NORTH DAKOTA
RATE CASE
2023

Otter Tail Power Company

Before the

North Dakota Public Service Commission

Application for Authority to
Increase Electric Rates in North Dakota
Case No. PU-23

November 2, 2023

Volume 1

Notice of Change in Rates – Interim Rate Petition

PUBLIC DOCUMENT – NOT PUBLIC DATA HAS BEEN EXCISED

OTTER TAIL
POWER COMPANY

Otter Tail Power Company
North Dakota General Rate Case Documents
Case No. PU-23-

Volume 1
Notice of Change in Rates – Alternative Petition for Interim Rates

Volume 1

Filing Letter

215 South Cascade Street
PO Box 496
Fergus Falls, Minnesota 56538-0496
218 739-8200
www.otpco.com (web site)

November 2, 2023

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-

Dear Mr. Kahl:

Otter Tail Power Company (Otter Tail, OTP or Company) submits an original and seven (7) copies of its Notice of Change in Rates for Electric Services (the 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 Notice was also provided by email to ndpsc@nd.gov and a public version of the Notice is being provided electronically to the Commission.

The net effect of OTP's proposals would increase OTP's annual revenue by $17,358,237, which is a 8.43 percent increase above total present revenues (including rider revenue).

One of OTP's proposals is to transfer costs currently recovered through riders into base rates. The Notice includes moving (1) $3,547,829 of Transmission Cost Recovery Rider costs, (2) $3,595,685 of Generation Cost Recovery Rider costs, (3) $618,840 of Metering & Distribution Technology Cost Recovery Rider (formerly Advanced Metering, Distribution and Technology Cost Recovery Rider) costs, and (4) $15,539,967 of Renewable Resource Cost Recovery costs into base rates. The $23,302,321 moving from riders to base rates along with the $17,358,237 net increase in revenue results in a total 2024 Test Year revenue deficiency of $40,660,558.

This Notice also includes an Alternative Petition for Interim Rates, should the Commission elect to suspend the Company's proposed rates. Pursuant to N.D.C.C. § 49-05-06(2), interim rates would be effective January 1, 2024. As described in the Alternative Petition for Interim Rates, the interim revenue deficiency, including the movement of certain rider costs into base rates, is $34,450,473 and results in a net increase of 6.03 percent above total present revenues (including rider revenue). The increase will be applied through a new Interim Rate Rider as a uniform 30.51 percent increase to the base rate components of customer bills only.

The Notice has been organized into the following sections and supporting testimony:

Volume 1	Notice of Change in Rates Alternative Petition for Interim Rates
Volumes 2A, 2B, 2C	Testimony and Schedules Proposed Rates and Tariffs
Volume 3	Supporting Information
Volumes 4A, 4B	Workpapers Lead Lag Study
Volume 5	Budget Documentation

In accordance with N.D.A.C. § 69-02-09-02, an Application to Protect Data and proposed protective order is being provided along with a single copy of the unredacted version of the Notice and supporting testimony and schedules in a sealed box marked **PROTECTED INFORMATION – PRIVATE**.

Pursuant to N.D.C.C. § 49-05-04, Otter Tail has enclosed an application fee of $175,000.00.

If you have any questions regarding this filing, please contact me at Ldonofrio@otpco.com.

Sincerely,

/s/ LAUREN D. DONOFRIO
Lauren D. Donofrio
Senior Associate General Counsel – Regulatory
Otter Tail Power Company

cc: Victor Schock

kaw
Enclosures
By electronic filing and personal delivery

STATE OF NORTH DAKOTA
BEFORE THE
NORTH DAKOTA PUBLIC SERVICE COMMISSION

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

Case No. PU-23-

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 Notice of Change of Rates for Electric Service and the Alternative Petition for Interim Rates, and I believe all the statements therein to be true and correct;

3. I have been duly authorized by OTP to submit The Notice of Change of Rates for Electric Service and the Alternative Petition for Interim Rates on behalf of the Company.

____
Bruce Gerhardson

Subscribed and sworn before me, this _____ day of November 2023.

____
Notary Public

Volume 1

Notice of Change in Rates

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-** **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 notice (the 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 effective December 2, 2023, thirty days after the date of this filing. If the Commission suspends the proposed revised rates and tariffs within 30 days of this Notice, the Company requests that the Commission issue an order granting interim rate relief effective January 1, 2024, without a hearing, pursuant to N.D.C.C. § 49-05-06(2). OTP has submitted a separate Alternative Petition for Interim Rates with this Notice.

The net effect of OTP's proposal to change base rates will increase revenue by $17,358,237, an 8.43 percent increase above total present revenues. This includes a $23,302,321 reduction in rider revenues and a $40,660,558 increase in base rate revenues. 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 (1.4 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 $11.33 a month. A business customer with monthly electric use of 2,800 kWh could see a bill increase of approximately $34.30 a month. 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

OTP proposes to transition certain project costs currently included in its Transmission Cost Recovery (TCR) rider, Generation Cost 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 will move into base rates at the beginning of the interim rate period. These transitions account for $23,302,321 of the 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 $40,660,558. 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 $17,358,237. As described above, the net aggregate effect of our requests (including moving costs from one rate element to another) is an average increase of 8.43 percent.

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

Interim Rates

If the Commission suspends the proposed rate increase, OTP requests authority to implement an interim revenue increase pursuant to N.D.C.C.§ 49-05-06(2). The interim revenue increase of $34,450,473, of which $20,235,589 currently is collected in riders, would take effect January 1, 2024, and be collected through a new Interim Rate Rider. The interim revenue increase, net of the reductions to other riders, results in an increase of 6.03 percent above current rates (including riders) and will be collected via a uniform 30.51 percent increase on base rate components only. Our TCR, GCR, MDT, and RRCR riders will be updated concurrently with the implementation of interim rates.

The Company's proposed rates and tariffs are provided in Volume 2C and consist of the amended tariffs in legislative (red line) and regular formats. These tariff changes are supported by the Direct Testimony of OTP witness Mr. David G. Prazak. The proposed rates would affect the Company's service to all of its approximately 59,000 retail electric customers in the State of North Dakota.

A. Need for Rate Increase

The Company last sought a general rate increase in Case No. PU-17-398, filed in November 2017, based on a forecasted 2018 test year. In the six years since OTP's last rate case, there have been significant market changes in the areas of labor, materials, and equipment. Shortages in labor and materials, as well as equipment and manufacturing backlogs, caused by the international disruptions to trade during and remaining after the COVID-19 pandemic have created a challenging landscape for utilities to navigate. When coupled with high inflation, the highest interest rates since the 1980's utilities in general and OTP in particular are experiencing increased costs and increased risks. OTP has experienced increased operating expenses and costs driven by the effect of these market forces on the costs of the Company's investments in generation, transmission, and distribution infrastructure. These cost increases cannot be offset on a sustained basis by customer or sales growth or other cost reduction efforts. The proposed rate increase also provides the Company with a solid foundation for the future, supporting the Company's efforts to make technology infrastructure investments. OTP witness Mr. Bruce G. Gerhardson provides additional information regarding OTP's need to increase rates in his Direct Testimony.

The proposed rate increase is needed so the Company has a reasonable opportunity to earn a fair and just return for its North Dakota electric operations. The Direct Testimony of OTP witness Ms. Ann Bulkley filed with this Notice supports a return on equity (ROE) of 10.60 percent, an increase from the 9.77 percent ROE approved in the Company's most recent North Dakota general rate case.

B. Proposed Cost Allocation and Rate Design

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

C. The Proposed Rate Change Would Serve the Public Interest

Because the 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, the proposed rate increase does not unreasonably discriminate between the Company's customers or customer classes and does not violate any Commission laws or rules. The proposed rates would thus serve the public interest and should be effective December 2, 2023, as proposed. In the alternative, the Commission should allow the Company to implement interim rates effective January 1, 2024, until final base rates are placed into effect.

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
Cary Stephenson
Associate General Counsel
Otter Tail Power Company
PO Box 496
215 South Cascade Street
Fergus Falls, MN 56538-0496
Ldonofrio@otpco.com
cstephenson@otpco.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@otpco.com

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

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 Notice the following information:

- Schedule A-2 in Volume 3, Supporting Information, shows the determination of the projected revenue deficiency for the test year;
- Schedules E-1 and E-2 in 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;
- Schedule E-1 in Volume 3, Supporting Information, provides a summary comparison of the proposed retail rates to the Company's present rates;

- OTP witness Mr. Prazak's testimony provides an estimation of the anticipated impact of the increase on monthly customer bills at various usage levels;
- Section A in Volume 3 Supporting Information shows the test year rate base, operating income, revenue requirement and deficiency, and other related information;
- OTP witness Mr. Prazak Exhibit___(DGP-1), Schedule 4 is a summary list of the tariff sheets proposed to be changed;
- Volume 2C shows the proposed tariffs in both "legislative" (red-line) and regular formats; and
- An Alternative Petition for Interim Rates, with supporting schedules and interim tariffs, with rates becoming effective January 1, 2024, and subject to refund pending the final order in this case.

C. Filing Fee and Verification

Pursuant to N.D.C.C. § 49-05-04(11), the Company has included with this filing a check for the filing fee of $175,000. Also enclosed is the sworn affidavit of Mr. Bruce Gerhardson verifying the correctness of the 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 is included as Attachment 1 to this 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 November 2023 bills to be issued to electric customers in North Dakota, included as Attachment 2 to this Notice. The customer notice will be distributed for one billing cycle and will describe the reasons for 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.

If the Commission suspends the proposed rates within 30 days and issues an order allowing the Company to place the interim electric rate increase in effect on January 1, 2024, subject to refund, the Company will include a customer information notice in bills to be issued to electric customers in North Dakota on and after

January 1, 2024. Again, the customer information notice describes the reasons for the interim rate change, the rate impact of the change and would provide information on how to contact the Company or the Commission with questions or comments about the changes.

IV. PROPOSED PROCEDURES

Pursuant to N.D.C.C. § 49-05-05, the Company respectfully requests that the Commission allow the proposed rate and tariff changes shown in Volume 2C to be placed into effect December 2, 2023, without suspension or hearing. This Notice of Change in Rates for Electric Service and schedules thereto fully satisfy the requirements for a notice of rate changes effective December 2, 2023, subject to the Commission's authority to thereafter prospectively change such rates and tariffs through a final order under N.D.C.C. § 49-05-06 if the Commission formally investigates the change. The Company has included Direct Testimony in support of this Notice. The Company is receptive to working with Commission Staff to promptly resolve this matter through an information and settlement process.

V. CONCLUSION

For the foregoing reasons, the Company provides this Notice to the Commission of new electric rates and tariffs to be effective December 2, 2023, in accordance with N.D.C.C. § 49-05-05 and N.D.A.C. § 69-09-02-01. If the Commission suspends the proposed rates and tariffs within 30 days of this Notice, the Company requests that the Commission issue an order under N.D.C.C. § 49-05-06(2) allowing the Company's proposed interim rates to be effective January 1, 2024, subject to refund. Please direct any questions regarding the Notice of Change in Rates for Electric Service and/or Alternative Petition for Interim Rates to Ms. Jessica Fyhrie at 218-739-8395 or Ms. Lauren Donofrio at 218-739-8774.

