCs 5 in Dance Rome MM AutoScience Allocator - SPG PTCs 15 Rom Dance - MV Strave			13,279 (24,00) (218,696) (50,95707% (160,486)	13,279 (24.00) (218,894) 50,35701% (190,484)	13,279 (24,00) (318,666) 60,36707% (160,466)	13,279 (24.00) (218,894) 50.357(1% (160,484)	13,279 54,001 (218,686) 60,357075 (160,486)	13,279 (24,00) (218,696) 50,35701% (160,486)	13,279 (24,00) (218,686) 50,957076 (140,486)	13,279 (24.00) (218,694) 50.3570/15 (160,484)	13,279 (24,00) (218,666) 50,95707% (160,466)	13,279 (24,00) (218,696) 50,355(21%) (160,486)	50.35707% 9	(24.00) (218,696) (2 (35701%)	159,348 3,834,362] 1,925,829]	13,279 (24,00) (218,696) 50,35301% (160,486)	13,279 (24,00) (218,606) (325,01%) 5 (160,486)	13,279 (24.00) (218,666) 0.35707% 5 (160,466)	13,279 (24,00) (218,686) (0.35701% SI (160,486) (13,279 (24,00) (218,696) 135701% 5 (160,496)	13,279 (24,00) (218,686) 0.96701% SI (160,686)	13,279 (24,00) (218,666) 0.95701% SP (160,466)	13,279 (24,00) (218,898) 0,36701% (1 (160,488)	13,279 (24.00) (218,696) 2135/01% 1 (160,486)	50.35701%	(24.00) (218,494) (21 0.3670/15 50.3	2,279 19 24.00 8,896 (2,80 (2015) 0,486 (1,92	(262) (218) 50.357	001 (24.0	N 50,35701%	13,279 (24,00) (218,686) <u>60,35707%</u> (160,486)	13,279 (24,00) (216,696) 50,95701% (160,486)	13,279 (24,00) (218,686) 65,35707% (160,486)	13,279 (24,00) (218,696) 50,307(11), (160,486)	13,279 224,00 (218,696] 50,3570% (160,486]	13,279 (24.00) (218,696) 50.3570+16 (192,486)	50.35701%	13,279 (24.00) (218,694) 50,957(116 5 (160,464)	(24.00) (218,696) (0.3670/15)	158,348 (3,824,362) (1,825,829)
22 24 25 25 27 28 29 30	Actual PTCs: Generated (MWH) Actual Wth Actual PTC: Gene Tote PTCs: Generated 5 MA: Juridictional Alocator - EPG PTCs: Generated 5 - MY Stave Antababia Reg. Actual (Labellay)	-	(28:851)	15.274 224.00 (244.074) 50.35707% (185.904) (25.318)	14,985 (24,00) (358,860) 50,35701% (198,506) (20,820)	14,665 (24,00) (351,966) 56,35(97%) (1177,226) (14,746)	13,907 (24,00) (283,765) 50,95701% (568,674) (7,588)	54,146 54,001 (209,507) 50,357075 (173,565) (173,565)	12,388 (24,00) (297,318) 50,35(0)15 (548,725) 10,765	7,782 (24.00) (186,788) (0.027076) (186,061) (186,061) (186,061)	6,616 (2600) (158,776) 5035701% (75,950) 80,531	12,453 (24,00) (298,862) (0) 90707% (150,466) 9,968	18,348 (24,00) (440,260) (640,260) (64,260) (221,750) (61,264)	56,224 (24,00) (289,380) (0) 957975 (196,080) (25,584)	(24.00) (815,301) (35301% (206,619) (1	162,985 3,935,623 1,981,967) (95,988)	16,594 (24,00) (298,263) 50,3529(15, (200,553) (42,067)	16,270 (26,00) (26,68) (26,68) (26,68) (16,68) (16,68) (26,152)	13,798 (24,00) (221,142) 0.859075 (8,278) (8,278)	15,559 (274,00) (272,420) (0.557(9%) 52 (275,657)	11,223 (24,00) (270,568) (3670715 5 (3670715 5 (3670715 5 (3670715 5) (3670715 5)	10,900 (24,00) (241,00) 0.95704% 267,52	8,700 (24,00) (208,800) 0.3570715 55,340	8,200 (24,00) 0.95791% (999,102) 61,282	0.35931% 1	15.500 (24.00) (272.000) (20.342145 (26.342) (26.342)	0 124.00 1.367073 60.3 160,486 10	0 12 24.00 - (2,10 - (2,10 - (1,56 0,686 26	(280) (280) (221)	0 00 1240 16 50 36701 8 160,48	0 (24.00) 50.3672115	0 (24.00) 50.3570176 9 160,486	60.36791%	0 (24.00) 60.3570175	01.00 50.307115	624.00 50.36707%	04.00 50.3670+%	0 60.00707% 0 160,486	124.00 50.3670116 5	0 (24.00 60.3570/15) 0 160,486	0 0 1.825.829
22	Current Month Difference (Base Rate vs. Actual Generated) Tamble Income - Grossed Up through 2017	1705611	(%,820) (121.029)	156.343	H5.0471 (76.892)	129.0591	(4.629) (7.899)	(29.691) (67.696)	15.372 26.219	115,291 196,642	162.006	(18,736) (21,959)	(141.958) (242.127)	191.5121 (156.0041	106.114	(115.023) (196.194)	112.116	116.091	145.905	124.626	136.425	180.925	207.529	213.566	161.558	125.341	312.669 31	2729 2.07	. 312	aa 212.66	312469	212.669	212.609	212.669	212 669	312.669	312.669	212.669	312 669	312 729	1752-065

