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July 21, 2020

Will Seuffert  
Executive Secretary  
Minnesota Public Utilities Commission  
121 7<sup>th</sup> Place East, Suite 350  
St. Paul, MN 55101-2147



**RE: In the Matter of Otter Tail Power Company's Request for Determination that  
Transmission Investments are Eligible for Recovery Through the Company's  
Transmission Cost Recovery Rider  
Docket No. E017/M-19-530  
Reply Comments**

Dear Mr. Seuffert:

Otter Tail Power Company (Otter Tail) hereby submits its Reply Comments to the Minnesota Public Utilities Commission (Commission) for approval of a determination that costs associated with certain transmission projects are eligible for rate recovery through Otter Tail's Transmission Cost Recovery Rider.

Otter Tail has electronically filed this document with the Commission which, in compliance with Minn. Rule 7829.1300, subp. 2, also constitutes service on the Department of Commerce, Division of Energy Resources and the Office of Attorney General-Residential Utilities Division. A Summary of the filing has been served on all persons on Otter Tail's miscellaneous electric service list. A Certificate of Service is also enclosed.

If you have any questions regarding this filing, please contact me at 218-739-8385 or at [bhaugen@otpc.com](mailto:bhaugen@otpc.com).

Sincerely,

/s/ BRYCE C. HAUGEN

Bryce C. Haugen  
Supervisor Regulatory Analysis, Regulatory Administration

kaw  
Enclosures  
By electronic filing  
c: Service List

STATE OF MINNESOTA  
BEFORE THE  
MINNESOTA PUBLIC UTILITIES COMMISSION

In the Matter of Otter Tail Power Company's  
Request for Determination that Transmission  
Investments are Eligible for Recovery  
Through the Company's Transmission Cost  
Recovery Rider

Docket No. E017/M-19-530

**OTTER TAIL POWER COMPANY  
REPLY COMMENTS**

**I. INTRODUCTION & BACKGROUND**

On August 16, 2019, Otter Tail Power Company (Otter Tail) petitioned the Minnesota Public Utilities Commission (Commission) under Minnesota Statutes § 216B.16, subd. 7b (TCRR Statute), requesting the Commission determine that a 115 kV transmission line in Southeast South Dakota (Lake Norden Project), an expansion of a 230/115 kV substation near Rugby, North Dakota (Rugby Project), and a new 41.6kV breaker station near Granville, North Dakota (Granville Junction Project) (collectively the Projects) are eligible for rate recovery rate through Otter Tail's Transmission Cost Recovery Rider (TCRR). Otter Tail provided detailed descriptions of the need for and benefits of the Projects and the fact that all were approved in Midcontinent Independent System Operator (MISO) Transmission Expansion Plans.

On July 7, 2020, the Minnesota Department of Commerce's Division of Energy Resources (Department) responded to Otter Tail's August 2019 Petition, recommending that the Commission reject the Otter Tail's request for eligibility because, in the Department's view, the Projects do not adequately benefit Otter Tail's Minnesota customers or otherwise benefit Minnesota.

There are several reasons the projects should be found as eligible for TCRR cost recovery.

- 1) The Department's recommendation is not consistent with the express language of the TCRR statute.
- 2) MISO has determined the Projects benefit Otter Tail, thereby satisfying the statutory requirement for eligibility.

- 3) The Department’s position is contrary to how the transmission system functions, the Commission’s recognition of that function and Minnesota Policy.

For these reasons, Otter Tail requests that the Commission grant its application for eligibility for these three projects.

## **II. THE DEPARTMENT’S CLAIMED LIMITATION FOR ELIGIBILITY FOR RECOVERY THROUGH THE TCRR IS NOT CONSISTENT WITH THE EXPRESS LANGUAGE OF THE TCRR STATUTE.**

The TCRR Statute states that out-of-state transmission projects are eligible for recovery through the TCRR if they have been “determined by the Midcontinent Independent System Operator to benefit the utility *or* integrated transmission system.”<sup>1</sup> The Department did not review the Projects under this statutory standard. Instead, the Department asserts that the Projects must have demonstrated “benefit to Minnesota customers” or “Minnesota ... benefits ...”<sup>2</sup> By adding this limitation, the Department violates the TCRR Statute and ignores the well-recognized fact that transmission in one part of a utility’s system inevitably affects and benefits all customers on the system, and therefore, even if the limitation had been included in the statute, it would be satisfied. The Projects benefit Otter Tail, and ultimately, all of Otter Tail’s customers, and they are therefore eligible for TCRR recovery.<sup>3</sup>

The TCRR eligibility criteria are clear. Out-of-state projects must be: (i) “approved by the regulatory commission of the state in which the new transmission facilities are to be constructed, to the extent approval is required by the laws of that state” and (ii) “determined by the Midcontinent Independent System Operator to benefit *the utility or integrated transmission system.*”<sup>4</sup> These words must be applied as written.<sup>5</sup>

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<sup>1</sup> Minn. Stat. § 216B.16, subd. 7b(a)(2) (emphasis added).