Dated: November 2, 2023

Respectfully Submitted,

OTTER TAIL POWER COMPANY

By: *<u>/s/BRUCE GERHARDSON</u>*

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
SECRETARY OF STATE

Certificate of Good Standing
of
OTTER TAIL POWER COMPANY

SOS Control ID#: 0000016296

Certificate #: 022900722-1

The undersigned, as Secretary of State of the state of North Dakota, hereby certifies that, according to the records of this office,

OTTER TAIL POWER COMPANY

a Corporation - Business - Foreign was formed under the laws of MINNESOTA and filed with this office effective February 24, 1914. This entity has, as of the date set forth below, complied with all applicable North Dakota laws.

ACCORDINGLY, the undersigned, as such Secretary of State, and by virtue of the authority vested in him by law, hereby issues this Certificate of Good Standing.

DATE: January 19, 2023

Michael Howe

Michael Howe
Secretary of State

We've requested a 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. New rates would not be effective until the PSC reviews and approves.

What's driving our request

We last filed for a North Dakota base rate increase in 2017. We're making this request because costs have increased since then for the things required for us to maintain a safe and reliable system while meeting growing electricity demand. Higher interest rates and changes to our company's customer mix also contribute to the timing and amount of our request.

Potential impact to your bill

If approved by the PSC, a typical residential customer using 875 kilowatt-hours (kWh) monthly could see a bill increase of $11.33 a month. A typical business customer using 2,800 kWh monthly could see a bill increase of $34.30 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
Residential	875	$106.90	$11.33
Farms	2,635	$275.54	$29.27
General Service	2,804	$324.14	$34.30
Large General Service	171,699	$13,338.47	$1,431.75
Irrigation	2,849	$223.93	$25.25
Outdoor Lighting	2,074	$49.35	($6.54)
Other Public Authority	2,786	$240.78	$29.06
Controlled Service Water Heating	449	$39.57	$0.25
Controlled Service Interruptible	2,244	$127.55	$0.78
Controlled Service Deferred	3,747	$213.49	$1.76

For more information, contact Customer Service at **800-257-4044** or visit **otpco.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

Volume 1

Alternative Petition for Interim Rates

STATE OF NORTH DAKOTA
BEFORE THE
NORTH DAKOTA PUBLIC SERVICE COMMISSION

In the Matter of the Application of Otter Tail Power Company for Authority to Increase Rates for Electric Service in North Dakota	**Case No. PU-23-** **ALTERNATIVE PETITION FOR INTERIM RATES**

I. INTRODUCTION

Otter Tail Power Company (OTP or the Company) hereby submits to the North Dakota Public Service Commission (the Commission) this Alternative Petition for Interim Rates (the Petition), pursuant to N.D.C.C. § 49-05-06. The Company requests that the Commission authorize, on an interim basis, rate relief of $34,450,473, to be effective January 1, 2024. Interim rates include moving $20,235,589 of costs currently recovered through riders into base rates, so in addition to an increase in base rates, customers also will see a decrease in rider amounts on their bills. The net effect of the interim rate increase and rider reduction is a 6.03 percent increase over current rates (including riders). The interim rate revenue will be collected via a new Interim Rate Rider through a uniform interim rate adjustment of 30.51 percent to base rates only.

II. EFFECTIVE DATE

The date of the submission of this Petition is November 2, 2023. The Petition is submitted as part of the Company's Notice of Change in Rates for Electric Service (the Notice). Pursuant to N.D.C.C. § 49-05-06, the Company requests that, should the Commission suspend the operation of the general rate schedules that accompany the Notice, the proposed interim rates be made effective on January 1, 2024. N.D.C.C. § 49-05-06(2) provides that if interim rates are requested, the Commission "shall order that the interim rates take effect no later than sixty (60) days after the initial filing date and without a public hearing." If the interim rate amounts are in excess of the final rates approved by the Commission, the interim rates will be subject to refund plus reasonable interest at a rate to be determined by the Commission.

III. DESCRIPTION AND NEED FOR INTERIM RATES

The Company is entitled to interim rate relief based on the Notice and its supporting schedules, along with the supporting schedules attached to this Petition. The proposed interim rate increase applies to all of OTP's retail electric customers in the State of North Dakota. We are proposing a new Mandatory Rider, Section 13.11 Interim Rate Rider, to collect the interim revenue increase. An accompanying tariff sheet is attached to this Petition. Interim rates are needed because the increased cost of service reflected in the Company's Notice will be incurred before the effective date of the of the general rate increase assuming the Commission suspends the rates filed with the Notice.

Without interim rate relief, the Company will be unable to recover the increased costs of service during the period the rates are suspended. Schedules attached to this Petition support the interim revenue deficiency of $34,450,473 for the Company's North Dakota electric utility operations. As required by N.D.C.C. § 49-05-06, the Company removed from the interim rate request the recovery of costs that are not the same in nature and kind as those allowed in the Company's most recent electric rate proceeding, Case No. PU-17-398. The return on equity (ROE) requested for interim rates for the Company is 9.77 percent, as required under N.D.C.C. § 49-05-06(2).

The test year for the Company's general rate Notice and this Petition is the calendar year ending December 31, 2024, with appropriate ratemaking adjustments. The rate and tariff changes proposed in the Notice, including proposed revisions to increase base rates, proposals to reduce revenues in the Transmission Cost Recovery Rider (TCRR), Renewable Resource Adjustment Rider (RRAR), Generation Cost Recovery Rider (GCRR), and Metering & and Distribution Technology (MDT) (formerly Advanced Metering, Distribution and Technology) Cost Recovery Rider and, proposed updates to the rate of return and modifications to allocation factors, would result in a net annual increase of $17,358,237 or 8.43 percent. Without adjusting for the reduction in revenues in the TCRR, RRAR, GCRR, and MDT Rider, the rate and tariff changes proposed in the Notice would result in an annual increase of $40,660,558.

The Company is requesting an interim rate adjustment that would increase OTP's base revenues by $34,450,473, collected through a uniform interim rate adjustment of 30.51 percent to base rates only. Adjustments to reduce revenues collected from the TCRR, RRAR, GCRR, and MDT Rider during the interim period will result in a net annual increase of $12,422,036 or 6.03 percent. The updates are exclusive of separately collected revenues related to franchise fees or gross earnings taxes imposed by local governmental units.

IV. INTERIM RATE SCHEDULES

The following rate schedules are proposed to be implemented with updated rates on January 1, 2024 coinciding with interim rates:

Rate Schedules	Section
Index	Index
Energy Adjustment	13.01
Renewable Cost Recovery Rider	13.04
Transmission Cost Recovery Rider	13.05
Generation Cost Recovery Rider	13.06
Metering & Distribution Technology Cost Recovery Rider	13.11
Interim Rate Rider	13.12

V. SUPPORTING SCHEDULES AND WORKPAPERS

Supporting schedules Part A and Part B to this Petition indicate the adjustments made to the proposed operating expense, rate base, and cost of capital included in the general rate Notice to arrive at the operating income, rate base, cost of capital, and revenue deficiency pertaining to the interim rate increase. These adjustments were made pursuant to N.D.C.C. § 49-05-06(2) to exclude any items that are not the same in nature and kind as those allowed in the Company's most recent general rate case. The ROE filed in the general Notice is 10.60 percent, while the ROE used to prepare these interim Schedules is 9.77 percent (the authorized ROE in our last rate case). Part C Schedules to this Petition compare the proposed interim test year to OTP's most recent general rate case, including the Summary Cost of Capital supporting the interim rate increase. The jurisdictional cost of service study supporting the interim rate increase is found in Volume 4a Workpapers, Part C, Schedule 1. Part D Schedule to this Petition provides the summary of present and interim revenues.

VI. INTERIM BILLS

The Company proposes to include informative bill inserts in customer bills, included with this Petition as Attachment 1, beginning on January 1, 2024.

VII. SURETY FOR REFUND

Pursuant to N.D.C.C. § 49-05-06(3), the Company respectfully requests that the Commission not require a bond to secure any projected refund. The statute makes such a requirement discretionary. The Company submits as part of this Petition an Agreement and Undertaking, included with this Petition as Attachment 2 regarding the Company's commitment to refund any interim rates determined by the Commission to be unreasonable. These commitments are sufficient to secure any required refund.

VIII. CONCLUSION

The Company hereby submits this Alternative Petition for Interim Rates. If the Commission suspends the operation of the general rate schedules listed in the Notice, the Company will implement interim rate relief described in this Alternative Petition for Interim Rates, to be effective January 1, 2024, as provided in N.D.C.C. § 49-05-06(2). Interim revenues would be subject to refund, pending final Commission action on the general rate increase described in the Notice.

Dated: November 2, 2023

Respectfully Submitted,

OTTER TAIL POWER COMPANY

By: */s/LAUREN D. DONOFRIO*

Lauren D. Donofrio
Senior Associate General Counsel – Regulatory
Cary Stephenson
Associate General Counsel
Otter Tail Power Company
215 South Cascade Street
Fergus Falls, MN 56538
218-739-8200
Ldonofrio@otpco.com
cstephenson@otpco.com

We've requested a rate review in North Dakota
Interim rates effective January 1, 2024

On November 2, 2023, we submitted an application to the North Dakota Public Service Commission (PSC) for permission to increase our electric rates. Our requested rates won't take effect until reviewed and approved by the PSC.

While the PSC considers our full request, they've granted approval for an interim rate increase beginning January 1, 2024.

What's driving our request?

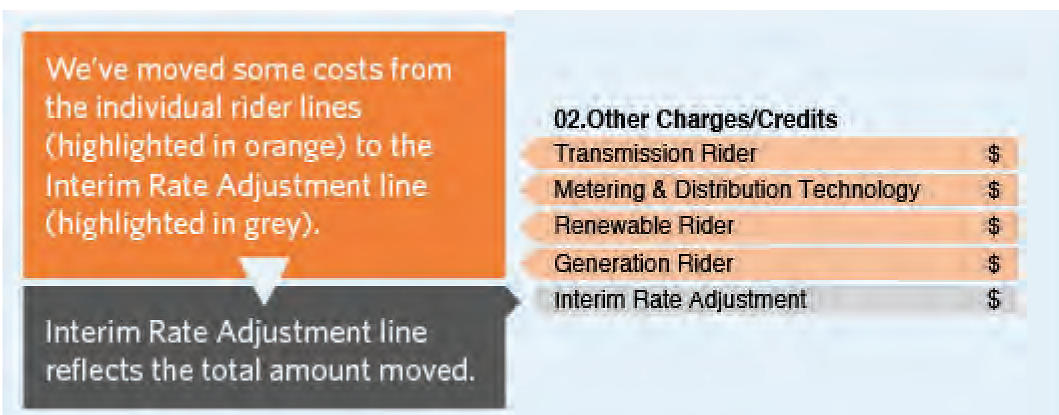
We last filed for a North Dakota base rate increase in 2017. We're making this request because costs have increased since then for us to maintain a safe and reliable system while meeting growing electricity demand. High interest rates and changes to our company's customer mix also contribute to the timing and amount of our request.

