

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF SOUTH DAKOTA

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order*

IN THE MATTER OF THE APPLICATION) ORDER APPROVING SETTLEMENT
OF OTTER TAIL POWER COMPANY FOR) AGREEMENT AND TARIFFS
AN INCREASE IN ITS ELECTRIC RATES) (F-3691)
IN SOUTH DAKOTA.) (F-3647-5)

On June 30, 1987, Otter Tail Power Company (OTP) filed with the South Dakota Public Utilities Commission (Commission) an application for an increase in retail electric rates. The Company's application, based on an adjusted test year ending December 31, 1986, purported to support a required annual revenue increase of \$1,013,493.

By Order dated July 17, 1987, the Commission established the procedural schedule for intervention, filing of testimony and hearing in this docket.

There were no intervenors in this proceeding. The Public Utilities Commission Staff's (Staff) filed response to OTP's application supported a rate increase producing annual revenues of no more than \$51,092.

As a result of informal negotiations held between OTP and Staff, it was agreed that OTP would file revised rate schedules designed to produce an increase in OTP's base rate levels (excluding energy clause adjustments and sales taxes) of \$341,228 on an annual basis for electric service, effective November 1, 1987. A condition of the Settlement Agreement is that OTP will not put into effect any rate changes which increase the settlement base rate level prior to January 1, 1990. Furthermore, Staff agreed to end its investigation on the effects of the TRA-86 on OTP's operations (Docket F-3647-5).

OTP has filed the following tariffs designed to implement the terms of the Settlement Agreement:

Section No. 3
Index Sheet, pages 1 and 2

Section No. 2
5th Revised Sheet No. 2, pages 1, 2 and 3

Section No. 3, Volume I

11th Revised Sheet No. 1, pages 1, 2, 3 and 4

2nd Revised Sheet No. 5 - Super. No. 4.1, pages 1 and 2

10th Revised Sheet No. 7 - Super. No. 12, pages 1 and 2

10th Revised Sheet No. 14, pages 1 and 2

Section No. 3, Volume I

1st Revised Sheet No. 15, pages 1 and 2
11th Revised Sheet No. 15.1
1st Revised Sheet No. 15.2
1st Revised Sheet No. 15.3
12th Revised Sheet No. 16, pages 1 and 2
11th Revised Sheet No. 20 - Super. No. 22, pages 1, 2 and 3
1st Revised Sheet No. 20.1 - Super. No. 24, pages 1 and 2
1st Revised Sheet No. 22 - Super. No. 28
10th Revised Sheet No. 29 - Super. No. 30, pages 1, 2, 3, 4,
5 and 6
5th Revised Sheet No. 30 - Super. No. 35.1, pages 1 and 2
5th Revised Sheet No. 30 - Super. No. 37.1
2nd Revised Sheet No. 38
Original Sheet No. 50 - Super. No. 15.2, pages 1 and 2
Original Sheet No. 50.1 - Super. No. 15.1, pages 1 and 2
Original Sheet No. 50.1 - Super. No. 15.3, pages 1 and 2
Original Sheet No. 50.3 - Super. No. 34, pages 1 and 2
Original Sheet No. 50.4 - Super. No. 34.1, pages 1 and 2
Original Sheet No. 50.5 - Super. No. 34.2, pages 1 and 2
1st Revised Sheet No. 50.7 - Super. No. 39
Original Sheet No. 70.8 - Super. No. 52.1, pages 1 and 2
Original Sheet No. 70.9 - Super. No. 52.2, pages 1, 2 and 3
Original Sheet No. 71 - Super. No. 52.3, pages 1, 2, 3 and 4
Original Sheet No. 71.3 - Super. No. 52.6, pages 1, 2 and 3
11th Revised Sheet No. 90 - Super. No. 43, pages 1, 2 and 3
2nd Revised Sheet No. 94 - Super. No. 45.5, pages 1 and 2
7th Revised Sheet No. 95 - Super. 50

Section No. 3, Volume I

1st Revised Sheet No. 95.2 - Super. 51

Original Sheet No. 96 - Super. 51.1

5th Revised Sheet No. 98.- Super. 52

2nd Revised Sheet No. 98.1 - Super. 53

Original Sheet No. 98.4

4th Revised Sheet No. 99.9 - Super. No. 1

The Commission has carefully reviewed the Stipulation and Settlement Agreement. The Commission finds that the agreement reached by the parties in this matter properly establishes just and reasonable rates and therefore should be approved. Furthermore, the Commission has carefully reviewed said tariff sheets and finds that they establish just and reasonable rates for OTP's electric service in South Dakota.


The Commission further finds that said revised tariff sheets should be approved on the terms and conditions set forth therein. The Commission reserves the right to modify said tariff sheets by further Order in this docket. It is therefore

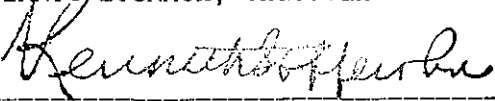
ORDERED, that the settlement reached between OTP and the Commission Staff in this matter be and the same hereby is approved upon the terms and conditions set forth in the Stipulation and Settlement Agreement; and it is

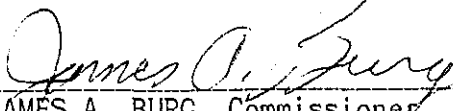
FURTHER ORDERED, that said tariff sheets be and the same hereby are approved upon the terms and conditions set forth therein and shall be effective for service rendered on and after the 1st day of November, 1987.

Dated at Pierre, South Dakota, this 30th day of October, 1987.

BY ORDER OF THE COMMISSION:


DENNIS EISNACH, Chairman


KENNETH STOFFERAHN, Commissioner


JAMES A. BURG, Commissioner

(OFFICIAL SEAL)



Commissioners:
Dennis Eismach
Kenneth Stofferahn
Jim Burg

Public Utilities Commission
State of South Dakota
500 East Capitol
Pierre, South Dakota 57501

Executive Director
Mary Vanderpan
(605) 773-3201

October 9, 1987

Mary Vanderpan, Executive Director
SD Public Utilities Commission
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Pierre, SD 57501

Katherine E. Sasseville
General Counsel
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Fergus Falls, MN 56537

Rodney L. Berg, Manager
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RE: IN THE MATTER OF THE APPLICATION OF OTTER TAIL POWER COMPANY
FOR AN INCREASE IN ELECTRIC RATES IN SOUTH DAKOTA
DOCKET NO. F-3691

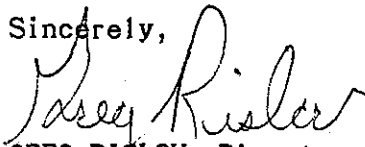
Dear Ms. Vanderpan, Ms. Sasseville and Mr. Berg:

Enclosed are copies of the testimony and exhibits of the following Staff witnesses in the above-captioned proceeding:

Gregory A. Rislov
Robert G. Towers
Basil L. Copeland, Jr.
Robert L. Knadle
David A. Jacobson

Further testimony will be forthcoming from Martin C. Bettmann which will not affect the revenue requirement in this docket.

Sincerely,


GREG RISLOV, Director
Fixed Utilities Division

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