Otter Tail Power Company Renewable Resource Adjustment Recovery Rider Docket No. E017/M-18-Tracker Summary

								201	7					1					201							201						2015						
TRACKER SUMMARY		Beginning	January	February	March	April	May	June	July	August	September	October	November	December	January	February	March	April	May	June	July	August	September	October	Recovery	November	December	January	February	March	April	May	June	July	August 5	eptember C		Recovery
neNo. Requirements Compared to Billed:	vd:	Balance	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Projected	Projected	Projected	Projected	Projected	Period	Projected	Projected Pr	rolected	Period															
Revenue Requirements 1 PTCs 2			(95,099)	(76,832)	(66,620)	(7,896)	(67,658)	26,219	195,642	276,320	(31,959)	(242,127)	(155,084)	180,989	157,337	162,832	204,755	174,893	247,586	253,915	291,228	299,708	226,778	175,897	2,219,835	438,784	438,859	438,784	438,784	438,784	438,784	435,754	438,784	438,784	438,784	438,784	438,784	5,265,49
3 Total Revenue Requirement	rits	(131,039)	(96,099)	(76,832)	(55,520)	(7,895)	(67,698)	25,219	195,642	276,320	(31,959)	(242,127)	(155,054)	180,989	157,337	162,832	204,755	174,893	247,585	253,915	291,228	299,705	226,778	175,897	2,219,836	438,784	435,859	438,784	435,754	438,784	435,754	435,754	438,784	435,754	438,784	438,784	438,784	5,265,49
4 5 Billed (forecast kWh x adj factor)				0	0	0	0	0		0	0	0	84.985	127.822	148.837	142.772	128.518	124,285	115.513	101.445	100.763	103.643	92,665	100.169	1.378.421	477.589	522 505	580.944	561.646	539.765	495.459	457.117	452.101	450.177	463,234	446.133	439.150	5,885,81
6 Renewable Energy Certificate Sales 7 Monthly Revenue Difference		(131,039)	(95,099)	(76,832)	(65,620)	(7,896)	(67,698)	26,219	195,642	276,320	(31,959)	(242,127)	(241,072)	53,167	8,501	20,059	76,237	50,609	132,073	152,409	190,465	195,055	127,114	75,728	541,415	(38,805)	(83,636)	(142,160)	(122,862)	(100,981)	(55,675)	(18,333)	(13,317)	(11,393)	(24,450)	(7,349)	(365)	(620,32
8 Carrying Charge				0	0	0	0	0	0	0	0	0	0	0		0	0	0	0		0	0	0	0		0	0	0	0	0	0	0	0	0	0	0	0	
9 Cumulative Difference		(131.039)	(227.137)	(203.970)	(370,590)	(378,486)	(445,154)	(419,954)	(223 323)	52.997	21.035	(221.089)	(452,161)	(405.994)	(400,493)	(380.434)	(304.195)	(253,588)	(121,514)	30.955	221,420	417,485	544,529	620.326		551.522	497.885	355.726	232.863	131.883	75.208	56.875	43.558	32.955	7,715	386	0	
10 11 Carrying Charge Calculation 12 Cumulative Carrying Charge		0	0	0	0	0	0	0	0	8	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0	8	0	0	0	0	0	0	0	0	0	0	
13 Carrying cost 14 15		8.61%	8.61%	8.51%	8.61%	8.61%	8.61%	8.61%	8.61%	8.61%	8.51%	8.61%	8.61%	8.61%	8.61%	8.61%	8.61%	8.61%	8.61%	8.61%	8.61%	8.61%	8.61%	8.61%		8.61%	8.61%	8.61%	8.61%	8.61%	8.61%	8.61%	8.61%	8.61%	8.61%	8.61%	8.61%	
16 Forecasted Sales (kWh)																				208,183,898	206,783,098 2	12,693,519	204,528,872	205,554,193		218,193,687	238,714,276	265,412,974	256,596,598	246,599,633	226,358,043	208,840,828	206,549,168	205,669,968	211,635,644 2	13,822,565 200	0,632,281	