How interim rates impact your bill.

Interim rates began January 1, 2024, and will continue until final rates go into effect, likely several months from now.

The net result of the interim rate adjustment and the significant reductions to rider rates that occur at the same time is 6.03 percent. The PSC approved a total interim rate increase of approximately $34.4 million. About $20 million of this interim rate adjustment already was being billed in individual rider line items under "Other Charges/Credits" and is now simply moved to the new "Interim Rate Adjustment" line item. To move this charge and collect the additional $14.4 million, we're applying a 30.51 percent interim rate adjustment to select charges, including the customer, energy, demand, facilities, fixed, and monthly minimum charges as applicable.

The net increase to you is 6.03 percent.



Due to the movement of cost recovery from riders to the Interim Rate Adjustment, the Renewable Rider and the Generation Rider are zero. We've also updated the Transmission Rider and Metering & Distribution Technology Rider rates.

If the PSC approves final rates lower than interim rates, we'll refund you the difference with interest. If final rates are higher than interim rates, we won't charge you the difference.

The table below shows interim increases to typical monthly bills for each customer type. Increases vary depending on your electric service rate and the amount of electricity you use.

Customer rate type	Monthly kilowatt-hour use	Previous monthly cost	Interim change in monthly cost
Residential	875	$106.90	$20.56
Farms	2,635	$275.54	$50.71
General Service	2,804	$324.14	$61.05
Large General Service	171,699	$13,338.47	$2,304.08
Irrigation	2,849	$223.93	$52.50
Outdoor Lighting	2,074	$49.35	$10.94
Other Public Authority	2,786	$240.78	$38.88
Controlled Service Water Heating	449	$39.57	$5.84
Controlled Service Interruptible	2,244	$127.55	$13.88
Controlled Service Deferred	3,747	$213.49	$23.40

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

Public input session

The PSC will schedule a public input session via video conference, which will provide an opportunity to offer your comments and ask questions about our request. We'll notify you about this public input session once it's scheduled.

Commission hearing

The PSC also will hold a formal hearing about our rate review request on a date yet to be determined. Once scheduled, you can find hearing information at psc.nd.gov. The location of this hearing will be:

North Dakota Public Service Commission
Commission Hearing Room
600 East Boulevard Ave.
Bismarck, ND 58050-0480

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

Randy Christmann	**Chairman**
Julie Fedorchak	**Commissioner**
Sheri Haugen-Hoffart	**Commissioner**

In the Matter of the Application of Otter Tail Power Company For Authority to Increase Rates for Electric Utility Service in North Dakota	**Case No. PU-23-** **Agreement and Undertaking**

Otter Tail Power Company (OTP), in conjunction with the Notice and Petition for Interim Rates filed with the North Dakota Public Service Commission (Commission), makes the following unqualified agreement concerning refunding any portion of the requested increase in rates determined by the Commission to be unreasonable.

Pursuant to N.D.C.C. § 49-05-06(4), OTP hereby agrees and undertakes to refund to its customers the amount, if any, collected during the interim rate period, plus reasonable interest at a rate determined by the Commission, computed from the effective date of the interim rates through the date final rates become effective.

In addition, OTP agrees to keep such records of sales and billings under the proposed interim rates as will be necessary to compute any potential refund.

This Agreement and Undertaking is made pursuant to authority granted by the Board of Directors of Otter Tail Power Company.

Dated: November 2, 2023

By: */s/BRUCE GERHARDSON*
Bruce Gerhardson
Vice President Regulation & Retail Energy Solutions
Otter Tail Power Company

Volume 1

Interim Supporting Schedules

INTERIM RATE SCHEDULES
INDEX

Total Interim Retail Revenues	$182,974,451
Interim Deficiency	$34,450,473

DESCRIPTION OF INTERIM RATE APPLICATION, SUPPORTING SCHEDULES AND WORKPAPERS

The supporting schedules include the following:

Part A Schedules - Summary of Interim Test Year
Part A schedules provide: a summary of the Interim Test Year Revenue Deficiency and Interim Rate increase (A1); definitions used in this filing (A3); a Summary of the Interim Test Year Revenue Requirement increase (A4); the Interim Test Year Operating Statement (A5); and the Interim Test Year Detailed Rate Base Components (A6).

Part B Schedules - Comparison of Interim Test Year to Test Year
Part B schedules provide descriptions and comparisons of Interim Test Year amounts to Test Year amounts. These schedules include: a Detailed Rate Base comparison (B1); a Description of Interim Test Year Rate Base Adjustments (B2); a Rate Base bridge schedule showing the Interim Year Adjustments from the Test Year to Interim Test Year (B3); an Operating Statement Comparison between the Interim Test Year and the Test Year (B4); a Description of Interim Test Year Operating Statement Adjustments and associated amounts (B5); an Operating Statement bridge schedule showing the Interim Adjustments from Test Year to Interim Test Year (B6); and a Summary of Revenue Requirements (B7).

Part C Schedules - Comparison of Interim Test Year to Most Recent General Rate Case
Part C schedules provide descriptions and comparsions of Interim Test Year amounts to Commission approved amounts the Most Recent General Rate Case amounts. These schedules include: a Detailed Rate Base comparison (C1); a Description of Rate Base changes from Last General Rate Case (C2); an Operating Statement comparison (C3); a Description of Operating Statement changes from Last General Rate Case (C4); Summary of Revenue Requirements changes since Last Generat Rate Case (C5); comparison of Capital Structure and Rate of Return approved by the Commission in the Last General Rate case to Capital Structure and Rate of Return for Proposed Interim Rates (C6); and Description of Changes in Capital Structure and Rate of Return in Interim Rates compared to Last General Rate Case (C7).

Workpapers for the above Interim Rate Petition Schedules are located in Volume 4 of this filing.

DEFINITIONS

The following definitions are used in this filing:

Interim Test Year
The proposed interim test year information is for the calendar year ending December 31, 2024 and includes the effect of rate making adjustments for interim rates.

Test Year
The proposed test year information represents the test year financial information for the 2024 calendar year and includes the effects of rate making adjustments for final rates.

Most Recent General Rate Case
This information represents the financial data for test year ending December 31, 2018 from Otter Tail Power Company's last North Dakota electric rate case (Case No. PU-17-398), as approved by the Commission.

Note on Rounding
The cost of service study on which these supporting schedules are based rounds numbers to the nearest whole dollar for display purposes. However, the subtotals and subsequent totals in the cost of service study may be based on actual values resulting in occasional differences in the totals displayed when compared to the sum of the line items. These supporting schedules were prepared using individual line items with subtotals and totals calculated on each schedule separately. This may result in occasional rounding differences of a few dollars when comparing between the subtotals and totals on the cost of service study to those on the supporting schedules.

OTTER TAIL POWER COMPANY
Electric Utility - State of North Dakota
INTERIM RATE SCHEDULE
SUMMARY OF REVENUE REQUIREMENTS

Line No.	Description	Interim Test Year
1	Average Rate Base	$653,303,927
4	Total Available for Return (Line 2 + Line 3 + Rounding)	22,366,952
5	Overall Rate of Return (Line 4 / Line 1)	3.42%
6	Required Rate of Return	7.41%
7	Operating Income Requirement (Line 1 x Line 6)	$48,409,821
8	Income Deficiency (Line 7 - Line 4)	$26,042,869
9	Gross Revenue Conversion Factor	1.32284
10	Revenue Deficiency (Line 8 x Line 9)	$34,450,473
11	Retail Related Revenues Under Present Rates	$182,974,451

OTTER TAIL POWER COMPANY
Electric Utility - State of North Dakota
INTERIM RATE SCHEDULE
STATEMENT OF OPERATING INCOME

Line No.	Description	Interim Test Year
	OPERATING REVENUES	
1	Retail	$182,974,451
2	Other Operating Revenue	$12,976,906
3	**TOTAL OPERATING REVENUE**	$195,951,357
4	**OPERATING EXPENSES**	
5	Production Expenses	$88,199,805
6	Transmission Expenses	14,086,555
7	Distribution Expenses	8,393,231
8	Customer Accounting Expenses	7,295,595
9	Customer Service & Information Expenses	1,331,017
10	Sales Expenses	135,872
11	Administration & General Expenses	18,860,630
12	Charitable Contributions	0
13	Depreciation Expense	32,603,918
14	General Taxes	7,102,692
15	**TOTAL OPERATING EXPENSES**	$178,009,315
16	**NET OPERATING INCOME BEFORE INCOME TAXES**	$17,942,042
17	**INCOME TAX EXPENSE**	
18	Investment Tax Credit	($2,939,568)
19	Deferred Income Taxes	(1,485,341)
20	Income Taxes	(0)
21	**TOTAL INCOME TAX EXPENSE**	($4,424,910)
22	**NET OPERATING INCOME**	$22,366,952
23	Allowance for Funds Used During Construction	0
24	**TOTAL AVAILABLE FOR RETURN**	$22,366,952

OTTER TAIL POWER COMPANY
Electric Utility - State of North Dakota
INTERIM RATE SCHEDULE
DETAILED RATE BASE COMPONENTS

Case No. PU-23-
PART A
Schedule 6
Page 1 of 1

Line No.	Description	Interim Test Year
	Utility Plant in Service:	
1	Production	$632,119,838
2	Transmission	215,820,852
3	Distribution	329,751,161
4	General	53,300,696
5	Intangible	18,266,991
6	**TOTAL Utility Plant in Service**	$1,249,259,538
7	**Accumulated Depreciation**	
8	Production	($245,646,388)
9	Transmission	(62,608,626)
10	Distribution	(123,383,576)
11	General	(21,909,007)
12	Intangible	(7,538,176)
13	**TOTAL Accumulated Depreciation**	($461,085,774)
14	**NET Utility Plant in Service**	
15	Production	$386,473,450
16	Transmission	153,212,225
17	Distribution	206,367,584
18	General	31,391,689
19	Intangible	10,728,815
20	**NET Utility Plant in Service**	$788,173,764
21	Utility Plant Held for Future Use	$4,921
22	Construction Work in Progress	780,990
23	Materials and Supplies	14,737,248
24	Fuel Stocks	4,495,117
25	Prepayments	18,601,559
26	Customer Advances & Deposits	(709,657)
27	Cash Working Capital	1,414,534
28	Accumulated Deferred Income Taxes	(174,194,548)
29	**Total Average Rate Base**	$653,303,927

OTTER TAIL POWER COMPANY
Electric Utility - State of North Dakota
COMPARISON OF INTERIM RATES TO TEST YEAR
DETAILED RATE BASE COMPONENTS

