

- 1 • Peter E. Wasberg addresses matters relating to employee compensation, benefits,
2 and costs.
- 3 • Bradley E. Tollerson addresses the need for the Merricourt Wind Project.
- 4 • Kirk A. Phinney describes the capital project costs and operating and maintenance
5 costs of the Big Stone and Hoot Lake environmental compliance projects.
- 6 • David G. Prazak sponsors proposed rate design changes and general tariff changes.
- 7 • Robert B. Hevert explains OTP's cost of equity and presents OTP's recommended
8 10.30 percent rate of return.

9 **I. CONCLUSION**

10 Q. PLEASE SUMMARIZE YOUR TESTIMONY.

11 A. As reflected in our Mission Statement, we take seriously our responsibility to deliver
12 electricity as reliably, economically and environmentally responsibly as possible and to
13 improve the quality of life in the areas we serve. We take pride in fulfilling that mission.
14 Continuing to fulfill that mission requires adequate financial strength. To maintain that
15 strength, we require an increase to non-fuel base revenue of **\$5,978, 109** or 19.50
16 percent. This increase is based in part on an ROE of 10.3 percent and an equity ratio of
17 53.09 percent. As I previously noted, excluding the effect of the rider-to-base-rate
18 transition, the increase in non-fuel base revenue is \$3,358,574, or 10.10 percent.

19 OTP is facing a growing need to invest in additional infrastructure over at least
20 the next five years and will need to go to the market to raise additional capital.
21 Consequently, we need to have reasonable earnings and a competitive ROE.

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23 Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

24 A. Yes.

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