Rate Calc Nov 2017 - Oct 2018 Collection Period - MN F	PUC Order Approved 10/30/2017
Revenue Requirements	\$1,431,205
Carrying Charge	0
Ren Balance True Lin	(152,130)
Total Revenue Requirements	\$1,279,076
Projected sales in kWh	2.624.882.932
Average Rate	

Revenue Requirements	\$5,265,493
Carrying Charge	
Ban Balance True Lin	620.321
Total Revenue Requirements	\$5,885,811

Otter Tail Power Company Renewable Resource Adjustment Recovery Rider Docket No. E017/M-18-Class Allocation and Current Rate Design

Line No.	Total Minnesota Revenue Requirements		\$5,885,819	November 1, 2	2018 - Octobe	er 31, 2019	
1 2	Total Minnesota Revenue Requirements	Weighting ²	LG	S	All	others	Total
3	MN E2 ¹	80.4%	56.856%	\$2,690,529	43.1442%	\$2,041,669	\$4,732,198
4	MN D1 ¹	19.6%	52.669%	\$607,600	47.3311%	\$546,021	\$1,153,621
5	Minnesota			\$3,298,129		\$2,587,690	\$5,885,819
6			LGS			All others	
7		Rate	billing units ³	Revenue	Rate	billing units ³	Revenue
8	kWh billing	\$0.00164	1,640,558,314	\$2,690,529	\$0.00244	1,058,629,076	\$2,587,690
9	kW billing	\$0.21738	2,795,075	\$607,600	n/a	n/a	n/a
10	Minnesota			\$3,298,129			\$2,587,690
11					Total Min	nesota revenue	\$5,885,819
	¹ Class factors are consistent with E017-GR-15 ² Weighting from 2016 Test Year within E017-G ³ Nov 2018 - Oct 2019 projected rider recovery	R-15-1033 Gen		Workpaper C-1	а		
	Percent of Revenue Metho	d as required by	ordering paragr	aph 7 in Docket	E017/M-09-1	484	
					(A)	(B)	(C)