Case No. PU-23-
PART B
Schedule 1

		(A)	(B)	(C)
Line No.	Description	Test Year 2024	Interim Test Year	Change (B) - (A)
	Utility Plant in Service:			
1	Production	$642,199,358	$632,119,838	($10,079,520)
2	Transmission	215,820,852	$215,820,852	0
3	Distribution	329,751,161	$329,751,161	0
4	General	53,302,252	$53,300,696	(1,555)
5	Intangible	18,267,524	$18,266,991	(533)
6	**TOTAL Utility Plant in Service**	$1,259,341,147	$1,249,259,538	($10,081,609)
	Accumulated Depreciation			
7	Production	($245,802,101)	($245,646,388)	$155,713
8	Transmission	(62,608,626)	($62,608,626)	(0)
9	Distribution	(123,383,576)	($123,383,576)	0
10	General	(21,909,647)	($21,909,007)	639
11	Intangible	(7,538,396)	($7,538,176)	220
12	**TOTAL Accumulated Depreciation**	($461,242,346)	($461,085,774)	$156,572
13	**NET Utility Plant in Service**			
14	Production	$396,397,258	$386,473,450	($9,923,807)
15	Transmission	153,212,226	153,212,225	(0)
16	Distribution	206,367,584	206,367,584	0
17	General	31,392,605	31,391,689	(916)
18	Intangible	10,729,128	10,728,815	(313)
19	**NET Utility Plant in Service**	$798,098,800	$788,173,764	($9,925,037)
20				
21	Utility Plant Held for Future Use	$4,921	$4,921	$0
22	Construction Work in Progress	780,995	$780,990	(4)
23	Materials and Supplies	14,737,569	$14,737,248	(322)
24	Fuel Stocks	4,495,117	$4,495,117	0
25	Prepayments	18,630,686	$18,601,559	(29,127)
26	Customer Advances & Deposits	(710,769)	($709,657)	1,111
27	Cash Working Capital	1,464,908	$1,414,534	(50,374)
28	Accumulated Deferred Income Taxes	(175,768,672)	($174,194,548)	1,574,124
29	**Total Average Rate Base**	$661,733,555	$653,303,927	($8,429,629)

DESCRIPTION OF ADJUSTMENTS

There are a total of Four adjustments that convert the Rate Base of the Test Year to the Rate Base for Interim Rates. A bridge from the Test Year rate base to the Interim Rate Petition rate base is provided in Part B, Schedule 3.

Langdon Upgrade (Column B)
OTP's 2024 Test year requests approval to include certain costs currently included in the Meter & Distribution Technology (MDT) Cost Recovery Rider, Generation Cost Recovery Rider, (GCRR), Renewable Resource Adjustment Rider (RRAR), and Transmission Cost Recovery Rider (TCRR) to be included in base rates at the beginning of the general rate case.

The 2024 Test Year includes a plant normalization adjustment for the Langdon Upgrade project, as that project is expected to be in service at the end of the case. An adjustment was made to the Interim Test Year to remove the costs associated with the plant normalization, as that project is proposed to be included in the RRAR during the Interim Test Year, but is proposed to be moved out of the RRAR and into base rates at the end of the case.

Prorated ADIT (Column C)
To comply with IRS Regulation Section 1.167(l)-1(h)(6), an interim rate adjustment is made to include the impact of proration of Accumulated Deferred Income Taxes (ADIT) for the Interim Test Year for purposes of computing interim rates to be effective January 1, 2024. No proration of ADIT is included for purposes of computing final rates as final rates are assumed to be effective January 1, 2025.

Cash Working Capital (Column D)
An interim rate adjustment is made to Cash Working Capital which is the result of changes from the Langdon Update and ADIT proration adjustments. The Cash Working Capital requirement is determined through the application of Lead-Lag study factors against applicable rate base and expense categories.

Changes in Allocations due to Interim Rate Adjustments (Column E)
OTP uses its jurisdictional cost of service study (JCOSS) model to calculate all operating statement and rate base schedules for both interim rates and the application for final rates. Certain allocation factors are developed within the JCOSS model. Any adjustment has the potential to change some of these allocation factors that are computed within the JCOSS model. This column shows the effect of the allocations on rate base components caused by the Interim Rate adjustments discussed above.

OTTER TAIL POWER COMPANY
Electric Utility - State of North Dakota
COMPARISON OF INTERIM RATES TO TEST YEAR
RATE BASE WITH ADJUSTMENTS (BRIDGE SCHEDULE)

Case No. PU-23-
PART B
Schedule 3

Line No.	Description	(A) 0 Test Year 2024	(B) Langdon Upgrade Removed	(C) Prorate ADIT Interim Adjust	(D) Impact of Operating Statement Adjustments on Cash Working Capital	(E) Changes in Allocations Due to Effect of Interim Adjustments	(F) Interim Test Year (1)
1	Electric Plant in Service	$1,259,341,147	($10,079,520)		$0	($2,092)	$1,249,259,535
2	Less: Accumulated Depreciation	(461,242,346)	155,713		0	$861	(461,085,772)
3	Net Electric Plant in Service	$798,098,800	($9,923,807)	$0	$0	($1,231)	$788,173,762
4	Other Rate Base Components:						
5	Plant Held for Future Use	$4,921			$0	$0	$4,921
6	Construction Work in Progress	780,995			0	(5)	780,990
7	Materials and Supplies	14,737,569			0	(321)	14,737,248
8	Fuel Stocks	4,495,117			0	0	4,495,117
9	Prepayments	18,630,686			0	(29,127)	18,601,559
10	Customer Advances	(710,769)			0	1,112	(709,657)
11	Cash Working Capital	1,464,908			(50,375)	0	1,414,533
12	Accumulated Deferred Income Taxes	(175,768,672)		1,548,067	0	26,051	(174,194,554)
13							
14	TOTAL	$661,733,555	($9,923,807)	$1,548,067	($50,375)	($3,521)	$653,303,919

(1) Electric Utility - North Dakota Jurisdiction

OTTER TAIL POWER COMPANY
Electric Utility - State of North Dakota
COMPARISON OF INTERIM RATES TO TEST YEAR
STATEMENT OF OPERATING INCOME

Case No. PU-23-
PART B
Schedule 4
Page 1 of 1

		(A)	(B)	(C)
Line No.	Description	Test Year 2024	Interim Test Year	Change (B) - (A)
	OPERATING REVENUES			
1	Retail	$182,686,888	$182,974,451	$287,563
2	Other Operating Revenue	12,979,433	$12,976,906	(2,528)
3	**TOTAL OPERATING REVENUE**	$195,666,321	$195,951,357	$285,035
4	**OPERATING EXPENSES**			
5	Production Expenses	$87,108,465	$88,199,805	$1,091,341
6	Transmission Expenses	14,086,555	$14,086,555	0
7	Distribution Expenses	8,393,231	$8,393,231	0
8	Customer Accounting Expenses	7,295,595	$7,295,595	0
9	Customer Service & Information Expenses	1,331,017	$1,331,017	0
10	Sales Expenses	135,872	$135,872	0
11	Administration & General Expenses	20,775,268	$18,860,630	(1,914,638)
12	Charitable Contributions	0	$0	0
13	Depreciation Expense	33,093,414	$32,603,918	(489,496)
14	General Taxes	7,103,488	$7,102,692	(797)
15	**TOTAL OPERATING EXPENSES**	$179,322,905	$178,009,315	($1,313,590)
16	**NET OPERATING INCOME BEFORE INCOME TAXES**	$16,343,417	$17,942,042	$1,598,625
17	**INCOME TAX EXPENSE**			
18	Investment Tax Credit	($2,939,781)	($2,939,568)	$213
19	Deferred Income Taxes	(1,925,497)	($1,485,341)	440,155
20	Income Taxes	0	($0)	(0)
21	**TOTAL INCOME TAX EXPENSE**	($4,865,278)	($4,424,910)	$440,368
22	**NET OPERATING INCOME**	$21,208,694	$22,366,952	$1,158,257
23	Allowance for Funds Used During Construction	0	0	0
24	**TOTAL AVAILABLE FOR RETURN**	$21,208,694	$22,366,952	$1,158,257

Notes: Revenues reflect calendar month sales

In Part B, Schedule 6, there are eleven Interim Rate Adjustments to the Test Year operating income statement to determine the Interim Rate Test Year operating income statement.

Adjustments for Proposed Changes to Items from Last Rate Case (Columns B, C, D, E, F, G)
The Inteirm Test Year does not include costs of Director Restricted Stock Grants (B), Employee Recognition and Gift Expense (C), ESSRP (D), Investor Relations (E), Long Term Incentives (F & G), consitent with costs included in current base rates. OTP is requesting these costs be permitted in the Test Year.

Adjustments to remove Langdon Upgrade (Column H, I, K)
Adjustments are made to remove the expenses related to the Langdon Upgrade from the Interim Test Year, as that project will remain in the RRCR Rider during the interim rate period. Adjustment H removes normalized depreciation expense. Adjustment I adds back RRCR Rider revenues attributable to the Langdon Upgrade that OTP is seeking recovery of in the RRAR Rider during the interim rate period. Adjustment K excludes revenues on Long Term CWIP associated with that project.

Adjustment to Include Plant Outage Normalization (Column M)
As discussed by OTP witness, Ms. Christy Petersen, OTP inadvertantly excluded a Test Year adjustment to normalize plant outage expenses. OTP will include correct this error and include as a Test Year Adjustment when it files updated schedules with Rebuttal Testimony. The Interim Test Year adjustment adds in the normalized plant outage expenses.

Changes in Allocations due to Interim Rate Adjustments (Column L)
OTP uses its jurisdictional cost of service study (JCOSS) model to calculate all operating statement and rate base schedules for both interim rates and the application for final rates. Certain allocation factors are developed within the JCOSS model. Any adjustment has the potential to change some of these allocation factors. This column shows the effect of the allocations calculated within the JCOSS model on the operating statement components caused by the Interim Rate adjustments discussed above.