<sup>2</sup> Department Comments, p. 3, 4, 5.

<sup>3</sup> Minn. Stat. § 216B.16, subd. 7b(a)(2).

<sup>4</sup> Minn. Stat. § 216B.16, subd. 7b(a)(2) (emphasis added). The Department acknowledges that each of the Projects satisfies the first eligibility requirement of approval by the regulatory commission of the state in which the Project is located. See Department Comments, p. 3-5.

<sup>5</sup> Minn. Stat. § 645.16 (“When the words of a law in their application to an existing situation are clear and free from all ambiguity, the letter of the law shall not be disregarded under the pretext of pursuing the spirit.”).

The Department did not apply this standard. Rather, it adopted additional limiting criteria that are not in the TCRR Statute. For example, in discussing the Lake Norden Project, the Department stated:

Regarding any benefit to the integrated transmission system *or Otter Tail's Minnesota customers*, the Department notes that MISO found 'no adverse system impact caused by the project' but did not indicate that there would be any benefit to the system as a whole *or to Minnesota customers*. Instead, MISO's determination said that the proposed facility 'can reliably serve the new load' in South Dakota.

The lack of *benefit to Minnesota customers* ....<sup>6</sup>

The Department used virtually identical language in describing the Rugby Project and the Granville Junction Project.<sup>7</sup> There can be no doubt that the Department is applying a standard that is not part of the TCRR Statute.

Contrary to the Department Comments, the TCRR Statute does not require a showing or demonstration of some distinct or separate benefit to Minnesota customers. Under the TCRR Statute, projects that benefit "the utility" (in this case, Otter Tail) are eligible without a finding of distinct benefit to Minnesota customers: no analysis of state-specific effects is required.<sup>8</sup> Further, the TCRR Statute states a project must benefit "the utility", not a particular jurisdiction served by the utility. The Department's focus on "Otter Tail's Minnesota utility" – something that does not exist<sup>9</sup> – is not contained in the TCRR Statute.

Courts "do not add words or phrases to an unambiguous statute" because doing so "would [] violate one of [the] basic canons of statutory interpretation."<sup>10</sup> Neither courts nor the

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<sup>6</sup> Department Comments, p. 3-4 (emphasis added).

<sup>7</sup> Department Comments, p. 4 ("As a result, the Department concludes that there are *no Minnesota jurisdictional costs or benefits* from the Rugby Project and that MISO has not determined by that the project *benefits Otter Tail's Minnesota utility* or integrated transmission system.") (emphasis added); p. 5 ("The Department concludes that there are *no Minnesota jurisdictional costs or benefits* and that MISO has not determined that the project *benefits Otter Tail's Minnesota utility* or integrated transmission system.") (emphasis added).

<sup>8</sup> Projects that benefit the integrated transmission system are also eligible. Minn. Stat. § 216B.16, subd. 7b(a)(2).

<sup>9</sup> Otter Tail is a single utility that provides retail service in three jurisdictions (Minnesota, North Dakota, South Dakota), and also provides wholesale generation and transmission service in interstate commerce. See *In the Matter of the Petition of Otter Tail Power Company to Implement Personal Property Tax Savings Credit*, Docket No. E017/M-02-515, Order Directing Refund and Rate Reduction, with Associated Compliance Filings, p. 4-5 (2002) ("Rates for OTP have been established in the past as if the Company operates one system covering portions of Minnesota, North Dakota, and South Dakota. Consistent with that approach, operating costs ... have been allocated between the states ...").

<sup>10</sup> *County of Dakota v. Cameron*, 839 N.W.2d 700, 709 (Minn. 2013) ("[The] alternative interpretation ... would require us to violate one of our basic canons of statutory interpretation: we do not add words or phrases to an unambiguous statute.").

Department “are [] free to substitute amendment for construction and thereby supply the omissions of the legislature”, nor may they “[adds] words or meaning to a statute that were intentionally or inadvertently left out.”<sup>11</sup>

As discussed in the sections below, there is good reason that the statute would not include such a limitation. But, as indicated above, the language of the statute should control in any event. Even if the Department may believe the TCRR Statute *should* be limited to projects that can be shown to provide some distinct benefit to Minnesota customers, that would be an argument for the Legislature. It would not be a basis to find the projects ineligible for TCRR recovery in this proceeding.

### **III. MISO HAS DETERMINED THE PROJECTS BENEFIT THE UTILITY AND THE INTEGRATED TRANSMISSION SYSTEM, SATISFYING THE TCRR ELIGIBILITY REQUIREMENTS.**

There is no basis upon which to question whether MISO has “determined ... [the Projects] benefit the utility or integrated transmission system.” MISO has made this determination for each of the Projects, making them all eligible for TCRR recovery.

