

APPROVAL OF INTERIM RATES CUSTOMER NOTICE

Issued: April 18, 2016

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

PUC Docket Number: E-017/GR-15-1033

OAH Docket Number: 8-2500-33355

Case Background: On February 16, 2016, Otter Tail Power Company (“Otter Tail Power”) filed a request to increase rates for electric service in Minnesota that included a proposed customer notice for interim rates.

In its April 14, 2016 Order Setting Interim Rates, the Commission directed Otter Tail Power to include with each customer’s first bill under the interim rate schedule a notice of the rate change, approved by the Commission’s Executive Secretary.

Otter Tail Power Company has worked with Commission staff in the revision of this notice to develop a final revised customer notice.

Otter Tail Power’s revised customer notice for interim rates is approved, as attached to this notice.

Submit Public Comments: Visit mn.gov/puc, select *Speak Up!*, find this docket, and add your comments to the discussion.

- *If you wish to include an exhibit, map or other attachment, please send your comments via U.S. Mail.*

Send U.S. Mail to Public Utilities Commission, 121 7th Place East, Suite 350, St. Paul MN 55101. Please include the Commission’s docket number in all communications.

Filing Requirements: Utilities, telecommunications carriers, official parties, and state agencies are **required** to file documents using the Commission’s electronic filing system (eFiling). All parties, participants and interested persons are encouraged to use eFiling: mn.gov/puc, select *eFiling*, and follow the prompts.

Full Case Record: See all documents filed in this docket via the Commission’s website - mn.gov/puc, select *Search eDockets*, enter the year (15) and the docket number (1033), select *Search*.

Subscribe to receive email notification when new documents are filed in this docket at mn.gov/puc, select *Subscribe*, and follow the prompts.

Questions about this docket or Commission process and procedure? Contact Commission staff, Robert Harding, at robert.harding@state.mn.us or 651-201-2237, or Jorge Alonso at jorge.alonso@state.mn.us or 651-201-2258.

Change your mailing preferences: Email docketing.puc@state.mn.us or call 651-201-2204.

This document can be made available in alternative formats (e.g., large print or audio) by calling 651-296-0406 (voice). Persons with hearing loss or speech disabilities may call us through their preferred Telecommunications Relay Service.

(Attachment)

How to learn more

Otter Tail Power Company's current and proposed rate schedules are available at:

Otter Tail Power Company
215 South Cascade Street
Fergus Falls, MN 56537
Phone: 1-800-257-4044
Web: www.otpc.com/MNRateCase

Minnesota Department of Commerce
85 7th Place East, Suite 500
St. Paul, MN 55101
Telephone: 651-539-1534
Web: <https://www.edockets.state.mn.us/EFiling/search.jsp>

(Web address case sensitive)

Select 15 in the year field, type 1033 in the number field, select Search, and the list of documents will appear on the next page.

Citizens with hearing or speech disabilities may call through their preferred Telecommunications Relay Service.



Interim change in electric rates in effect April 16, 2016

Otter Tail Power Company has asked the Minnesota Public Utilities Commission (MPUC) to increase its electric rates by \$19.3 million, or about 9.8 percent.

While the MPUC reviews our request, state law allows Otter Tail Power Company to collect higher rates on an interim (temporary) basis. The interim rate increase is \$16.82 million, or about 9.56 percent more than current rates. This rate increase appears on your bill as "Interim Rate Adj" for service used on and after April 16, 2016. It applies to the customer charge, energy charge, demand charge, facilities charge, fixed charge, and the monthly minimum charge.

Unless the review period is extended, the MPUC will likely make its decision on our rate request in March 2017. If final rates are lower than interim rates, we will refund customers the difference with interest. If final rates are higher than interim rates, we will not charge customers the difference.

Here's how the rate change will affect monthly bills

The proposed rate increase will affect individual monthly bills differently, depending on electric use and customer type. The chart below shows the current and proposed rates for each customer type.

Average monthly electricity costs

Customer classification	Monthly kilowatt-hour use	Previous monthly cost	Approved interim change in monthly cost	Proposed final change in monthly cost
Residential	810	\$83	\$7.93	\$9.53
Farms	1,991	\$193	\$18.45	\$17.35
General Service	2,618	\$247	\$23.61	\$22.20
Large General Service	231,698	\$14,503	\$1,386.49	\$1,305.30
Irrigation	1,521	\$151	\$14.44	\$28.74
Outdoor Lighting	2,074	\$2	\$0.19	\$0.27
Other Public Authority	3,336	\$257	\$24.57	\$33.45
Controlled Service Water Heating	214	\$17	\$1.63	\$1.93
Controlled Service Interruptible	2,041	\$109	\$10.42	\$12.55
Controlled Service Deferred	2,237	\$125	\$11.95	\$5.92

Why is Otter Tail Power Company asking for an increase?

Our current rates were set in 2011. Since then, we have invested in environmental technologies, such as the Air-Quality Control System at our Big Stone Plant to meet environmental regulations, and strengthened the system that delivers electricity to you. We have invested in transmission projects that support growing electrical needs, deliver renewable energy, and improve system reliability. We have also seen an increase in general costs that we need to include in our rates.

What is the process for reviewing Otter Tail Power Company's request?

The MPUC, the Minnesota Department of Commerce, the Office of the Attorney General – Residential Utilities and Antitrust Division, public interest groups, and customers will investigate our proposal.

The MPUC will hold public hearings and accept written comments about our rate request. Customers and others will be able to comment on our rate request at the public hearings. You may add verbal comments, written comments, or both into the record. Notice of the public hearing dates and locations will be published in local newspapers, in bill inserts, at www.otpc.com/MNRateCase and at mn.gov/puc.

Submit Comments

Minnesota Public Utilities Commission

Online: Visit mn.gov/puc, select Speak Up!, find this docket (15-1033), and add your comments to the discussion.

U.S. Mail: 121 7th Place East, Suite 350
St. Paul MN 55101

Phone: 651-296-0406 or 1-800-657-3782