		(A)	(B)	(C)
Line				
No.	Class	% of Revenue ⁴		
1	Residential	24.59%		
2	Farms	1.68%		
3	General Service	16.22%		
4	Large General Service	49.98%		
5	Irrigation	0.19%		
6	Outdoor Lighting	1.52%		
7	OPA	0.76%		
8	Controlled Service Water Heating	0.86%		
9	Controlled Service Interruptible	3.46%		
10	Controlled Service Deferred	0.76%		
11	Total	100.00%		
12	LGS (Column (A), row 4)	49.98%		
13	All Other (Column (A), rows 1-3 and 5-10)	50.02%		
14	Total (lines 12 +13)	100.00%		
		D		
		Revenue		
I		Requirement	Billing Units	Rate
15	LGS	\$2,941,459	1,640,558,314	\$0.00179
16	All Other	\$2,944,360	1,058,629,076	\$0.00278
		\$5,885,819		

Docket No. E017/M-18-Attachment 5 Page 1 of 1

Docket No. E017/GR-15-1033 DOC Ex.____ MAJ-15 Page 1 of 1

Otter Tail Power Company Production Tax Credits Adjustments Test Year Ending December 31, 2016 Docket No. E017/GR-15-1033

Line		OTP	DOC	DOC
No.	Description	2016	2016	Adjustment
		(a)	(b)	(c)
	Langdon			
1	Rate/MWH	\$24.00 1/	\$24.00 1/	
2	Generation MWH	147,200 1/	151,109 2/	
3	PTC (Total OTP)	(\$3,532,800) 1/	(\$3,626,616) 3/	
	Ashtabula			
4	Rate/MWH	\$24.00 1/	\$24.00 1/	
5	Generation MWH	156,900 1/	159,348 4/	
6	PTC (Total OTP)	(\$3,765,600) 1/	(\$3,824,352) 5/	
7	PTC (Total OTP)	(\$7,298,400) 1/	(\$7,450,968) 6/	
8	Jurisdictioanl Alloc	0.50357 1/	0.50357 1/	
9	MN Share	(\$3,675,256) 1/	(\$3,752,084) 7/	(\$76,828) 8/

1/ Per OTP Response to DOC IR 146, Attachment 1; See DOC Ex.____ at MAJ-14 (Johnson Direct).

2/ 5 Year Average Actual Generation for Langdon from 2011-2015;

Per OTP Response to DOC IR 146, Attachment 1; See DOC Ex.____ at MAJ-14 (Johnson Direct). 3/ Calculated; Line 1 x Line 2

4/ 5 Year Average Actual Generation for Ashtabula from 2011-2015;

Per OTP Response to DOC IR 146, Attachment 1; See DOC Ex.____ at MAJ-14 (Johnson Direct).

5/ Calculated; Line 4 x Line 5

6/ Calculated; Line 3 + Line 6

7/ Calculated; Line 7 x Line 8

8/ Calculated; Column (a) - Column (b)

Customers Notice

The Minnesota Public Utilities Commission has approved an adjustment to the Renewable Resource Cost Recovery Rider that is part of the Resource Adjustment on your monthly electric service statement. This rider recovers costs associated with owning and operating renewable generation resources. The table below shows the prior and new rates beginning November 1, 2018, for all classes of customers. A residential customer who uses 1,000 kWh per month will see an increase of \$2.44.

Class	Prior Rate	November 1, 2018 Rate
Large General Service - kW	\$0.104 per kW	\$0.217 per kW
Large General Service - kWh	\$0.00037 per kWł	n \$0.00164 per kWh
All Other Service - kWh	\$0.00054 per kWł	n \$0.00244 per kWh

For more information contact Customer Service at 800-257-4044 or place an inquiry from our website at <u>www.otpco.com</u>.

Attachment 7 Tariff Sheet - Section 13.04 Renewable Resource Cost Recovery Rider Redline and Clean



DESCRIPTION	RATE CODE
Large General Service	32-520
All Other Service	32-521

RENEWABLE RESOURCE COST RECOVERY RIDER

<u>RULES AND REGULATIONS</u>: Terms and conditions of this rider and the General Rules and Regulations govern use of this schedule.

<u>APPLICATION OF RIDER</u>: This rider is applicable to electric service under all of the Company's Retail Rate Schedules.

