

Section 16.00 – Eighth Revised Sheet No. 1 Cancelling Seventh Revised Sheet No. 1
Section 16.00 – Fourth Revised Sheet No. 2 Cancelling Third Revised Sheet No. 2
Section 16.00 – Fifth Revised Sheet No. 4 Cancelling Fourth Revised Sheet No. 4

Schedule 8: Interim Refund Plan

In compliance with the Order, Ordering Item 3, OTP provides Schedule 8, which is a description of OTP's Interim Rate Refund Plan.

Summary

OTP submits the following plan for refunding the portion of the interim rate increase that exceeds the amount authorized by the Commission in the Order. OTP proposes to include interest, calculated at the customer deposit interest rate, computed from the effective date of the interim rates through the date of the refund or credit. Schedule 8, Attachment 8A shows the detailed calculation of the estimated refund including the interest calculation. These calculations will be updated at the time of the actual refunds and will be provided as a further compliance filing when the refunds are complete. OTP expects to issue refunds in October 2019. OTP proposes an interim rate compliance filing with actual refunds to be due within 30 days after the refund process is complete.

Background

On September 17, 2018, OTP filed its Notice of Intent to Implement Interim Rates with the proposed rate increase of \$5,978,110, on an annual basis, for bills rendered on and after October 18, 2018.

The average interim rate increases implemented varied between classes. The final Ordered rate increase of 15.76 percent is uniformly spread among all customer classes, as described in Schedule 2 to this filing. The result is that each customer class will have a different refund factor because each was charged a varying interim rate amount compared to the final approved increase.

The Commission's Order authorizes a final annual revenue increase of \$4.8 million, or 15.76 percent, which yields a net annual revenue increase of approximately \$2.2 million, a 6.64 percent effective increase, when combined with OTP's rider revisions. The Commission's authorized annual revenue increase includes rider roll-in revenue amounts of \$2.6 million. Further discussion and supporting documentation on the Environmental and Transmission cost recovery riders is included in Schedule 9. Schedule 8, Attachment 8A, shows the adjustments necessary to provide a comparable basis between the final Ordered revenue requirement and the interim rate revenue requirement.

The interim rate refund calculation includes an amount of \$9,923 on Line No. 17 of Attachment 8A, Page 1. This is the projected August 2019 ending tracker balance for the

Environmental Cost Recovery Rider (ECRR). Further discussion on the ECRR is included in Schedule 9 of this filing.

Each customer's interim rate refund will be based on actual usage during the interim period of October 18, 2018 through July 31, 2019. The average interim refund factor is 19.051 percent, as shown on Attachment 8A, Page 1, Line No. 10. OTP includes Attachment 8A, Page 2 providing the methodology it will use to summarize the total interim revenue collected and the total refunded. While Attachment 8A, Page 2 to this filing provides an average for all customers, final refunds will be based on class specific refund factors. OTP provides Attachment 8A, Page 3 detailing the interim increase (Lines 1-4) and the final revenues approved in the Order (Lines 5-8). Column B, Line 10 shows the average overall refund percentage of 19.051 percent and the remaining Line 10 columns provide the average interim refund by class.

The actual interim rate charge for July usage may occur on a customer's August 2019 bill. For every customer assessed an interim rate charge, a refund will be calculated based on each customer's actual assessed interim rate revenues multiplied by the applicable interim rate refund factor, plus interest. The final interest percentage will be calculated based upon the actual weighted average through September 2019 and will change slightly from the estimate through September 2019 provided in this filing. The interest will be applied to the monthly principal balances.

Refunds of the applicable sales taxes will be included in the refund to customers. Refunds for existing customers will be in the form of a bill credit. Customers due a refund who are no longer OTP customers will receive a check if the refund amount is greater than \$2.00. Any residual un-refunded monies will be credited to the Deferred Fuel Cost Account, in accordance with the refund plan.

Refunds will be credited to accounts beginning October 1, 2019 and will appear on customers' bills in October 2019. OTP proposes an interim rate compliance filing with actual refunds to be due within 30 days after the refund process is complete.

The average Residential Customer Class refund is estimated to be \$20.63.