

## New North Dakota rates begin with this electric service statement

*(Effective December 1, 2009)*

On November 25, 2009, the North Dakota Public Service Commission (PSC) approved an Otter Tail Power Company revenue increase of approximately \$3.6 million, or about 3.04 percent. That does not mean that all customers will see a 3.04 percent increase. Some will see less and some will see more based on their electric service rate(s) and the amount of electricity they use. The primary drivers of this increase are rising costs and growing energy use.

### Interim rate refund

State law allowed Otter Tail Power Company to collect an interim (temporary) rate increase while the PSC considered our rate increase request. The interim increase of \$4.8 million annually, or 4.07 percent, began on January 2, 2009. Because the final increase is less than the interim rate increase, Otter Tail Power Company will refund the difference with interest. This refund will appear on your January 2010 electric service statement.

### Rate changes

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

Summer: June through September

Winter: October through May

- **Declining block rates:** The PSC approved either full or partial elimination of declining block rates for some rates. Elimination of declining block rates encourages customers to save money through energy conservation. See the enclosed brochure for more information about your electric service rate.

- **Energy Adjustment:** The Energy Adjustment now applies to all Otter Tail Power Company rates. It reflects changes in our costs for fuel used to generate electricity and for purchased power minus the base fuel and purchased-power amount already included in the kwh rate you pay. The Energy Adjustment may be a credit during some months and a charge during others, depending on cost fluctuations. Changes in fuel and purchased-power costs are passed on to customers without markup and are reflected in the Energy Adjustment on your electric service statement.
- **Renewable Adjustment:** In addition to the base rate increase, the PSC approved a change to the Renewable Resource Cost Recovery Rider. This rider allows our company to recover costs associated with renewable energy facilities that we own. Costs include operating and maintenance expenses, depreciation, income and property taxes, and a return on our investment. The charge per kwh is reflected in the Energy and Renewable Adjustment on your electric service statement.

### **Electric rate schedules effective December 1, 2009**

Enclosed you will find a brochure that contains new rate information. This brochure does not include all available rates.

#### **For more information**

For more details on rates specific to you, please visit our web site at [www.otpco.com](http://www.otpco.com), or contact Customer Service at 800-257-4044.

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

