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PO Box 496  
Fergus Falls, Minnesota 56538-0496  
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[www.otpc.com](http://www.otpc.com) (web site)



July 3, 2024

Mr. Steve Kahl  
Director of Administration/Executive Secretary  
North Dakota Public Service Commission  
State Capitol  
600 East Boulevard, Dept. 408  
Bismarck, ND 58505-0408

**PUBLIC DOCUMENT - NOT PUBLIC (OR  
PRIVILEGED) DATA HAS BEEN EXCISED**

**RE: In the Matter of the Application and Notice of Otter Tail Power Company for  
Authority to Increase Rates for Electric Service in North Dakota  
PU-23-342  
Supplemental Direct Testimony**

Dear Mr. Kahl:

Otter Tail Power Company (Otter Tail, OTP or Company) submits an original and seven (7) copies of its Revised Notice of Change in Rates for Electric Services (the Revised Notice) to the North Dakota Public Service Commission pursuant to N.D.C.C. § 49-05-05 and N.D.A.C. § 69-02-02-04. The Revised Notice was also provided by email to [ndpsc@nd.gov](mailto:ndpsc@nd.gov) and a public version of the Notice is being provided electronically to the Commission.

OTP's June 17, 2024, letter to the Commission explained that OTP identified certain revisions to the calculation of the originally filed 2024 Test Year revenue deficiency through the process of discovery and review of Advocacy Staff's direct testimony. After conferring with the Commission's Advocacy and Advisory Staff and the sole intervening party in this matter, OTP informed the Commission of its intent to amend our application and associated 2024 Test Year revenue deficiency.

The net effect of OTP's revised proposals would increase OTP's annual revenue by \$22,462,491, which is a 10.9 percent increase above total present revenues (including rider revenue). The \$23,308,950 moving from riders to base rates along with the \$22,462,491 net increase in revenue results in a total revised 2024 Test Year base rate revenue deficiency of \$45,771,441.

This filing includes testimony and schedules of the following OTP witnesses:

- **Mr. Bruce G. Gerhardson** provides a summary of the revised 2024 Test Year revenue requirement and associated revenue deficiency, which incorporates revisions identified since filing Direct Testimony.
- **Ms. Christy L. Petersen** is OTP's overall revenue requirements witness. Ms. Petersen's Supplemental Direct Testimony supports the revised 2024 Test Year revenue requirement and describes the revisions made to Direct Testimony rate base and operating statement.

- **Ms. Amber M. Stalboerger** is OTP's cost allocation witness. Ms. Stalboerger's Supplemental Direct Testimony supports certain revisions being made from the Direct Testimony. She also sponsors and presents the results of the Class Cost of Service Study for the revised 2024 Test Year revenue requirement and OTP's proposed class revenue responsibilities.
- **Mr. David G. Prazak** is OTP's rate design witness. His Supplemental Direct Testimony describes certain revisions to present revenues and he sponsors the rates to recover the revised 2024 Test Year base rate revenue requirement. He also identifies one Supplemental Direct tariff revision.

If you have any questions regarding this filing, please contact me at [Ldonofrio@otpc.com](mailto:Ldonofrio@otpc.com).

Sincerely,

*/s/ LAUREN D. DONOFRIO*

Lauren D. Donofrio  
Senior Associate General Counsel – Regulatory  
Otter Tail Power Company

cc: Victor Schock  
Mitch Armstrong  
Adam Renfandt

kaw  
Enclosures  
By electronic filing and USPS

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

**In the Matter of Application of  
Otter Tail Power Company for  
Authority to Increase Rates for  
Electric Service in North Dakota**

**Case No. PU-23-342**

**REVISED NOTICE OF CHANGE IN  
RATES FOR ELECTRIC SERVICE**

**I. INTRODUCTION**

Pursuant to N.D.C.C. § 49-05-05 and N.D.A.C. § 69-09-02-01, Otter Tail Power Company (OTP or the Company) hereby provides a revised notice (the Revised Notice) to the North Dakota Public Service Commission (the Commission) of the Company's intent to change electric service rates and tariffs contained in the Company's North Dakota Electric Rate Book. OTP filed its original Notice of Change in Rates for Electric Service (Original Notice) on November 2, 2023.

The net effect of OTP's revised proposal to change base rates will increase revenue by \$22,462,491, a 10.9 percent increase above total present revenues.<sup>1</sup> This includes a \$23,308,950 reduction in rider revenues and a \$45,771,441 increase in base rate revenues.<sup>2</sup> This increase does not include our annual rider updates, which may occur prior to implementation of proposed rates. It has been six years since OTP last filed a rate review, and the net effect of OTP's request (1.8 percent per year over six years) is less than average inflation over that same period. OTP's proposal is based on a 2024 Test Year.

