

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Joseph T. Kelliher, Chairman;
Nora Mead Brownell, and Suedeen G. Kelly.

Otter Tail Power Company

Docket No. ER05-408-000

ORDER APPROVING UNCONTESTED SETTLEMENT

(Issued April 6, 2006)

1. On January 20, 2006, Otter Tail Power Company (Otter Tail) filed an offer of settlement to resolve all issues in the above-captioned proceeding relating to the pass-through of certain costs to twelve of Otter Tail's transmission customers under amendments to various grandfathered agreements (GFAs) with these customers. The proposed amendments are contained in a rider to the subject GFAs entitled "2005 Supplement." The amendments were filed on January 3, 2005 to recover the costs associated with Otter Tail's integration into the Midwest Independent Transmission System Operator, Inc.'s (Midwest ISO) transmission grid and energy markets.¹ The Commission accepted and suspended the proposed amendments on March 3, 2005, and established hearing and settlement judge procedures.² The settlement, which is an outgrowth of that process, modifies the original amendments, and ensures that there shall be no double-recovery of costs. On February 9, 2006, Commission Trial Staff filed comments in support of the settlement. No other comments were filed. On March 22, 2006, the settlement was certified to the Commission as uncontested.³

2. The settlement is fair and reasonable and in the public interest and is hereby approved. The Commission's approval of this settlement does not constitute approval of, or precedent regarding, any principle or issue in this proceeding. The Commission retains the right to investigate the rates, terms and conditions under the just and reasonable and not unduly discriminatory or preferential standard of section 206 of the Federal Power Act, 16 U.S.C. § 824e (2000).

¹ The amendments are designed to recover costs Otter Tail incurs under the Midwest ISO's Transmission and Energy Markets Tariff to meet its obligations under the subject GFAs.

² *Otter Tail Power Co.*, 110 FERC ¶ 61,220 (2005).

³ *Otter Tail Power Co.*, 114 FERC ¶ 63,047 (2006).

3. The tariff designations do not comply with Order No. 614. *Designation of Electric Rate Schedule Sheets*, Order No. 614, 65 Fed. Reg. 18,221, FERC Stats. & Regs., Regulations Preambles July 1996 – December 2000 ¶ 31,096 (2000). Accordingly, Otter Tail is ordered to file rate schedule sheets in conformance with Order No. 614 within 30 days of this order approving the settlement.
4. The settlement establishes a refund effective date of March 5, 2005 for any pertinent refunds. Pursuant to the settlement, Otter Tail will adjust charges to all persons that took service under the proposed amendments to the GFAs within 30 days after the Commission approves the settlement.
5. Within 15 days after making such refunds, Otter Tail shall file with this Commission a compliance report showing monthly billing determinants, revenue receipt dates, revenues under the prior, present, and settlement rates, and the revenue refund, together with a summary of such information for the total refund period. Otter Tail shall furnish copies of the report to the affected wholesale customers and to each state commission within whose jurisdiction the wholesale customers distribute and sell electric energy at retail.
6. This letter order terminates Docket No. ER05-408-000. A new subdocket will be assigned to Docket No. ER05-408 upon receipt of the refund report.

By the Commission.

(S E A L)

Magalie R. Salas,
Secretary.