

### Rate case impacts applicable to all rates

**Seasonality:** Because the costs associated with providing reliable electricity vary by time of year, we've introduced a seasonal breakdown with a different kilowatt-hour (kwh) price associated with each season.

Summer: June through September Winter: October through May

**Elimination of declining block rate schedule:** To help attain Minnesota's conservation goals, we no longer structure our electric service rates with lower-cost steps for higher electricity use. Therefore, all rates now consist of a single-step charge per kwh.

#### Cost-of-energy (COE) adjustment:

- Now applies to all rates.
- Reflects changes in our costs for fuel used to generate electricity and for purchased power **minus** a base amount that already is included in the kilowatt-hour rate you pay.
- May be a credit during some months and a charge during others, depending on cost fluctuations.
- Helps ensure that all customers pay their fair share of energy and fuel costs, which we pass through to customers without markup.
- Appears in the resource adjustment on your electric service statement.
- **Is not calculated into any bill impact examples in this brochure.**

**Overall average increase:** The overall average increase applies to the entire rate class. Individual customers may experience an increase that is higher or lower than the average depending on the rate(s) on which they are served and the amount of electricity they use.

**Bill impact charts:** The example bill impacts in this brochure compare the current price you pay for energy, demand, and customer charges (excluding taxes, adjustments, and riders) with the price you will pay for the same charges after these rate changes take effect.

#### Rate case impacts to the residential service rate (101)

**Overall average increase:** The overall average increase to the residential service rate will be approximately 3.97 percent more than customers paid in 2006. Individual customer increases will vary from this average based on electricity use.

**Customer charges:** The monthly customer charge will be \$8 and will reflect the monthly minimum bill. Additionally, seasonal customers (such as lake homes) will see a fixed charge of \$32 with the first bill of the season. These are flat charges, regardless of kwh use, and cover a portion of our costs for equipment and billing.

**Energy charges:** This rate now has a single-step charge per kwh. We will bill energy at \$0.07901/kwh in summer and \$0.07162/kwh in winter.

**Bill impacts:** Below is a table with example bill impacts to the residential service rate based on use and the changes described above. The current billing example is based on rural charges of \$7.10 for the first 50 kwh. Urban customers would pay \$0.95 less in each example of current charges.

kwh/month	Current	New summer	New winter
600	\$54.86	\$55.41	\$50.97
1,500	\$111.95	\$126.52	\$115.43
4,000	\$266.08	\$324.04	\$294.48
Additional kwh*	\$0.06121	\$0.07901	\$0.07162

\* For use greater than 4,000 kwh/month, multiply additional kwh by these rates.

#### Rate case impacts to the residential demand control (RDC) rate (241)

**Overall average increase:** The overall average increase to the RDC rate will be approximately 3.97 percent more than customers paid in 2006.

**Customer charge:** The monthly customer charge of \$10.35 has not changed.

**Facilities charge:** The monthly facilities charge is based on use.

- When use remains below 5,000 kwh a month the charge will be \$4 a month.
- When use is at or above 5,000 kwh in any month the charge will be \$15 a month for the next 12 months.

**Monthly minimum bill:** Consists of the customer charge and facilities charge.

**Energy and demand charges:** We will bill energy at \$0.04602/kwh in summer and \$0.04263/kwh in winter. We will bill demand at \$6.31/kw in summer and \$3.81/kw in winter.

**Bill impacts:** Below is a table with example bill impacts to the RDC rate based on use and the changes described above. The current billing in the example below is based on winter season charges.

	Current		New	
	Summer	Winter	Summer	Winter
1,000 kwh and 4 kw*	\$65.87	\$77.67	\$85.61	\$72.22
4,500 kwh and 5 kw*	\$221.84	\$236.59	\$252.99	\$225.24
5,000 kwh and 5 kw	\$243.70	\$258.45	\$287.00	\$257.55
Additional kwh	\$0.04372	\$0.04372	\$0.04602	\$0.04263
Additional winter kw	\$2.95	\$5.90	\$6.31	\$3.81

\*Example includes a \$4 facility charge that increases to \$15 for a 12-month period if use reaches 5,000 kwh in any month.

**Energy control:** We have not changed the daily hours of control allowed on this rate, but we have added two months to the winter control season.

#### Rate case impacts to the controlled water-heating rate (191)

**Overall average increase:** The overall average increase to the controlled water-heating rate is 4.38 percent more than customers paid in 2006. Individual customer increases will vary from this average based on their electricity use.

**Customer charge:** The monthly customer charge will be \$1, which is the monthly minimum bill amount.

**Energy charge:** The energy charge is \$0.05683/kwh in the summer and \$0.05084/kwh in the winter.

**Bill impacts:** The table below shows example bill impacts for controlled water-heating customers based on use and the changes described above.

kwh/month	Current	New summer	New winter
250	\$13.40	\$15.21	\$13.71
450	\$24.02	\$26.57	\$23.88
700	\$37.30	\$40.78	\$36.59
Additional kwh	\$0.05311	\$0.05683	\$0.05084

**Energy control:** We have not changed the daily hours of control allowed on this rate, but we have added two months to the winter control season.