A residential customer with monthly electric use of 875 kilowatt hours (kWh) could see a bill increase of approximately \$15.01 a month. A business customer with monthly electric use of 2,800 kWh could see a bill increase of approximately \$42.33 a month.<sup>3</sup> The increase would be more for some customers and less for others depending on the rates on which they are served and the amount of energy they use.

*Transition of Rider Projects into Base Rates*

As explained in the Original Notice, OTP proposes to transition certain project costs currently included in its Transmission Cost Recovery (TCR) rider, Generation Cost

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<sup>1</sup> Original Notice amount was \$17,358,237, constituting an 8.43 percent increase.

<sup>2</sup> Original Notice amounts were a \$23,302,321 reduction in rider revenues and a \$40,660,558 increase in base rate revenues.

<sup>3</sup> Original Notice amounts were \$11.33 for residential and \$34.30 for business.

Recovery (GCR) rider, Renewable Resource Cost Recovery (RRCR) rider, and Metering & Distribution Technology (MDT) (formerly Advanced Metering, Distribution and Technology) Cost Recovery rider into base rates. Most of these costs moved into base rates at the beginning of the interim rate period, which started January 1, 2024. These transitions account for \$23,308,950 of the revised total 2024 Test Year revenue deficiency. The TCR, GCR, RRCR, and MDT riders will be reduced by the same amount, meaning these transitions from riders to base rates do not result in an increase in overall rates paid by customers.

### *Revenue Increase Expressed in Gross Revenue*

OTP's request addresses a total 2024 Test Year revenue deficiency of \$45,771,441. Portions of OTP's TCR, GCR, RRCR, and MDT rider costs are included in the 2024 Test Year deficiency, along with the net revenue increase of \$22,462,491. As described above, the net aggregate effect of our requests (including moving costs from one rate element to another) is an average increase of 10.9 percent.

OTP is also proposing changes to its rate design and terms of service for final rates.

### *Interim Rates*

OTP proposes no change to interim rates approved by the Commission on December 13, 2023, which went into effect January 1, 2024.

#### **A. Need for Rate Increase**

OTP explained the need to increase base rates in its Original Notice, and that reasoning applies to the revised 2024 Test Year revenue deficiency identified in the Revised Notice and discussed further in OTP's Supplemental Direct Testimony. The revised 2024 Test Year revenue requirement and revenue deficiency are the result of OTP identifying certain revisions through the process of discovery and review of Advocacy Staff's direct testimony. Such revisions and refinements occur in all rate cases. Unfortunately, the refinements in this particular instance result in the 2024 Test Year gross and net revenue deficiency exceeding the amounts identified in OTP's Original Notice. The revisions and refinements are discussed in OTP's Supplemental Direct Testimony.

#### **B. Proposed Cost Allocation and Rate Design**

Revised Schedules E-1 and E-2, found in Revised Volume 3 of this filing, provide an estimate of the number of customers whose cost of service will be

affected and the revised proposed annual increase or decrease in revenues by class. Mr. Prazak discusses the objectives that guided the Company's proposed rate design in his Direct Testimony and Supplemental Direct Testimony.

**C. The Proposed Rate Change Would Serve the Public Interest**

As explain in OTP's Original Notice, Direct Testimony, Revised Notice and Supplemental Direct Testimony, the revised rate increase would allow the Company to recover its reasonable cost of service and establish a fair allocation of the increase among the various customer classes. Further, the proposed rate increase does not unreasonably discriminate among the Company's customers or customer classes and does not violate any Commission laws or rules.

**II. REQUIRED FILING INFORMATION**

**A. Name and Address of Applicant**

Otter Tail Power Company  
215 South Cascade Street  
Fergus Falls, MN 56537  
218-739-8200

OTP maintains local offices in Jamestown, Wahpeton, Devils Lake, Garrison and Rugby. The Company requests the following counsel be placed on the Commission's official service list for this proceeding:

Lauren Donofrio  
Senior Associate General Counsel – Regulatory  
Otter Tail Power Company  
PO Box 496  
215 South Cascade Street  
Fergus Falls, MN 56538-0496  
[Ldonofrio@otpc.com](mailto:Ldonofrio@otpc.com)  
218-739-8774

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

Jessica Fyhrie  
Manager Regulatory Proceedings  
Otter Tail Power Company  
215 South Cascade Street  
P.O. Box 496  
Fergus Falls, MN 56538-0496  
[jfyhrie@otpc.com](mailto:jfyhrie@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@otpc.com](mailto:Regulatory_filing_coordinators@otpc.com)