OTTER TAIL POWER COMPANY
Electric Utility - State of North Dakota
COMPARISON OF INTERIM RATES TO TEST YEAR
STATEMENT OF OPERATING INCOME WITH ADJUSTMENTS (BRIDGE SCHEDULE)

Line No.	Description	(A) Test Year 2024	(B) Director Restricted Stock Grants	(C) Employee Recognition and Gift Expense	(D) ESSRP	(E) Investor Relations	(F) Long-Term Incentive	(G) Incentive	(H) Langdon Upgrade Depr Removal	(I) Langdon Upgrade CWIP Revenue Removal	(J) Plant Outage Normalization	(K) Langdon Upgrade Rider Revenue	(L) Changes in Allocations Due to Effect of Interim Adjustments	(M) Interim Test Year
	OPERATING REVENUES													
1	Retail	$182,686,888								($986,321)		$1,273,884		$182,974,451
2	Other Operating Revenue	$12,979,433	0										(2,527)	12,976,906
3	**TOTAL OPERATING REVENUE**	$195,666,321	$0	$0	$0	$0	$0	$0	$0	($986,321)	$0	$1,273,884	($2,527)	$195,951,357
	OPERATING EXPENSES													
4	Production Expenses	$87,108,465									$1,091,341		($2)	88,199,804
5	Transmission Expenses	$14,086,555												14,086,555
6	Distribution Expenses	$8,393,231												8,393,231
7	Customer Accounting Expenses	$7,295,595												7,295,595
8	Customer Service & Information Expenses	$1,331,017												1,331,017
9	Sales Expenses	$135,872												135,872
10	Administration & General Expenses	$20,775,268	(262,850)	(96,966)	(61,295)	(102,431)	(1,221,341)	(167,000)					(2,755)	18,860,630
11	Charitable Contributions	$0												0
12	Depreciation Expense	$33,093,414							($489,384)				(112)	32,603,918
13	General Taxes	$7,103,488											(796)	7,102,692
14	**TOTAL OPERATING EXPENSES**	$179,322,905	($262,850)	($96,966)	($61,295)	($102,431)	($1,221,341)	($167,000)	($489,384)	$0	$1,091,341	$0	($3,665)	$178,009,314
15	**NET OPERATING INCOME BEFORE INCOME TAXES**	$16,343,417	$262,850	$96,966	$61,295	$102,431	$1,221,341	$167,000	$489,384	($986,321)	($1,091,341)	$1,273,884	$1,138	$17,942,043
	INCOME TAX EXPENSE													
17	Investment/Production Tax Credit	(2,939,781)	$0		$0	$0	$0	$0	$0				$213	($2,939,568)
18	Deferred Income Taxes	(1,925,497)	0	0	0	0	0	0	0	0	0	0	440,156	(1,485,341)
19	Income Taxes	0	64,135	23,660	14,956	24,993	298,007	40,748	119,410	(240,662)	(266,287)	310,828	(389,787)	0
20	**TOTAL INCOME TAX EXPENSE**	($4,865,278)	$64,135	$23,660	$14,956	$24,993	$298,007	$40,748	$119,410	($240,662)	($266,287)	$310,828	$50,582	($4,424,908)
21	**NET OPERATING INCOME**	$21,208,694	$198,715	$73,306	$46,339	$77,438	$923,334	$126,252	$369,974	($745,659)	($825,054)	$963,056	($49,444)	$22,366,951
22	Allowance for Funds Used During Construction	0	0	0	0	0	0	0	0	0	0	0	0	0
23	**TOTAL AVAILABLE FOR RETURN**	$21,208,694	$198,715	$73,306	$46,339	$77,438	$923,334	$126,252	$369,974	($745,659)	($825,054)	$963,056	($49,444)	$22,366,952

OTTER TAIL POWER COMPANY
Electric Utility - State of North Dakota
COMPARISON OF INTERIM RATES TO TEST YEAR
SUMMARY OF REVENUE REQUIREMENTS

		(A)	(B)	
Line No.	Description	Test Year 2024	Interim Test Year	Change (B) - (A)
1	Average Rate Base	$661,733,555	$653,303,927	($8,429,629)
4	Total Available for Return (Line 2 + Line 3 + Rounding)	$21,208,694	$22,366,952	$1,158,257
5	Overall Rate of Return (Line 4 / Line 1)	3.21%	3.42%	(0.22)%
6	Required Rate of Return	7.85%	7.41%	-0.44%
7	Operating Income Requirement (Line 1 x Line 6)	$51,946,084	$48,409,821	($3,536,263)
8	Income Deficiency (Line 7 - Line 4)	$30,737,390	$26,042,869	($4,694,520)
9	Gross Revenue Conversion Factor	1.32284	1.32284	0
10	Revenue Deficiency (Line 8 x Line 9)	$40,660,558	$34,450,473	($6,210,085)
11	Retail Related Revenues Under Present Rates	$182,686,888	$182,974,451	$287,563

OTTER TAIL POWER COMPANY | **Case No. PU-23-**
Electric Utility - State of North Dakota | **PART C**
COMPARISON OF INTERIM RATES TO MOST RECENT GENERAL RATE CASE | **Schedule 1**
DETAILED RATE BASE COMPONENTS | **Page 1 of 1**

Line No.	Description	(A) Results of Most Recent General Rate Case PU-17-398	(B) Interim Test Year	(C) Change (B) - (A)
	Utility Plant in Service:			
1	Production	$330,592,708	$632,119,838	$301,527,130
2	Transmission	153,053,866	$215,820,852	62,766,986
3	Distribution	228,593,947	$329,751,161	101,157,214
4	General	36,403,887	$53,300,696	16,896,809
5	Intangible	10,982,163	$18,266,991	7,284,828
6	**TOTAL Utility Plant in Service**	$759,626,571	$1,249,259,538	$489,632,967
7	**Accumulated Depreciation**			
8	Production	($145,771,190)	($245,646,388)	($99,875,198)
9	Transmission	(48,704,222)	($62,608,626)	(13,904,404)
10	Distribution	(98,387,399)	($123,383,576)	(24,996,177)
11	General	(14,025,275)	($21,909,007)	(7,883,732)
12	Intangible	(968,365)	($7,538,176)	(6,569,811)
13	**TOTAL Accumulated Depreciation**	($307,856,451)	($461,085,774)	($153,229,323)
14	**NET Utility Plant in Service**			
15	Production	$184,821,518	$386,473,450	$201,651,932
16	Transmission	104,349,644	153,212,225	48,862,581
17	Distribution	130,206,548	206,367,584	76,161,036
18	General	22,378,612	31,391,689	9,013,077
19	Intangible	10,013,798	10,728,815	715,017
20	**NET Utility Plant in Service**	$451,770,120	$788,173,764	$336,403,644
21				
22	Utility Plant Held for Future Use	13,044	4,921	(8,123)
23	Construction Work in Progress	2,994,050	780,990	(2,213,060)
24	Materials and Supplies	8,312,785	14,737,248	6,424,463
25	Fuel Stocks	4,430,805	4,495,117	64,312
26	Prepayments	(5,984,526)	18,601,559	24,586,085
27	Customer Advances & Deposits	(366,009)	(709,657)	(343,648)
28	Cash Working Capital	2,777,853	1,414,534	(1,363,319)
29	Unamortized Rate Case Expense	0	0	0
30	Accumulated Deferred Income Taxes	(102,375,522)	(174,194,548)	(71,819,026)
31	**Total Average Rate Base**	$361,572,600	$653,303,927	$291,731,327

DESCRIPTION OF CHANGES

Total Average Rate Base proposed by OTP for interim rates increased by approximately $291.7 million since the last approved electric rate case in Case No. PU-17-398. As noted earlier, interim rates exclude costs that are not of like-kind and rate base being recovered in OTP's riders during the interim period.

The increase in Average Rate Base is primarily related to the net effect of Utility Plant in Service and Accumulated Deferred Income Taxes. Gross Plant in Service increased by $489.6 million and Reserve for Depreciation and Amortization increased by $153.2 million. Total Net Plant in Service increased approximately $336.4 million. In addition, Accumulated Deferred Income Taxes (ADIT) increased approximately $71.8 million, which reduces rate base. These components account for approximately $264.6 million of the $292.0 million increase to rate base.

Net Production Plant in Service increased by $201.6 million since OTP's Most Recent General Rate Case (capital additions of $301.5 million offset by increases in depreciation reserves of $99.9 million). Production Plant is now 49.0 percent of Plant in Service compared to 40.9 percent in that case.

Transmission Plant increased by $48.9 million (capital additions of $62.8 million offset by increases in depreciation reserves of $13.9 million). Transmission Plant comprises 19.4 percent of Net Plant as compared to 23.1 percent in OTP's Most Recent General Rate Case.

Distribution Plant now comprises 26.2 percent of Net Plant compared to 28.8 percent for OTP's Most Recent General Rate Case, increasing distribution plant by $76.2 million, (capital additions of $101.2 million offset by increases in depreciation reserves of $25.0 million).

As mentioned earlier, ADIT, a reduction to Average Rate Base, increased by $71.8 million due to the impact of accelerated tax depreciation taken on OTP's capital expenditures. This increase is mainly caused by timing differences between book and tax depreciation on plant in service investment.

Cash Working Capital decreased by approximately $1.4 million, Materials and Supplies comprised an increase of $6.4 million, Fuel Inventory increased by $0.06 million, and Customer Advances and Deposits increased by $344,000 (reduction to rate base) since OTP's Most Recent General Rate Case.

The net effect of the $336.4 million increase in Net Plant in Service, the $71.8 million increase in Accumulated Deferred Income Taxes (a reduction to Average Rate Base), and other components shown in Part C, Schedule 1 account for the $291.7 million increase in Total Average Rate Base for the interim rate period.

OTTER TAIL POWER COMPANY **Case No. PU-23-**
Electric Utility - State of North Dakota **PART C**
COMPARISON OF INTERIM RATES TO OTP'S MOST RECENT GENERAL RATE CASE **Schedule 3**
STATEMENT OF OPERATING INCOME **Page 1 of 1**

Line No.	Description	(A) Results of Most Recent General Rate Case PU-17-398	(B) Interim Test Year	(C) Change (B) - (A)
	OPERATING REVENUES			
1	Retail	$125,790,440	$182,974,451	$57,184,011
2	Other Operating Revenue	10,050,628	$12,976,906	2,926,278
3	**TOTAL OPERATING REVENUE**	$135,841,068	$195,951,357	$60,110,289
4	**OPERATING EXPENSES**			
5	Production Expenses	$59,493,153	$88,199,805	$28,706,652
6	Transmission Expenses	13,389,579	$14,086,555	696,976
7	Distribution Expenses	7,434,435	$8,393,231	958,796
8	Customer Accounting Expenses	5,936,738	$7,295,595	1,358,857
9	Customer Service & Information Expenses	1,373,725	$1,331,017	(42,708)
10	Sales Expenses	22,472	$135,872	113,400
11	Administration & General Expenses	17,800,240	$18,860,630	1,060,390
12	Charitable Contributions	0	$0	0
13	Depreciation Expense	21,010,644	$32,603,918	11,593,274
14	General Taxes	4,907,591	$7,102,692	2,195,101
15	**TOTAL OPERATING EXPENSES**	$131,368,577	$178,009,315	$46,640,738
16	**NET OPERATING INCOME BEFORE INCOME TAXES**	$4,472,491	$17,942,042	$13,469,551
17	**INCOME TAX EXPENSE**			
17	Investment Tax Credit	($526,293)	($2,939,568)	($2,413,275)
18	Deferred Income Taxes	(2,254,952)	($1,485,341)	769,611
19	Income Taxes	306,897	($0)	(306,897)
20	**TOTAL INCOME TAX EXPENSE**	($2,474,348)	($4,424,910)	($1,950,562)
21	**NET OPERATING INCOME**	$6,946,839	$22,366,952	$15,420,113
22	Allowance for Funds Used During Construction	0	0	0
23	**TOTAL AVAILABLE FOR RETURN**	$6,946,839	$22,366,952	$15,420,113

The Total Available for Return approved by the Commission in OTP's Most Recent General Rate Case compared to the Total Available for Return proposed in the Interim Test Year shows an increase of $15.4 million.