MISO is responsible for planning the transmission system across the MISO footprint, which includes Otter Tail’s service area, as well as all of Minnesota. MISO conducts transmission planning through its transmission expansion planning protocol. That protocol involves the development of MISO Transmission Expansion Plans (MTEP). According to MISO, the MTEP:

is developed annually through an inclusive and transparent stakeholder process. MISO evaluates various types of projects through the MTEP process that, when taken together, build an electric infrastructure to meet local and regional reliability standards, enable competition among wholesale capacity and energy suppliers in the MISO markets, and allow for competition among transmission developers.<sup>12</sup>

MISO collaborates with MISO transmission owners, the Organization of MISO States (OMS) and the MISO planning advisory committee to develop the MTEP.<sup>13</sup>

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<sup>11</sup> *Genin v. 1996 Mercury Marquis*, 622 N.W.2d 114, 117 (Minn. 2001).

<sup>12</sup> *MISO Transmission Expansion Plan*, <https://www.misoenergy.org/planning/planning/>.

<sup>13</sup> MISO Attachment FF, Section I.C. available at <https://cdn.misoenergy.org/Attachment%20FF240221.pdf> [hereinafter MISO Attachment FF].

MISO recommends projects to the MISO Board for inclusion in the MTEP. These recommendations are made “with input from stakeholders and consideration all analysis performed to determine benefits and costs” of the particular project.<sup>14</sup> According to the MISO tariff, MISO “present[s] the MTEP, along with a summary of relevant alternative projects that were not selected, to the [MISO] Board for approval on a biennial basis, or more frequently if needed.”<sup>15</sup> Approval of the MTEP “certifies [the MTEP] as [MISO’s] plan for meeting the transmission needs of all stakeholders....”<sup>16</sup>

Each of the Projects was included in a MISO MTEP.<sup>17</sup> By including the Projects in the applicable MTEPs, MISO has determined each of the Projects is part of an overall plan that meets the needs of *all* stakeholders, which includes Minnesota customers.

In addition to the certification that occurs through MTEP approval, MISO’s specific findings also support eligibility.

### **1. Benefits of Lake Norden**

The Lake Norden Project includes construction of approximately 47 miles of 115 kV line, along with upgrades to the existing Hetland, Lake Norden and Toronto substations, to provide an additional 115 kV transmission path to the area in the event the existing 115 kV transmission path is unavailable. As discussed in Otter Tail’s Petition, the Lake Norden Project is needed to maintain reliability for the growing load in the area.<sup>18</sup> MISO concluded the Lake Norden Project “offers better reliability at a lower cost” and “can reliably serve the new load”,<sup>19</sup> clearly benefits for Otter Tail. This determination alone satisfies the TCRR eligibility criteria.

MISO also expressly found that the Lake Norden Project benefits the integrated transmission system as part of MISO’s Expedited Project Review process. That process allows

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<sup>14</sup> MISO Business Practices Manual Transmission Planning, BPM-020-r22, Section 4.4.2.7 *available at* <https://cdn.misoenergy.org/BPM%20020%20-%20Transmission%20Planning113822.zip> [hereinafter MISO BPM].

<sup>15</sup> MISO Attachment FF, Section IV.B.

<sup>16</sup> MISO Attachment FF, Section IV.C.

<sup>17</sup> The Lake Norden Project was included in MTEP18, while the Rugby and Granville Junction Projects were included in MTEP16.

<sup>18</sup> Otter Tail Petition, p. 5.

<sup>19</sup> MISO MTEP18 Expedited Project Review, *OTP’s Load Addition at Lake Norden* (Aug. 29, 2018), <https://cdn.misoenergy.org/20180829%20WSPM%20Item%2005b%20OTP%20Expedited%20Project%20Review%20Results269779.pdf>.

expedited review “for projects of urgent need.”<sup>20</sup> MISO concluded that the Lake Norden Project and others under review for inclusion in MTEP18 were “the preferred solution” to the urgent needs being reviewed.<sup>21</sup> Addressing these issues strengthens the entire transmission network. These kinds of system benefits, determined by MISO, make the Lake Norden Project eligible for TCRR recovery.

## **2. Benefits of Rugby and Granville Junction**

The Rugby Project and Granville Junction Project were reviewed by MISO in MTEP16. Like the Lake Norden Project, MISO found that the Rugby Project and Granville Junction Project result in benefits to Otter Tail. As part of MTEP16, MISO stated that the Rugby Project and Granville Junction Project (and other projects) were “being built to enhance reliability on the 41.6 kV system in North Dakota by adding sectionalizing capability, reducing exposure and adding operational flexibility.”<sup>22</sup> These benefits accrue to Otter Tail and make the Rugby Project eligible for TCRR recovery. Further, in response to comments on the Rugby Project and Granville Junction Project, MISO stated these Projects “meet local Transmission Owner [Otter Tail] needs...,”<sup>23</sup> further solidifying eligibility.