## **B. Proposed Rates and Tariffs**

Pursuant to N.D.C.C. § 49-05-05 and N.D.A.C. § 69-09-02-01, the Company is submitting as part of this Revised Notice the following information:

- Revised Schedule A-2 in Revised Volume 3, Supporting Information, shows the determination of the projected revenue deficiency for the test year;
- Revised Schedules E-1 and E-2 in Revised Volume 3, Supporting Information, show the number of customers by class, the proposed revenue apportionment for each customer class, and the miscellaneous revenues for the test year;
- Revised Schedule E-1 in Revised Volume 3, Supporting Information, provides a summary comparison of the proposed retail rates to the Company's present rates;
- Revised Section A in Revised Volume 3 Supporting Information shows the test year rate base, operating income, revenue requirement and deficiency, and other related information; and
- Schedule 1 to the Supplemental Direct Testimony of David G. Prazak includes the proposed changes to tariff 14.06 in both "legislative" (red-line) and regular formats.<sup>4</sup>

## **C. Filing Fee and Verification**

Pursuant to N.D.C.C. § 49-05-04(11), the Company included with its Original Notice a check for the filing fee of \$175,000. Also enclosed is the sworn affidavit of Mr. Bruce Gerhardson verifying the correctness of the Revised Notice, proposed rate and tariff changes, and supporting schedules.

## **D. Articles of Incorporation**

Pursuant to N.D.A.C. § 69-02-02-04, a certified copy of OTP's articles of incorporation is on file with the Commission in Case No. PU-09-677. The certificate and amendments are hereby incorporated by reference. An original certificate of good standing was included as Attachment 1 to the Original Notice.

## **III. NOTICE TO AFFECTED CUSTOMERS**

N.D.A.C. § 69-09-02-02.1(2)(a)(2), requires a notice to electric customers not later than thirty days after filing an increase in rates. In compliance with this requirement, the Company will include a bill insert with July and August 2024 bills to be issued to electric customers in North Dakota, included as Attachment 1 to this Revised Notice. The revised customer notice will be distributed for one billing cycle and will describe the reasons for

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<sup>4</sup> OTP included revised tariff sheets in its originally filed Volume 2C.

the rate changes and the rate impact information required by N.D.A.C. § 69-09-02-02.1(2)(a)(2). Information on how to contact the Company or the Commission with questions or comments about the changes will also be provided.

#### **IV. PROPOSED PROCEDURES**

The Company has included Supplemental Direct Testimony in support of this Revised Notice. The Company is receptive to working with Advisory Staff, Advocacy Staff and the sole intervening party in this matter regarding subsequent aspects of the procedural schedule.

#### **V. CONCLUSION**

For the foregoing reasons, the Company provides this Revised Notice to the Commission of new electric rates and tariffs in accordance with N.D.C.C. § 49-05-05 and N.D.A.C. § 69-09-02-01. Please direct any questions regarding the Revised Notice of Change in Rates for Electric Service to Ms. Jessica Fyhrie at 218-739-8395 or Ms. Lauren Donofrio at 218-739-8774.

Dated: July 3, 2024

Respectfully Submitted,  
OTTER TAIL POWER COMPANY  
/s/BRUCE GERHARDSON  
Bruce Gerhardson  
Vice President Regulation and  
Retail Energy Solutions  
Otter Tail Power Company  
215 South Cascade Street  
Fergus Falls, MN 56538  
218-739-8475

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

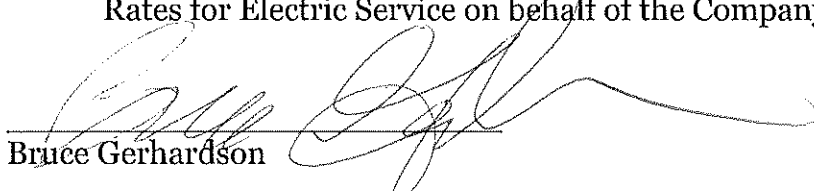
Case No. PU-23-342

In the Matter of the Application of  
Otter Tail Power Company for Authority  
to Increase Rates for Electric Service  
in North Dakota

**Affidavit of Bruce Gerhardson**

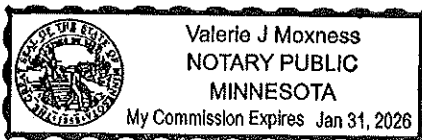
I, the undersigned, being first duly sworn, on oath depose and say the following:

1. I am the Vice President of Regulation and Retail Energy Solutions for Otter Tail Power Company (OTP or the Company), the applicant herein;
2. I have read the Company's Revised Notice of Change of Rates for Electric Service and I believe all the statements therein to be true and correct;
3. I have been duly authorized by OTP to submit The Revised Notice of Change of Rates for Electric Service on behalf of the Company.