COST RECOVERY FACTOR: There shall be included on each Minnesota Customer's monthly bill a Renewable Resource Cost Recovery charge, which shall be calculated before any applicable municipal payment adjustments and sales taxes as provided in the General Rules and Regulations for the Company's electric service. The following charges are applicable in addition to all charges for service being taken under the Company's standard rate schedules and will be included in the Resource adjustment <u>Adjustment</u> line item on the Customer's bill.

RATE:

Energy Charge per kWh:	kWh		kW	
Lange Consul Service (a)	0. 037<u>16</u>			
Large General Service (a)	<u>4</u>	¢/kWh	\$0. 104 217	
	0 .054 .24			
All Other Service	4	¢/kWh	N/A	

DETERMINATION OF DEMAND CHARGE (LARGE GENERAL SERVICE CLASS

ONLY: The Demand charge shall be based on the maximum kW Demand as adjusted for Excess Reactive Demand measured during any period of the month for which the bill is rendered. The Excess Reactive Demand shall be calculated based on the applicable rate schedule under which the Customer is taking service.

MINNESOTA PUBLIC UTILITIES COMMISSION Approved: July 21, 2017_ Docket No. E017/GR 15 1033M-18-

Bruce G. Gerhardson Vice President, Regulatory Affairs



Page 1 of 2 Eighth Revision

DESCRIPTION	RATE
	CODE
Large General Service	32-520
All Other Service	32-521

RENEWABLE RESOURCE COST RECOVERY RIDER

<u>RULES AND REGULATIONS</u>: Terms and conditions of this rider and the General Rules and Regulations govern use of this schedule.

<u>APPLICATION OF RIDER</u>: This rider is applicable to electric service under all of the Company's Retail Rate Schedules.

<u>COST RECOVERY FACTOR</u>: There shall be included on each Minnesota Customer's monthly bill a Renewable Resource Cost Recovery charge, which shall be calculated before any applicable municipal payment adjustments and sales taxes as provided in the General Rules and Regulations for the Company's electric service. The following charges are applicable in addition to all charges for service being taken under the Company's standard rate schedules and will be included in the Resource Adjustment line item on the Customer's bill.

RATE:

Energy Charge per kWh:	kWh		kW	
Large General Service (a)	0.164	¢/kWh	\$0.217	
All Other Service	0.244	¢/kWh	N/A	

С

DETERMINATION OF DEMAND CHARGE (LARGE GENERAL SERVICE CLASS

ONLY: The Demand charge shall be based on the maximum kW Demand as adjusted for Excess Reactive Demand measured during any period of the month for which the bill is rendered. The Excess Reactive Demand shall be calculated based on the applicable rate schedule under which the Customer is taking service.

CERTIFICATE OF SERVICE

RE: In the Matter of Otter Tail Power Company's Petition for Approval of the Annual Update to its Renewable Resource Cost Recovery Rider Rate, Rate Schedule 13.04 Docket No. E017/M-18-

I, Kim Ward, 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 Initial Filing

Dated this 14th day of June, 2018.

/s/ Kim Ward

Kim Ward, Regulatory Filing Coordinator Otter Tail Power Company 215 South Cascade Street Fergus Falls MN 56537 (218) 739-8268