#### Controlled water-heating credit rate (192-new)

This is a new rate schedule as a result of our Minnesota rate case. Previously the water-heating control credit was included on multiple rate sheets. This establishes the service as part of the controlled water-heating rate.

Any customer with electric water heating on firm service, who allows us to install a radio receiver and who connects their electric water heater to the receiver for control, receives a credit on their monthly service statement. That credit was \$2 under previous rate schedules. It now will be a \$4 credit per month. The credit shall not reduce the monthly billing to less than the monthly minimum bill amount.

**Energy control:** We have not changed the daily hours of control allowed on this rate, but we have added two months to the winter control season.

#### Rate case impacts to deferred-load rates (195/197)

**Overall average increase:** The overall average increase to the deferred-load rates is 2.63 percent more than customers paid in 2006. Individual customer increases will vary from this average based on the rate(s) on which they are served and the amount of electricity they use.

**Customer charge:** The monthly customer charge will be \$1.

**Facilities charge:** The facilities charge is based on use.

When use remains below 5,000 kwh a month the charge is \$3. When use is at or above 5,000 kwh in **any** month the charge is \$10 a month for the next 12 months.

**Monthly minimum bill:** Consists of the customer charge and facilities charge.

**Energy charge:** The energy charge is \$0.05455/kwh in the summer and \$0.04881/kwh in the winter. The penalty for continuing to use electricity during control periods is \$0.15/kwh in the summer and \$0.11/kwh in the winter. The penalty rate is not intended as a means to buy electricity through control periods.

**Bill impacts:** The table below shows example bill impacts for deferred-load customers based on use and the changes described above.

kwh/month	Current	New summer	New winter
750*	\$38.64	\$44.91	\$40.61
3,000*	\$154.20	\$167.65	\$150.43
5,000	\$256.92	\$283.75	\$255.05
Additional kwh	\$0.05136	\$0.05455	\$0.04881

\*Example includes a \$3 facility charge that increases to \$10 for a 12-month period if use reaches 5,000 kwh in any month.

**Energy control:** We have not changed the daily hours of control allowed on this rate, but we have added two months to the winter control season.

#### Rate case impacts to the fixed-time-of-delivery (FTD) rates 301-self-contained metering, 302-current transformer metering, 303-primary current transformer metering

**Overall average increase:** The overall average increase to the fixed-time-of-delivery (FTD) rates is 2.63 percent more than customers paid in 2006. Individual customer increases will vary from this average based on the rate(s) on which they are served and the amount of electricity they use.

**Customer charge:** The monthly customer charges for these rates will be:

301 - \$1 302 - \$2 303 - \$3

**Facilities charge:** We adjusted the monthly facilities charge as follows:

301 - \$3 302 - \$14 303 - \$9

**Monthly minimum bill:** Consists of the customer charge and facilities charge.

**Energy charge:** The energy charge for Rates 301 and 302 is \$0.02653/kwh in the summer and \$0.02920/kwh in the winter. The energy charge for Rate 303 is \$0.02645/kwh in the summer and \$0.02913/kwh in the winter.

**Bill impacts:** The table below shows example bill impacts for FTD customers based on use and the changes described above.

kwh/month	Current	New summer	New winter
<b>301</b>			
3,000	\$92.50	\$83.59	\$91.60
5,000	\$151.50	\$136.65	\$150.00
Additional kwh	\$0.0295	\$0.02653	\$0.02920
<b>302</b>			
3,000	\$83.75	\$95.59	\$103.60
5,000	\$133.75	\$148.65	\$162.00
Additional kwh	\$0.0250	\$0.02653	\$0.0292
<b>303</b>			
3,000	\$147.50	\$91.35	\$99.39
5,000	\$190.50	\$144.25	\$157.65
Additional kwh	\$0.0215	\$0.02645	\$0.02913

**Cost-of-energy (COE) adjustment:** Prior to final rate implementation, FTD is one of just a few rates not subject to the COE adjustment. Once final rates are implemented, FTD customers will be subject to COE adjustment charges, which are calculated on a kilowatt-hour basis.

**Hours of energy delivery:** We have adjusted the hours energy will be delivered on this rate to 10 P.M. to 6 A.M. each day. We have not changed the total hours of energy supply, which will remain at 8 hours a day.

#### Rate case impacts to small dual-fuel rates (185/190)

**Overall average increase:** The overall average increase to the small dual-fuel rates is 13.86 percent more than customers paid in 2006. Individual customer increases will vary from this average based on the rate(s) on which they are served and the amount of electricity they use.

**Customer charge:** The monthly customer charge will be \$5 and will reflect the monthly minimum bill amount.

**Energy charges:** We will bill energy at \$0.04055/kwh in the summer and \$0.03625/kwh in the winter. The penalty for continuing to use electricity during control periods is \$0.15/kwh in the summer and \$0.11/kwh in the winter. The penalty rate is not intended as a means to buy electricity through control periods.