  
\_\_\_\_\_  
Bruce Gerhardson

Subscribed and sworn before me, this 2 day of July 2024

  
\_\_\_\_\_  
Notary Public





## We revised our application for North Dakota rate review

On November 2, 2023, we submitted an application to the North Dakota Public Service Commission (PSC) for permission to increase our electric base rates. On June 17, 2024, we filed a letter with the PSC advising of an upcoming revision to our application, and on July 3, 2024, we filed the amended application. New rates wouldn't take effect until the PSC reviews and approves.

### Why we revised our application

Revisions and refinements occur throughout most rate cases. In the rate review discovery process and PSC staff testimony, we identified revisions needed to our initial application. The necessary adjustments identified in this review exceed the amounts identified in our initial request, requiring a revised application.

### Potential impact to your bill

If the PSC approves our revised request, a typical residential customer using 875 kilowatt-hours (kWh) monthly could see a bill increase of \$15.01 a month. A typical business customer using 2,800 kWh monthly could see a bill increase of \$42.33 a month. The increase may be more for some customers and less for others depending on the rates on which they are served and the amount of electricity they use. These changes do not include our annual rider updates, which may occur prior to implementation of proposed rates.

**Average Monthly Electricity Costs**

| Customer rate type                      | Monthly kilowatt-hour use | Previous monthly bill | Proposed increase to monthly bill |
|---|---------------------------|-----------------------|-----------------------------------|
| <b>Residential</b>                      | 875                       | \$106.90              | \$15.01                           |
| <b>Farms</b>                            | 2,635                     | \$275.54              | \$38.62                           |
| <b>General Service</b>                  | 2,804                     | \$324.14              | \$42.33                           |
| <b>Large General Service</b>            | 171,699                   | \$13,338.47           | \$1,757.29                        |
| <b>Irrigation</b>                       | 2,849                     | \$223.93              | \$33.50                           |
| <b>Outdoor Lighting</b>                 | 2,074                     | \$49.35               | (\$2.98)                          |
| <b>Other Public Authority</b>           | 2,786                     | \$240.78              | \$37.40                           |
| <b>Controlled Service Water Heating</b> | 449                       | \$39.57               | \$0.32                            |
| <b>Controlled Service Interruptible</b> | 2,244                     | \$127.55              | \$0.98                            |
| <b>Controlled Service Deferred</b>      | 3,747                     | \$213.49              | \$2.12                            |

For more information, contact Customer Service at **800-257-4044** or visit **otpc.com/NDRateCase**.

You may contact the PSC at:

North Dakota Public Service Commission  
600 E. Boulevard, Dept. 408  
Bismarck, ND 58505-0480

Phone: 701.328.2400  
TTY: 800.366.6888  
Email: ndpsc@nd.gov

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

Case No. PU-23-342

In the Matter of Otter Tail Power  
Company's Application for Authority  
To Increase Rates for Electric Service  
In North Dakota

**CERTIFICATE OF SERVICE**

Kim Ward certifies that on the 3<sup>rd</sup> day of July, 2024, she served a true and correct copy of the attached SUPPLEMENTAL DIRECT TESTIMONY AND SCHEDULES by email addressed to the following individuals:

John Schuh  
General Counsel  
ND Public Service Commission  
600 East boulevard Avenue, Dept 408  
Bismarck, ND 58505-0480  
[jschuh@nd.gov](mailto:jschuh@nd.gov)

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Senior Associate General Counsel-Reg.  
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[acbriggerman@hollandhart.com](mailto:acbriggerman@hollandhart.com)  
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Mitchell D. Armstrong  
Jon C. Lengowski  
Special Assistant Attorneys General for  
PSC Advocacy Staff  
122 East Broadway Ave.  
PO Box 460  
Bismarck, ND 58502-0460  
[marmstrong@smithporsborg.com](mailto:marmstrong@smithporsborg.com)

Subscribed and sworn to before me this  
3<sup>rd</sup> day of July, 2024

Regulatory Filing Coordinator  
Otter Tail Power Company  
[Regulatory Filing Coordinators@otpc.com](mailto:Regulatory Filing Coordinators@otpc.com)

  
Valerie Moxness  
Notary Public