Major components of the change in utility available for return include the following:

Retail Electric Revenues increased by $57.2 million or 45.5 percent.

Other Revenue increased by $2.9 million from $10.1 million in OTP's Most Recent General Rate Case to $13.0 million in the Interim Test Year.

Fuel, Purchased Energy and Power Production costs increased by approximately $28.7 million compared to OTP's Most Recent General Rate Case.

Other Operating Expenses increased by approximately $4.1 million. The changes that occurred in the various cost functions are: Transmission expense, an increase of $0.7 million; Distribution expense, an increase of $1.0 million; Customer Accounting, an increase of $1.4 million; Customer Services combined with Information and Sales, a decrease of $0.1 million; and Administrative and General expense, an increase of $1.1 million.

Depreciation expense increased by approximately $11.6 million which represents a 55.2 percent increase over OTP's Most Recent General Rate Case.

Investment Tax Credits increased by $2.4 million while Deferred Income Taxes decreased by $0.7 million while Income Tax Expense decreased by $0.3 million since OTP's Most Recent General Rate Case.

OTTER TAIL POWER COMPANY **Case No. PU-23-**
Electric Utility - State of North Dakota **PART C**
COMPARISON OF INTERIM RATES TO MOST RECENT GENERAL RATE CASE **Schedule 5**
SUMMARY OF REVENUE REQUIREMENTS **Page 1 of 1**

Line No.	Description	(A) Results of Most Recent General Rate Case PU-17-398	(B) Interim Test Year	(C) Change (B) - (A)
1	Average Rate Base	$361,572,600	$653,303,927	$291,731,327
4	Total Available for Return (Line 2 + Line 3 + Rounding)	$6,946,839	$22,366,952	$15,420,113
5	Overall Rate of Return (Line 4 / Line 1)	1.92%	3.42%	-(1.50)%
6	Required Rate of Return	7.64%	7.41%	(0.23)%
7	Operating Income Requirement (Line 1 x Line 6)	$27,624,147	$48,409,821	$20,785,674
8	Income Deficiency (Line 7 - Line 4)	$20,677,308	$26,042,869	$5,365,562
9	Gross Revenue Conversion Factor	1.322837	1.322837	0
10	Revenue Deficiency (Line 8 x Line 9)	$27,352,708	$34,450,473	$7,097,765

OTTER TAIL POWER COMPANY
Electric Utility - State of North Dakota
COMPARISON OF INTERIM RATES TO OTP'S MOST RECENT GENERAL RATE CASE
CAPITAL STRUCTURE AND RATE OF RETURN CALCULATIONS

Case No. PU-23-
PART C
Schedule 6

Line No.	Capitalization:	(A) Amount	(B) % of Total Capitalization	(C) Cost of Capital	(D) Weighted Cost of Capital
	I. Capital Structure and Rate of Return Calculation Approved by the Commission in the Most Recent General Rate Case (Case No. PU-17-398)				
1	Long-Term Debt	$494,763,479	46.0%	5.29%	2.44%
2	Short-Term Debt	15,979,875	1.5%	4.02%	0.07%
3	Long-Term and Short-Term Debt	$510,743,354	47.5%	5.29%	2.51%
4	Preferred Stock	0	0.000%		0.00%
5	Net Common Equity	564,530,097	52.5%	9.77%	5.13%
6	Total Equity	$564,530,097	52.5%		5.13%
7	Total Capitalization	$1,075,273,451	100.00%		7.64%
	II. Capital Structure and Rate of Return Calculation for Proposed Interim Rates				
8	Long-Term Debt	$ 844,314,676	43.5%	4.65%	2.02%
9	Short-Term Debt	57,841,876	3.0%	5.25%	0.16%
10	Long-Term and Short-Term Debt	$902,156,552	46.5%	4.68%	2.18%
11	Preferred Stock	0	0.0%		0.00%
12	Net Common Equity	1,037,781,192	53.5%	9.77%	5.23%
13	Total Equity	$1,037,781,192	53.5%		5.23%
14	Total Capitalization	$1,939,937,744	100.0%		7.41%

III. Amount of Changes Between I and II

Line No.		Amount: Most Recent General Rate Case Filing (A)	Amount: Proposed Interim Rate (B)	Change (C) = (B) - (A)
15	Long-Term Debt	$494,763,479	$844,314,676	$349,551,197
16	Short-Term Debt	15,979,875	57,841,876	41,862,001
17	Long-Term and Short-Term Debt	$510,743,354	$902,156,552	$391,413,198
18	Preferred Stock	0	0	$0
19	Net Common Equity	564,530,097	1,037,781,192	473,251,095
20	Total Equity	$564,530,097	$1,037,781,192	$473,251,095
21	Total Capitalization	$1,075,273,451	$1,939,937,744	$864,664,293

DESCRIPTION OF CHANGES

Long-Term Debt in the Proposed Interim Test Year has increased by approximately $350.0 million, compared to OTP's Most Recent General Rate Case. The increase in Long-Term Debt was necessary to support OTP's capital expenditure plan and maintain an appropriate balance of debt and equity and a balanced capital structure.

The capital structure for Interim Rates includes $57.8 million of Short-Term Debt as compared to $16.0 million in OTP's Most Recent General Rate Case.

Common Equity increased by approximately $473.3 million primarily due to reinvestment of retained earnings and infusions of equity from Otter Tail Corporation to support OTP's capital expenditure plan and provide an appropriate balance of debt and equity and a balanced capital structure.

The overall cost of capital from OTP's Most Recent General Rate Case was 7.64 percent. That overall cost has decreased to 7.41 percent for the Interim period. The 9.77 percent cost of common equity is the same as the 9.77 percent cost of common equity in OTP's Most Recent General Rate Case with the equity ratio increasing from 52.5 percent to 53.5 percent. The cost of Long-Term debt decreased from 5.29 percent to 4.68%.

Volume 1

Summary of Present and Interim Revenue

Test Year 2024 Operating Revenue Summary Comparison - By Rate Schedule

Line No.	Rate Schedule	Operating Revenues: Present	Operating Revenues: With Interim Rate Increase	% increase 30.51%	Percent Change
1	9 01 Residential Service (Rate 101)	$ 32,046,773	$ 41,822,849	$ 9,776,076	30 51%
2	9 02 Residential Demand Control (Rate 241)	$ 4,780,538	$ 6,238,872	$ 1,458,334	30 51%
3	Total Residential:	$ 36,827,311	$ 48,061,722	$ 11,234,410	30 51%
4					
5	9 03 Farm Service (Rate 361)	$ 1,830,786	$ 2,389,279	$ 558,493	30 51%
6	Total Farm:	$ 1,830,786	$ 2,389,279	$ 558,493	30 51%
7					
8	10 01 Small General Service - Under 20 kW - Metered Service Secondary (Rate 404)	$ 7,585,404	$ 9,899,381	$ 2,313,977	30 51%
9	10 01 Small General Service - Under 20 kW - Metered Service Primary (Rate 405)	$ 1,645	$ 2,147	$ 502	30 51%
10	10 02 General Service - 20 kW or Greater - Secondary Service (Rate 401)	$ 19,521,818	$ 25,477,075	$ 5,955,257	30 51%
11	10 02 General Service - 20 kW or Greater - Primary Service (Rate 403)	$ 57,140	$ 74,571	$ 17,431	30 51%
12	10 03 General Service - Time of Use (Commercial TOU) - (Rates 708, 709, 710)	$ 6,203	$ 8,095	$ 1,892	30 51%
13	Total General Service:	$ 27,172,210	$ 35,461,270	$ 8,289,059	30 51%
14	**[PROTECTED DATA BEGINS...**				
15					
16					
18					
21					
22					
23					
17					
19					
20					**...PROTECTED DATA ENDS]**
24	11 02 Irrigation Service - Option 1: Non-Time-of-Use (Rate 703)	$ 24,948	$ 32,559	$ 7,611	30 51%
25	11 02 Irrigation Service - Option 2 (Rates 704, 705, 706)	$ 29,196	$ 38,102	$ 8,906	30 51%
26	Total Irrigation:	$ 54,144	$ 70,661	$ 16,517	30 51%
27					
28	11 03 Outdoor Lighting - Metered - Energy Only (Rate 748)	$ 95,933	$ 125,198	$ 29,265	30 51%
29	11 03 Outdoor Lighting - Non-Metered - Energy Only (Rate 749)	$ 97,067	$ 126,678	$ 29,611	30 51%
30	11 03 Outdoor Lighting - Signal (Rate 744)	$ 41,803	$ 54,555	$ 12,752	30 51%
31	11 04 Outdoor Lighting - Street & Area Lighting (Rate 741, 743)	$ 900,453	$ 1,175,142	$ 274,689	30 51%
32	11 07 LED STREET and AREA LIGHTING – DUSK TO DAWN (Rate 730, 731)	$ 1,558,539	$ 2,033,981	$ 475,442	30 51%
33	Total Lighting:	$ 2,693,795	$ 3,515,555	$ 821,760	30 51%
34					
35	11 05 Municipal Pumping - Secondary Service (Rate 872)	$ 818,303	$ 1,067,932	$ 249,629	30 51%
36	11 06 Civil Defense - Fire Sirens (Rate 843)	$ 2,553	$ 3,332	$ 779	30 51%
37	Total Other Public Authority:	$ 820,856	$ 1,071,263	$ 250,407	30 51%
38					
39	14 01 Water Heating - Controlled Service (Rate 191)	$ 688,841	$ 898,977	$ 210,136	30 51%
46	14 06 Controlled Service - Deferred Load Rider (Rates 197, 195, 883)	$ 601,122	$ 784,498	$ 183,376	30 51%
40	Total Water Heating:	$ 1,289,963	$ 1,683,475	$ 393,512	30 51%
41					
42	14 04 Controlled Service - Interruptible Load Rider CT Metering (Rates 170, 165, 881, 168, 268, 169, 269)	$ 1,154,187	$ 1,506,279	$ 352,092	30 51%
43	14 05 Controlled Service - Interruptible Load Rider Self-Contained Metering (Rates 190, 185, 882)	$ 2,851,749	$ 3,721,694	$ 869,945	30 51%
44	Total Interruptible:	$ 4,005,936	$ 5,227,973	$ 1,222,037	30 51%
45					
47	14 07 Fixed Time of Service Rider - Self-Contained Metering (Rates 301, 884)	$ 164,901	$ 215,205	$ 50,304	30 51%
48	14 07 Fixed Time of Service Rider - CT Metering (Rates 302, 885)	$ 114,261	$ 149,118	$ 34,856	30 51%
49	Total Deferred Load:	$ 279,162	$ 364,323	$ 85,160	30 51%
50					
51	TOTAL REVENUE:	$ 112,931,450	$ 147,381,923	$ 34,450,472	30 51%

Volume 1

Interim Tariff Sheets

Volume 1

Legislative

Section	*Item*
11.00	**OTHER SERVICES**
11.01	Standby Service
11.02	Irrigation Service
11.03	Outdoor Lighting – Energy Only Dusk to Dawn
11.04	Outdoor Lighting Dusk to Dawn
11.05	Municipal Pumping Service
11.06	Civil Defense - Fire Sirens
11.07	LED Street and Area Lighting – Dusk to Dawn
12.00	**PURCHASE POWER RIDERS & APPLICABILITY MATRIX**
12.01	Small Power Producer Rider Occasional Delivery Energy Service (Net Energy Billing Rate)
12.02	Small Power Producer Rider Time of Delivery Energy Service
12.03	Small Power Producer Rider Dependable Service
13.00	**MANDATORY RIDERS & APPLICABILITY MATRIX**
13.01	Energy Adjustment Rider • *Applicable to all services and riders unless otherwise stated in the mandatory riders matrix*
13.02	Reserved for Future Use
13.03	Reserved for Future Use
13.04	Renewable Resource Cost Recovery Rider
13.05	Transmission Cost Recovery Rider
13.06	Generation Cost Recovery Rider
13.07	Reserved for Future Use
13.08	Environmental Cost Recovery Rider
13.09	Reserved for Future Use
13.10	Reserved for Future Use
13.11	Advanced Meter and Distribution Technology (AMDT) Cost Recovery Rider
13.12	Interim Rate Rider

MANDATORY RIDERS - AVAILABILITY MATRIX

The amount of a bill for service will be modified by any Mandatory Rate Riders that must apply, Voluntary Rate Riders selected by the Customer, and charges listed in the General Rules and Regulations.

