

**BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF SOUTH DAKOTA**

**IN THE MATTER OF THE APPLICATION OF ) ORDER FOR AND NOTICE  
OTTER TAIL POWER COMPANY FOR ) OF EVIDENTIARY HEARING  
AUTHORITY TO INCREASE ITS ELECTRIC )  
RATES ) EL18-021**

On April 20, 2018, the South Dakota Public Utilities Commission (Commission) received an application from Otter Tail Power Company (Otter Tail or Company) for approval to increase rates for electric service in its South Dakota service territory (Application). Otter Tail states that it proposes a two-step increase to rates, with the first step increasing rates by \$3,358,547 annually or 10.10 percent based on Otter Tail's 2017 test year. Otter Tail states a typical residential customer will see an increase of \$11.29 per month under the rate design proposed by the Company. Otter Tail proposes to implement \$2,386,538, or 7.17 percent, of this increase on an interim basis on May 21, 2018, once the 30 days have passed from the date of the filing, pursuant to SDCL 49-34A-17, with the full amount step-one increase becoming effective upon the Commission's final disposition in this case. The second step proposes an additional \$629,107, or 1.72 percent, increase to rates, effective January 1, 2020. This second step will facilitate the recovery of the Merricourt Wind Project, which is currently projected to enter service later in 2019. A typical residential electric customer using 927 kWh will see an additional increase of \$1.75 a month as a result of the step increase. The proposed rates may potentially affect approximately 11,700 customers in Otter Tail's South Dakota service territory.

On April 26, 2018, the Commission electronically transmitted notice of the Application and the intervention deadline of June 1, 2018, to interested individuals and entities on the Commission's PUC Weekly Filings listserv. On May 16, 2018, the Commission issued an Order Suspending Operation of Proposed Rates; Order Assessing Filing Fee; Order Authorizing Consulting Contracts. On June 28, 2018, Valley Queen Cheese Factory, Inc. filed a Petition to Intervene. On July 16, 2018, the Commission issued an Order Granting Late Filed Intervention. On February 7, 2019, the Commission issued a Scheduling Order.

On February 14, 2019, Commission staff filed a Joint Motion for Approval of Settlement Stipulation (Joint Motion) and Settlement Stipulation, and on February 20, 2019, Commission staff filed its Staff Memorandum Supporting Settlement Stipulation. On March 6, 2019, the Commission issued an Order Granting Joint Motion for Approval of Settlement Stipulation; Order Approving Settlement Stipulation. As a result of the Settlement Stipulation, one issue remains for hearing.

The Commission has jurisdiction in this matter pursuant to SDCL Chapters 1-26 and 49-34A, specifically 1-26-20, 49-34A-3, 49-34A-4, 49-34A-6, 49-34A-8, 49-34A-8.4, 49-34A-10, 49-34A-11, 49-34A-12, 49-34A-13, 49-34A-13.1, 49-34A-14, 49-34A-17, 49-34A-19, 49-34A-19.1, 49-34A-19.2, 49-34A-21, 49-34A-22, and ARSD Chapters 20:10:01 and 20:10:13. The Commission may rely upon any or all of these or other laws of this state in making its determination.

A hearing will be held beginning at 9:30 a.m., CDT, Tuesday, March 26, 2019, through Thursday, March 28, 2019, with the marking of exhibits to begin at 8:30 a.m., CDT, on March 26, 2019, in Room 413, State Capitol Building, 500 E. Capitol Ave., Pierre, South Dakota.

At the hearing, each party will be permitted to present an opening statement summarizing the evidence that it will offer into evidence and to briefly and concisely state the issue involved in the case.

The issue to be determined by the Commission is:

What is the appropriate return on equity to produce just and reasonable rates?

The hearing will be a quasi-judicial adversarial proceeding conducted pursuant to SDCL Chapter 1-26. All parties have the right to be present and to be represented by an attorney. These rights and other due process rights will be forfeited if not exercised at the hearing. The Commission's final decision will be based solely on the testimony and evidence offered and received into evidence at the hearing. If a party or its representative fails to appear at the time and place set for the hearing, a decision may be issued by default pursuant to SDCL 1-26-20. As a result of this hearing, the Commission will make a final decision, including findings of fact and conclusions of law, on the issue set forth above. The Commission's final decision may be appealed by the parties to the circuit court and the State Supreme Court as provided by law. It is therefore

ORDERED, that the hearing will be held beginning at 9:30 a.m., CDT, Tuesday, March 26, 2019, through Thursday, March 28, 2019, with the marking of exhibits to begin at 8:30 a.m., CDT, on March 26, 2019, in Room 413, State Capitol Building, 500 E. Capitol Ave., Pierre, South Dakota.

Pursuant to the Americans with Disabilities Act, this hearing is being held in a physically accessible location. Please contact the Public Utilities Commission at 1-800-332-1782 at least 48 hours prior to the hearing if you have special needs so arrangements can be made to accommodate you.

Dated at Pierre, South Dakota, this 7<sup>th</sup> day of March 2019.

<b>CERTIFICATE OF SERVICE</b>
The undersigned hereby certifies that this document has been served today upon all parties of record in this docket, as listed on the docket service list, electronically or by mail.
By: <u>Adam de Hueckle</u>
Date: <u>3/7/19</u>
(OFFICIAL SEAL)

BY ORDER OF THE COMMISSION:

Gary Hanson  
GARY HANSON, Chairman

Chris Nelson  
CHRIS NELSON, Commissioner

Kristie Fiegen  
KRISTIE FIEGEN, Commissioner