

For Immediate Release
March 25, 2011

Contact: Minnesota Public Utilities
Commission
[Dan Wolf](#) [Janet Gonzalez](#)
Telephone: 651.201.2217 651-201-2231
Fax: 651.297.7073
Web: www.puc.state.mn.us

MINNESOTA PUBLIC UTILITIES COMMISSION VOTES ON OTTER TAIL POWER'S RATE INCREASE REQUEST

St. Paul - The Minnesota Commission met today to hold its public deliberations on Otter Tail Power Company's (OTP) request for a \$10.6 million (8% overall) increase in its electric rates. Because the decision involves numerous individual issues, the precise amount of the approved revenue increase is not known at this point. However, it is expected that final authorized increase will be somewhat less than the \$6 million reflected in the recommendation of the Administrative Law Judge.

A major factor in determining rates is the authorized return on common equity. The Commission adopted the recommendation of the Office of Energy Security and Administrative Law Judge which was 10.74%. . OTP's original rate increase request proposed an 11.25% return on equity, but did not contest the ALJ's recommendation. The approved return on equity will be used to calculate base rates. Whether the Company actually realizes this return depends on its efficiency of operations, the economy, weather and a host of other factors; i.e., the return is not *guaranteed*.

A final written order formally documenting the Commission's decision will be issued in several weeks. That order in docket E-017/GR-10-239 will be available on the Commission's website via the Commission's [e-Dockets](#) system.

OTP's last general rate increase request for its electric operations was filed in 2007. In that case, OTP requested an increase of 11%, or \$14.5 million annually. Commission ultimately granted an increase of 3%, or \$3.8 million.