

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

**IN THE MATTER OF THE APPLICATION)
OF OTTER TAIL POWER COMPANY FOR)
AUTHORITY TO INCREASE ITS)
ELECTRIC RATES)
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**ORDER SUSPENDING
OPERATION OF PROPOSED
RATES; ORDER ASSESSING
FILING FEE; ORDER
AUTHORIZING CONSULTING
CONTRACTS

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 filing and the intervention deadline of June 1, 2018, to interested individuals and entities on the Commission's PUC Weekly Filings listserv. As of the date of this order, no petitions to intervene or comments had been filed.

SDCL 49-34A-14 authorizes the Commission to suspend the operation of the proposed rates for 180 days following the date on which the proposed rates were filed. SDCL 49-1A-8 authorizes the Commission to require a deposit of up to \$250,000 in the Commission's Regulatory Assessment Fee fund to defray Commission expenses incident to analyzing and ruling upon an application to increase rates as part of a general rate case.

The Commission has jurisdiction in this matter pursuant to SDCL Chapters 1-26, 49-1A, 49-34A and ARSD 20:10:13.

At its regularly scheduled meeting on May 15, 2018, the Commission considered this matter. The Commission voted unanimously to suspend the operation of the schedule of rates proposed by Otter Tail for 180 days after the Application filing date of April 20, 2018. The Commission further voted unanimously to assess Otter Tail a filing fee up to the statutory limit of \$250,000 for expenses related to the general rate case and to give the executive director authority to enter into consulting contracts. It is therefore

ORDERED, that the proposed schedule of rates shall be suspended for 180 days after the

Application filing date of April 20, 2018. It is further

ORDERED, that Otter Tail shall be assessed a filing fee in an amount up to the statutory limit of \$250,000 for expenses related to the general rate case, with payments made to the Commission's Regulatory Assessment Fee fund as periodically billed by the Commission. It is further

ORDERED, that the executive director shall have the authority to enter into necessary consulting contracts.

Dated at Pierre, South Dakota, this 16th day of May 2018.

CERTIFICATE OF SERVICE	
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 Hueck</u>
Date:	<u>5/16/18</u>
(OFFICIAL SEAL)	

BY ORDER OF THE COMMISSION:

Kristie Eegen
KRISTIE EEGEN, Chairperson

Gary Hanson
GARY HANSON, Commissioner

Chris Nelson
CHRIS NELSON, Commissioner