OTTER TAIL POWER COMPANY Applicability Matrix	Mandatory Riders	Energy Adjustment Rider by Service Category	Reserved for Future Use	Reserved for Future Use	Renewable Resource Cost Recovery Rider	Transmission Cost Recovery Rider	Generation Cost Recovery Rider	Reserved for Future Use	Environmental Cost Recovery Rider	Reserved for Future Use	Reserved for Future Use	Advanced Meter and Distribution Technology Cost Recovery Rider	Interim Rate Rider
Base Tariffs	Section Numbers	13.01	13.02	13.03	13.04	13.05	13.06	13.07	13.08	13.09	13.10	13.11	13.12
RESIDENTIAL & FARM SERVICES													
Residential Service	9.01	■			■	■	■		■			■	■
Residential Demand Control Service	9.02	■			■	■	■		■			■	■
Farm Service	9.03	■			■	■	■		■			■	■
Reserved for Future Use	9.04												
GENERAL SERVICES													
Small General Service (Less than 20 kW)	10.01	■			■	■	■		■			■	■
General Service (20 kW or Greater)	10.02	■			■	■	■		■			■	■
General Service - Time of Use	10.03	■			■	■	■		■			■	■
Large General Service	10.04	■			■	■	■		■			■	■
Large General Service - Time of Day	10.05	■			■	■	■		■			■	■
Super Large General Service	10.06	■			■	■	■		■			■	■
OTHER SERVICES													
Standby Service	11.01	■			■	■	■		■			■	■
Irrigation Service	11.02	■			■	■	■		■			■	■
Outdoor Lighting - Energy Only	11.03	■			■	■	■		■			✓	■
Outdoor Lighting	11.04	■			■	■	■		■				■
Municipal Pumping Service	11.05	■			■	■	■		■			■	■
Fire Sirens - Civil Defense	11.06								■				■
LED Street and Area Lighting	11.07	■			■	■	■		■				■

Key: ✓ = May apply ■ = Mandatory ☐ = Not Applicable

OTTER TAIL POWER COMPANY
Fergus Falls, Minnesota

Applicability Matrix	Mandatory Riders	Energy Adjustment Rider by Service Category	Reserved for Future Use	Reserved for Future Use	Renewable Resource Cost Recovery Rider	Transmission Cost Recovery Rider	Generation Cost Recovery Rider	Reserved for Future Use	Environmental Cost Recovery Rider	Reserved for Future Use	Reserved for Future Use	Advanced Meter and Distribution Technology Cost Recovery Rider	Interim Rate Rider
Base Tariffs	Section Numbers	13.01	13.02	13.03	13.04	13.05	13.06	13.07	13.08	13.09	13.10	13.11	13.12
MANDATORY RIDERS													
Energy Adjustment Rider by Service Category	13.01												
Reserved for Future Use	13.02												
Reserved for Future Use	13.03												
Renewable Resource Cost Recovery Rider	13.04												
Transmission Cost Recovery Rider	13.05												
Generation Cost Recovery Rider	13.06												
Reserved for Future Use	13.07												
Environmental Cost Recovery Rider	13.08												
Reserved for Future Use	13.09												
Reserved for Future Use	13.10												
Advanced Meter and Distribution Technology Cost Recovery Rider	13.11												
Interim Rate Rider	13.12												
VOLUNTARY RIDERS													
Water Heating Control Rider	14.01	■			■	■	■		■			■	✓
Real Time Pricing Rider	14.02				■	■	■		■				
Large General Service Rider	14.03	✓			■	■	■		■				✓
Controlled Service - Interruptible Load CT Metering Rider	14.04	■			■	■	■		■			■	■
Controlled Service - Interruptible Load Self-Contained Metering Rider	14.05	■			■	■	■		■			■	■
Controlled Service Deferred Load Rider	14.06	■			■	■	■		■			■	■
Fixed Time of Service Rider	14.07	■			■	■	■		■			■	■
Air Conditioning Control Rider	14.08								■				
Voluntary Renewable Energy Rider	14.09												
WAPA Bill Crediting Program Rider	14.10								■				
Reserved for Future Use	14.11												
Bulk Interruptible Service Application and Pricing Guidelines	14.12	■			■	■	■		■			■	■
Economic Development Rate Rider - Large General Service	14.13	■			■	■	■		■				
Key:	✓ = May apply	■ = Mandatory	☐ = Not Applicable										

Protection Agency rules and regulations. Energy from the Company's hydro generating plants shall be included at zero cost.

2. The Energy cost of purchased power included in Account 555 when such Energy is purchased on an economic dispatch basis, exclusive of Capacity or Demand charges. This includes but is not limited to net costs linked to the utility's load serving obligation, associated with participation in wholesale electric Energy markets operated by Regional Transmission Organizations, Independent System Operators or similar entities that have received Federal Energy Regulatory Commission approval to operate the Energy markets. All ~~Midwest~~Midcontinent Independent System Operator ("MISO") Energy and Ancillary service market charges and credits relating to retail sales and asset based sales, specifically including (but not limited to) Schedule 16 and 17 charges and credits shall be included in the calculation.

3. The actual identifiable fossil and nuclear fuel costs associated with Energy purchased for reasons other than identified in 2 above.

4. The net Energy cost of Energy purchases from a renewable Energy source, including hydropower, wood, windpower, and biomass.

5. Less the fuel-related costs recovered through intersystem sales.

6. The Energy cost of avoided purchased power resulting from Hoot Lake Solar output.

7. Known MISO Planning Resource Auction capacity costs will be added to the energy adjustment rider or revenues will be credited (flow through) the energy adjustment rider.

8. All revenues and associated costs attributable to Asset-based Sales Margins, as defined below and in the amount calculated as described below, shall be ~~reflected as a credit to~~included in the Energy adjustment calculation described in this schedule~~1–6, above~~.

Asset-based Sales Margins:

Asset-based Sales Margins are defined as wholesale Energy and ancillary services sales revenues from Company-owned generation resources less the sum of fuel, Energy costs (including costs associated with MISO markets that are recorded in FERC Account 555), and any additional transmission or other costs incurred that are required to make such sales (referred to as "margins"). One hundred percent of these actual revenues and costs shall be included in the energy adjustment rider as they are incurred.

~~The amount of the Asset-based Sales Margin credit shall be determined as described below:~~

~~**Credit calculation:** The credit shall be eighty-five percent (85%) of Asset-based Sales Margins. The Asset-based Sales Margin credit shall be calculated monthly based on a forecast of the margins expected for that month and a true-up shall be made to adjust prior forecasted credits to reflect eighty-five percent (85%) of the actual margins earned in prior months. The true-up adjustments shall be made as soon as reasonably practical after the receipt of actual results and shall reflect MISO and other resettlements that would have impacted prior credits.~~

RENEWABLE RESOURCE COST RECOVERY RIDER

DESCRIPTION	RATE CODE
All Services	NRRA

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

APPLICATION OF RIDER: This rider is applicable to electric service under all of the Company's Retail Rate Schedules in Section 9, 10, 11, 12, and 14, except for Section 14.09 (**Tail***Winds*).

COST RECOVERY CHARGE: There shall be included on each North Dakota customer's monthly bill a Renewable Resource Cost Recovery (RRC) 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 (**Tail***Winds*). The RRC 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 following charges are applicable in addition to all charges for service being taken under the Company's standard rate schedules.

Renewable Resource Cost Recovery Factor ~~12.157~~0.000 percent

DETERMINATION OF RENEWABLE RESOURCE COST CHARGE: The RRC Factor shall be determined by dividing the forecasted *balance of the RRC Tracker account* by the *forecasted retail revenues subject to the RRC Factor.* The forecasted RRC Tracker balance and retail revenues shall be based on the forecast for the appropriate 12 month period (or such other period as may be approved by the Commission). The RRC Factor shall be rounded to the nearest 0.001 percent.

GENERATION COST RECOVERY RIDER

DESCRIPTION	RATE CODE
All Services	NGCR

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

APPLICATION OF RIDER: This rider is applicable to electric service under all of the Company's Retail Rate Schedules in Section 9, 10, 11, 12, and 14, except for Section 14.09 (Tail*Winds*).

COST RECOVERY CHARGE: There shall be included on each North Dakota customer's monthly bill a Generation Cost Recovery (GCR) 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 (**Tail***Winds*). The GCR 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 following charges are applicable in addition to all charges for service being taken under the Company's standard rate schedules.

Generation Cost Recovery Factor ~~2.026~~0.000 percent

DETERMINATION OF GENERATION COST RECOVERY CHARGE: The GCR Factor shall be determined by dividing the forecasted *balance of the GCR Tracker account* by the *forecasted retail revenues subject to the GCR Factor*. The forecasted GCR Tracker balance and retail revenues shall be based on the forecast for the appropriate 12 month period (or such other period as may be approved by the Commission). The GCR Factor shall be rounded to the nearest 0.001 percent.

