

Volume 1 – Section 1

South Dakota Rate Case Customer Bill Insert

OTTER TAIL POWER COMPANY REQUESTS SOUTH DAKOTA RATE REVIEW

On April 20, 2018, Otter Tail Power Company submitted an application with the South Dakota Public Utilities Commission (SDPUC) for permission to increase our electric rates by approximately \$3.3 million, or 10.1 percent. These rates are proposed. If the rates are suspended by the SDPUC, they will not be effective until the SDPUC takes action. We have also requested an interim rate increase of 7.17 percent to be effective May 21, 2018 and remain in place until the SDPUC makes a final determination.

This is what's driving our request

The SDPUC established our current rates in 2011 based on 2009 costs. Since then, costs we incur to provide our customers with energy and related services have increased. We've also made investments in stronger, cleaner infrastructure and smarter technologies that ensure we can continue to provide you with reliable, affordable energy.

Customer bill impacts

We estimate that a typical residential customer's bill will increase by approximately \$11 a month and a typical business customer's bill will increase by approximately \$24 a month. Increases will vary depending on your electric service rate and the amount of electricity you use. This table shows changes to the average monthly bill by customer type.

Customer type	Monthly Kilowatt-hour Usage	Previous Monthly Bill	Proposed Increase to Monthly Bill
Residential	927	\$91.27	\$11.29
Farms	1,730	\$160.04	\$17.40
General Service	2,604	\$243.88	\$24.16
Large General Service	279,050	\$17,428.31	\$1,477.63
Irrigation	2,036	\$205.14	\$36.17
Outdoor Lighting	191	\$2.30	\$0.34
Other Public Authority	2,430	\$175.97	\$24.75
Controlled Service Water Heating	198	\$14.53	\$1.56
Controlled Service Interruptible	43,225	\$2,046.20	\$131.42
Controlled Service Deferred	2,159	\$108.20	\$8.12

We've also requested to increase rates by an additional 1.7 percent in 2020 to recover costs for a wind generation facility that's scheduled for construction in 2019. If the SDPUC approves that portion of our request as filed, a typical residential customer's bill would increase by approximately \$1.75 a month and a typical business customer's bill would increase by approximately \$4.50 a month.

For more information, visit otpc.com/SDRateReview or call 800-257-4044.

You may contact the South Dakota Public Utilities Commission at:

Phone: 605-773-3201

Email: pucconsumerinfo@state.sd.us

Under South Dakota law, you have the right to join with 24 other customers in Otter Tail Power Company's South Dakota service area to file a written objection to this proposed rate increase, and you may request the Commission suspend the rate increase and hold a public hearing to determine whether such a rate increase should be allowed.