**Bill impacts:** The table below shows example bill impacts for small dual-fuel customers based on use and the changes described above.

kwh	Current		New	
	Summer	Winter	Summer	Winter
700	\$26.05	\$27.10	\$33.39	\$30.38
2,500	\$82.75	\$86.50	\$106.38	\$95.63
5,000	\$161.50	\$169.00	\$207.75	\$186.25
Additional kwh	\$0.0315	\$0.0330	\$0.04055	\$0.03625

**Applicability:** Prior to final rate implementation, this rate is applied based on total load installed less than 80 kw. Once final rates are implemented, load size no longer will be considered. Instead, this rate will be available to customers with typical metering. This method allows more accuracy in determining appropriate rate application.

**Cost-of-energy (COE) adjustment:** Prior to final rate implementation, small dual fuel is one of just a few rates not subject to the COE adjustment. Once final rates are implemented, small dual-fuel customers will be subject to COE adjustment charges, which are calculated on a kilowatt-hour basis.

**Energy control:** We have not changed the daily hours of control allowed on the small dual-fuel rate, but we have added two months to the winter control season.

#### Rate case impacts to large dual-fuel rates (165/170)

**Overall average increase:** The overall average increase to the large dual-fuel rates is 13.86 percent more than customers paid in 2006. Individual customer increases will vary from this average based on the rate(s) on which they are served and the amount of electricity they use.

**Customer charges:** The monthly customer charge will be \$5 and will reflect the monthly minimum bill amount.

**Energy charges:** We will bill energy at \$0.03004/kwh in the summer and \$0.0269/kwh in the winter. The penalty for continuing to use electricity during control periods is \$0.15/kwh in the summer and \$0.11/kwh in the winter. The penalty rate is not intended as a means to buy electricity through control periods.

**Bill impacts:** The table below shows example bill impacts for large dual-fuel customers based on use and the changes described above.

kwh/month	Current		New	
	Summer	Winter	Summer	Winter
5,000	\$125.00	\$125.00	\$155.20	\$139.50
7,500	\$185.00	\$185.00	\$230.30	\$206.75
10,000	\$245.00	\$245.00	\$305.40	\$274.00
Additional kwh	\$0.0240	\$0.0240	\$0.03004	\$0.0269

**Applicability:** Prior to final rate implementation, this rate is applied based on total load installed of 80 kw or greater. Once final rates are implemented, load size no longer will be considered. Instead this rate will be available to customers with current transformer-rated metering (CT metering), which usually is used for larger loads. This method allows more accuracy in determining appropriate rate application.

**Cost-of-energy (COE) adjustment:** Prior to final rate implementation, large dual fuel is one of just a few rates not subject to the COE adjustment. Once final rates are implemented, large dual-fuel customers will be subject to COE adjustment charges, which are calculated on a kilowatt-hour basis.

**Energy control:** We have not changed the daily hours of control allowed on the large dual-fuel rate.

#### Rate case impacts to the farm service rate (361)

**Overall average increase:** The overall average increase to the farm service rate will be approximately 4.01 percent more than customers paid in 2006. Individual customer increases will vary from this average based on electricity use.

**Rate structure:** The farm service rate will be based on a facilities charge and a single-step charge per kwh.

**Monthly minimum:** The monthly minimum bill amount will be \$20.

**Facilities charges:** The facilities charge will be applied based on the following:

- Single-phase overhead and underground will have no monthly facilities charge.
- Three-phase overhead service - less than or equal to 25 kva at \$4.67; greater than 25 kva at \$5.45.
- Three-phase underground - less than or equal to 25 kva at \$13.03; greater than 25 kva at \$20.93.

**Energy charges:** Energy will be billed at \$0.076/kwh in summer and \$0.068/kwh in winter.

**Bill impacts:** Below is a table with example bill impacts to the farm service rate based on use and the changes described above.

Scenario	Current	New summer	New winter
Single phase with 5,000 kwh	\$312.58	\$380.15	\$341.60
Three-phase overhead with 25 kva and 7,500 kwh	\$456.86	\$574.90	\$517.07
Three-phase underground with 40 kva and 10,000 kwh	\$601.13	\$781.23	\$704.13
Additional kwh*	\$0.05771	\$0.07603	\$0.06832

\*For all use greater than 1,550 kwh, multiply additional kwh by these rates.

## For more information

This brochure is designed to explain the primary changes to our rates most commonly available to residential customers. More specific detail for each rate is available on our web site at [www.otpc.com](http://www.otpc.com). While online you also can browse through information about rates that are not included in this material. You also may contact a Customer Service Representative at 800-257-4044.

# Minnesota

## Residential electric rates

This brochure summarizes rate changes that Otter Tail Power Company proposed to be effective in February 2009. While not all of the rates in this brochure apply to your account, all controlled-service rates and residential rates approved through this rate case are listed here, as well as other rate options that may apply to your account. We're providing this information to help you understand the available options.

The calculations in this brochure do not include taxes, adjustments, or riders. More specific detail is available on our web site at [www.otpc.com](http://www.otpc.com) or by calling Customer Service at 800-257-4044.

Visit [www.otpc.com](http://www.otpc.com)  
for all available rates.