Volume 1

Non-Legislative

Section		*Item*	
11.00		**OTHER SERVICES**	
11.01		Standby Service	
11.02		Irrigation Service	
11.03		Outdoor Lighting – Energy Only Dusk to Dawn	
11.04		Outdoor Lighting Dusk to Dawn	
11.05		Municipal Pumping Service	
11.06		Civil Defense - Fire Sirens	
11.07		LED Street and Area Lighting – Dusk to Dawn	
12.00		**PURCHASE POWER RIDERS & APPLICABILITY MATRIX**	
12.01		Small Power Producer Rider Occasional Delivery Energy Service (Net Energy Billing Rate)	
12.02		Small Power Producer Rider Time of Delivery Energy Service	
12.03		Small Power Producer Rider Dependable Service	
13.00		**MANDATORY RIDERS & APPLICABILITY MATRIX**	
13.01		Energy Adjustment Rider • *Applicable to <u>all</u> services and riders unless otherwise stated in the mandatory riders matrix*	
13.02		Reserved for Future Use	
13.03		Reserved for Future Use	
13.04		Renewable Resource Cost Recovery Rider	
13.05		Transmission Cost Recovery Rider	
13.06		Generation Cost Recovery Rider	
13.07		Reserved for Future Use	
13.08		Environmental Cost Recovery Rider	
13.09		Reserved for Future Use	
13.10		Reserved for Future Use	
13.11		Advanced Meter and Distribution Technology (AMDT) Cost Recovery Rider	
13.12		Interim Rate Rider	**N**

MANDATORY RIDERS - AVAILABILITY MATRIX

The amount of a bill for service will be modified by any Mandatory Rate Riders that must apply, Voluntary Rate Riders selected by the Customer, and charges listed in the General Rules and Regulations.

Applicability Matrix	Mandatory Riders	Energy Adjustment Rider by Service Category	Reserved for Future Use	Reserved for Future Use	Renewable Resource Cost Recovery Rider	Transmission Cost Recovery Rider	Generation Cost Recovery Rider	Reserved for Future Use	Environmental Cost Recovery Rider	Reserved for Future Use	Reserved for Future Use	Advanced Meter and Distribution Technology Cost Recovery Rider	Interim Rate Rider	N
Base Tariffs	Section Numbers	13.01	13.02	13.03	13.04	13.05	13.06	13.07	13.08	13.09	13.10	13.11	13.12	N
RESIDENTIAL & FARM SERVICES														
Residential Service	9.01	■			■	■	■		■			■	■	N
Residential Demand Control Service	9.02	■			■	■	■		■			■	■	N
Farm Service	9.03	■			■	■	■		■			■	■	N
Reserved for Future Use	9.04													
GENERAL SERVICES														
Small General Service (Less than 20 kW)	10.01	■			■	■	■		■			■	■	N
General Service (20 kW or Greater)	10.02	■			■	■	■		■			■	■	N
General Service - Time of Use	10.03	■			■	■	■		■			■	■	N
Large General Service	10.04	■			■	■	■		■			■	■	N
Large General Service - Time of Day	10.05	■			■	■	■		■			■	■	N
Super Large General Service	10.06	■			■	■	■		■			■	■	N
OTHER SERVICES														
Standby Service	11.01	■			■	■	■		■			■	■	N
Irrigation Service	11.02	■			■	■	■		■			■	■	N
Outdoor Lighting - Energy Only	11.03	■			■	■	■		■			✓	■	N
Outdoor Lighting	11.04	■			■	■	■		■				■	N
Municipal Pumping Service	11.05	■			■	■	■		■			■	■	N
Fire Sirens - Civil Defense	11.06								■				■	N
LED Street and Area Lighting	11.07	■			■	■	■		■				■	N
Key:	✓ = May apply	■ = Mandatory	☐ = Not Applicable											

OTTER TAIL POWER COMPANY Applicability Matrix	Mandatory Riders	Energy Adjustment Rider by Service Category	Reserved for Future Use	Reserved for Future Use	Renewable Resource Cost Recovery Rider	Transmission Cost Recovery Rider	Generation Cost Recovery Rider	Reserved for Future Use	Environmental Cost Recovery Rider	Reserved for Future Use	Reserved for Future Use	Meter and Distribution Technology Cost Recovery Rider	Interim Rate Rider	N
Base Tariffs	Section Numbers	13.01	13.02	13.03	13.04	13.05	13.06	13.07	13.08	13.09	13.10	13.11	13.12	N
MANDATORY RIDERS														
Energy Adjustment Rider by Service Category	13.01													
Reserved for Future Use	13.02													
Reserved for Future Use	13.03													
Renewable Resource Cost Recovery Rider	13.04													
Transmission Cost Recovery Rider	13.05													
Generation Cost Recovery Rider	13.06													
Reserved for Future Use	13.07													
Environmental Cost Recovery Rider	13.08													
Reserved for Future Use	13.09													
Reserved for Future Use	13.10													
Advanced Meter and Distribution Technology Cost Recovery Rider	13.11													
Interim Rate Rider	13.12													N
VOLUNTARY RIDERS														
Water Heating Control Rider	14.01	■			■	■	■		■			■	✓	N
Real Time Pricing Rider	14.02				■	■	■		■					
Large General Service Rider	14.03	✓			■	■	■		■				✓	N
Controlled Service - Interruptible Load CT Metering Rider	14.04	■			■	■	■		■			■	■	N
Controlled Service - Interruptible Load Self-Contained Metering Rider	14.05	■			■	■	■		■			■	■	N
Controlled Service Deferred Load Rider	14.06	■			■	■	■		■			■	■	N
Fixed Time of Service Rider	14.07	■			■	■	■		■			■	■	N
Air Conditioning Control Rider	14.08								■					
Voluntary Renewable Energy Rider	14.09													
WAPA Bill Crediting Program Rider	14.10								■					
Reserved for Future Use	14.11													
Bulk Interruptible Service Application and Pricing Guidelines	14.12	■			■	■	■		■			■	■	N
Economic Development Rate Rider - Large General Service	14.13	■			■	■	■		■					
Key:	✓ = May apply	■ = Mandatory	□ = Not Applicable											

Protection Agency rules and regulations. Energy from the Company's hydro generating plants shall be included at zero cost.

2. The Energy cost of purchased power included in Account 555 when such Energy is purchased on an economic dispatch basis, exclusive of Capacity or Demand charges. This includes but is not limited to net costs linked to the utility's load serving obligation, associated with participation in wholesale electric Energy markets operated by Regional Transmission Organizations, Independent System Operators or similar entities that have received Federal Energy Regulatory Commission approval to operate the Energy markets. All Midcontinent Independent System Operator ("MISO") Energy **C** and Ancillary service market charges and credits relating to retail sales and asset based sales, specifically including (but not limited to) Schedule 16 and 17 charges and credits shall be included in the calculation.

3. The actual identifiable fossil and nuclear fuel costs associated with Energy purchased for reasons other than identified in 2 above.

4. The net Energy cost of Energy purchases from a renewable Energy source, including hydropower, wood, windpower, and biomass.

5. Less the fuel-related costs recovered through intersystem sales.

6. The Energy cost of avoided purchased power resulting from Hoot Lake Solar output.

7. Known MISO Planning Resource Auction capacity costs will be added to the energy adjustment rider or revenues will be credited (flow through) the energy adjustment rider.

8. All revenues and associated costs attributable to Asset-based Sales Margins, as defined **C** below and in the amount calculated as described below, shall be included in the Energy **C** adjustment calculation described in this schedule. **C**

<u>Asset-based Sales Margins:</u> L

Asset-based Sales Margins are defined as wholesale Energy and ancillary services sales revenues from Company-owned generation resources less the sum of fuel, Energy costs (including costs associated with MISO markets that are recorded in FERC Account 555), and any additional transmission or other costs incurred that are required to make such sales (referred to as "margins"). One hundred percent of these actual revenues and costs shall be included in the energy adjustment rider as they are incurred. L L L L LN N

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RENEWABLE RESOURCE COST RECOVERY RIDER

DESCRIPTION	RATE CODE
All Services	NRRA

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

APPLICATION OF RIDER: This rider is applicable to electric service under all of the Company's Retail Rate Schedules in Section 9, 10, 11, 12, and 14, except for Section 14.09 (**Tail***Winds*).

COST RECOVERY CHARGE: There shall be included on each North Dakota customer's monthly bill a Renewable Resource Cost Recovery (RRC) 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 (**Tail***Winds*). The RRC 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 following charges are applicable in addition to all charges for service being taken under the Company's standard rate schedules.

Renewable Resource Cost Recovery Factor 0.000 percent **R**

DETERMINATION OF RENEWABLE RESOURCE COST CHARGE: The RRC Factor shall be determined by dividing the forecasted *balance of the RRC Tracker account* by the *forecasted retail revenues subject to the RRC Factor.* The forecasted RRC Tracker balance and retail revenues shall be based on the forecast for the appropriate 12 month period (or such other period as may be approved by the Commission). The RRC Factor shall be rounded to the nearest 0.001 percent.

GENERATION COST RECOVERY RIDER

DESCRIPTION	**RATE CODE**
All Services	NGCR

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

APPLICATION OF RIDER: This rider is applicable to electric service under all of the Company's Retail Rate Schedules in Section 9, 10, 11, 12, and 14, except for Section 14.09 (Tail*Winds*).

COST RECOVERY CHARGE: There shall be included on each North Dakota customer's monthly bill a Generation Cost Recovery (GCR) 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 (**Tail***Winds*). The GCR 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 following charges are applicable in addition to all charges for service being taken under the Company's standard rate schedules.

Generation Cost Recovery Factor 0.000 percent **R**

DETERMINATION OF GENERATION COST RECOVERY CHARGE: The GCR Factor shall be determined by dividing the forecasted *balance of the GCR Tracker account* by the *forecasted retail revenues subject to the GCR Factor.* The forecasted GCR Tracker balance and retail revenues shall be based on the forecast for the appropriate 12 month period (or such other period as may be approved by the Commission). The GCR Factor shall be rounded to the nearest 0.001 percent.

INTERIM RATE RIDER N

DESCRIPTION	RATE CODE
All Services	NINTM

N
N
N

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

APPLICATION OF RIDER: This rider is applicable to electric service under all of the Company's Retail Rate Schedules as described in the Mandatory Riders – Applicability Matrix. N N N

INTERIM RATE ADJUSTMENT: There shall be included on each North Dakota Customer's monthly bill a percent increase to the sum of the following, as applicable: Customer Charge, Energy Charge, Demand Charge, Fixed Charge, Facilities Charge, and the monthly Minimum Charge. The following charge is applicable in addition to all charges for service being taken under the Company's standard rate schedules. N N N N N

Interim Rate Adjustment – 30.51 percent NR

DETERMINATION OF INTERIM RATE ADJUSTMENT: As described in § 49-05-06 of the North Dakota Century Code, the Interim Rate Adjustment must be calculated using the proposed test year cost of capital, rate base, and expenses, except that the schedule must include: N N N N

a. A rate of return on common equity for the public utility equal to that authorized by the commission in the public utility's most recent rate proceeding. N N
b. Rate base or expense items the same in nature and kind as those allowed by a currently effective Commission order in the public utility's most recent rate proceeding. N N N
c. No change in existing rate design. N

The Interim Rate Adjustment shall be rounded to the nearest 0.001 percent. N

MANDATORY AND VOLUNTARY RIDERS: The amount of a bill for service will be modified by any Mandatory Rate Riders that must apply or Voluntary Rate Riders selected by the Customer, unless otherwise noted in this rider. See sections 12.00, 13.00 and 14.00 of the North Dakota electric rates for the matrices of riders. N N N N