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	GEN_SL_Otter Tail Power Company_GEN_SL_Otter Tail Power Company_GENERAL SERVICE LIST
Ray	Choquette	rchoquette@agp.com	Ag Processing Inc.	12700 West Dodge Road PO Box 2047 Omaha, NE 68103-2047	Electronic Service	No	GEN_SL_Otter Tail Power Company_GEN_SL_Otter Tail Power Company_GENERAL SERVICE LIST
Generic Notice	Commerce Attorneys	commerce.attorneys@ag.st ate.mn.us	Office of the Attorney General-DOC	445 Minnesota Street Suite 1800 St. Paul, MN 55101	Electronic Service	No	GEN_SL_Otter Tail Power Company_GEN_SL_Otter Tail Power Company_GENERAL SERVICE LIST
lan	Dobson	residential.utilities@ag.stat e.mn.us	Office of the Attorney General-RUD	1400 BRM Tower 445 Minnesota St St. Paul, MN 551012130	Electronic Service	No	GEN_SL_Otter Tail Power Company_GEN_SL_Otter Tail Power Company_GENERAL SERVICE LIST
James C.	Erickson	jericksonkbc@gmail.com	Kelly Bay Consulting	17 Quechee St Superior, WI 54880-4421	Electronic Service	No	GEN_SL_Otter Tail Power Company_GEN_SL_Otter Tail Power Company_GENERAL SERVICE LIST
Sharon	Ferguson	sharon.ferguson@state.mn .us	Department of Commerce	85 7th Place E Ste 280 Saint Paul, MN 551012198	Electronic Service	No	GEN_SL_Otter Tail Power Company_GEN_SL_Otter Tail Power Company_GENERAL SERVICE LIST
Bruce	Gerhardson	bgerhardson@otpco.com	Otter Tail Power Company	PO Box 496 215 S Cascade St Fergus Falls, MN 565380496	Electronic Service	No	GEN_SL_Otter Tail Power Company_GEN_SL_Otter Tail Power Company_GENERAL SERVICE LIST
Shane	Henriksen	shane.henriksen@enbridge .com	Enbridge Energy Company, Inc.	1409 Hammond Ave FL 2 Superior, WI 54880	Electronic Service	No	GEN_SL_Otter Tail Power Company_GEN_SL_Otter Tail Power Company_GENERAL SERVICE LIST
Douglas	Larson	dlarson@dakotaelectric.co m	Dakota Electric Association	4300 220th St W Farmington, MN 55024	Electronic Service	No	GEN_SL_Otter Tail Power Company_GEN_SL_Otter Tail Power Company_GENERAL SERVICE LIST
James D.	Larson	james.larson@avantenergy .com	Avant Energy Services	220 S 6th St Ste 1300 Minneapolis, MN 55402	Electronic Service	No	GEN_SL_Otter Tail Power Company_GEN_SL_Otter Tail Power Company_GENERAL SERVICE LIST

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Kavita	Maini	kmaini@wi.rr.com	KM Energy Consulting LLC	961 N Lost Woods Rd Oconomowoc, WI 53066	Electronic Service	No	GEN_SL_Otter Tail Power Company_GEN_SL_Otter Tail Power Company_GENERAL SERVICE LIST
Andrew	Moratzka	andrew.moratzka@stoel.co m	Stoel Rives LLP	33 South Sixth St Ste 4200 Minneapolis, MN 55402	Electronic Service	No	GEN_SL_Otter Tail Power Company_GEN_SL_Otter Tail Power Company_GENERAL SERVICE LIST
Larry L.	Schedin	Larry@LLSResources.com	LLS Resources, LLC	332 Minnesota St, Ste W1390 St. Paul, MN 55101	Electronic Service	No	GEN_SL_Otter Tail Power Company_GEN_SL_Otter Tail Power Company_GENERAL SERVICE LIST
Cary	Stephenson	cStephenson@otpco.com	Otter Tail Power Company	215 South Cascade Street Fergus Falls, MN 56537	Electronic Service	No	GEN_SL_Otter Tail Power Company_GEN_SL_Otter Tail Power Company_GENERAL SERVICE LIST
Stuart	Tommerdahl	stommerdahl@otpco.com	Otter Tail Power Company	215 S Cascade St PO Box 496 Fergus Falls, MN 56537	Electronic Service	No	GEN_SL_Otter Tail Power Company_GEN_SL_Otter Tail Power Company_GENERAL SERVICE LIST
Daniel P	Wolf	dan.wolf@state.mn.us	Public Utilities Commission	121 7th Place East Suite 350 St. Paul, MN 551012147	Electronic Service	No	GEN_SL_Otter Tail Power Company_GEN_SL_Otter Tail Power Company_GENERAL SERVICE LIST