## **IV. THE DEPARTMENT’S POSITION IS CONTRARY TO HOW THE TRANSMISSION SYSTEM FUNCTIONS, THE COMMISSION’S RECOGNITION OF THAT FUNCTION AND MINNESOTA POLICY.**

The Commission has long recognized that Minnesota customers benefit from Otter Tail’s integrated transmission system. And the legislature, in enacting the TCRR Statute, has made it state policy to promote transmission investment, a policy that was most recently reaffirmed by Governor Walz in 2019 communications to MISO, as described below. The Department position, if adopted, would undermine these policies.

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<sup>20</sup> MTEP18 Expedited Project Review (Sept. 26, 2018), <https://cdn.misoenergy.org/20180926%20PAC%20Item%2005f%20MTEP18%20Expedited%20Project%20Review%20Results277724.pdf>.

<sup>21</sup> *Id.*

<sup>22</sup> MISO MTEP16, Appendix D1 West 2016, p. 32.

<sup>23</sup> MISO MTEP16, Appendix F, p.2.

## 1. Transmission benefits all customers of a utility.

Otter Tail operates an integrated transmission system that spans three states (Minnesota, North Dakota and South Dakota). That system serves all of Otter Tail's retail customers across its entire 70,000 square mile, three-state service area.<sup>24</sup> All Otter Tail customers benefit from the integrated transmission system, including those in Minnesota, regardless of proximity to the particular investment.

The Commission examined Otter Tail's transmission system in Otter Tail's 2007 and 2010 rate cases. In both cases, the Commission determined that Otter Tail operated a single, integrated transmission system.<sup>25</sup> This transmission system allows Otter Tail to inject power into the system from facilities in North Dakota and South Dakota and remove it in Minnesota to serve Otter Tail's Minnesota customers.<sup>26</sup> This includes Otter Tail's wind energy resources, the largest being the 150 MW Merricourt Wind Energy Center, scheduled to be online by the end of 2020.

The Department's recommendation ignores the well-recognized fact that all parts of a utility's transmission system are involved in serving all its customers, not just customers in the immediate area of a particular part of the system. Each of the Projects provides benefits to all Otter Tail customers. For example, if the Lake Norden Project was not built, the South Dakota load most directly served by that project would impose burdens on other parts of the Otter Tail system and have an adverse impact on all Otter Tail customers, including customers in South Dakota, Minnesota and North Dakota. Similarly, if the Rugby Project and Granville Junction Project were not built, the lack of benefits offered by those projects would impose burdens on other parts of the Otter Tail system and have an adverse impact on all Otter Tail customers, including customers in South Dakota, Minnesota and North Dakota.

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<sup>24</sup> Otter Tail 2007 Rate Case ALJ Report, ¶ 32. The integrated transmission system is also used to provide interstate, wholesale transmission service. Otter Tail 2007 Rate Case ALJ Report, ¶ 32 ("The majority of these lines serve multiple communities, and many serve loads of other utilities (including GRE, which serves no distribution function).").

<sup>25</sup> See *In the Matter of the Application of Otter Tail Power Company for Authority to Increase Rates for Electric Utility Service in Minnesota*, Docket No. E017/GR-10-239, Findings of Fact, Conclusions and Recommendation, ¶ 147 (Feb. 14, 2011) ("The integrated nature of OTP's transmission system has not changed since ... 1980.") (Feb. 14, 2011) [*hereinafter* Otter Tail 2010 Rate Case ALJ Report], *adopted by* Findings of Fact, Conclusions, and Order, p. 18-19 (April 25, 2011).

<sup>26</sup> Otter Tail 2007 Rate Case ALJ Report, ¶ 32 ("OTP inputs power on the transmission system, including the 41.6 kV and 69 kV facilities, in North and South Dakota, and pulls it out in Minnesota.").



Minnesota customers clearly benefit from the integrated transmission system, including the Projects. Thus, even if the Department's claimed limitation on eligibility had basis in the TCRR Statute (which, it does not), the Projects would still be eligible for recovery.

Finally, it is important to recognize that Minnesota, FERC, MISO, North Dakota and South Dakota all have adopted rate treatment that is predicated on the fact that *all* customers benefit from the transmission system being an integrated network for the delivery of power.<sup>27</sup> That ratemaking treatment acknowledges that:

the transmission system is comprised of highly integrated facilities which are designed and operated collectively to deliver public power supply from point to point on the system. Thus, where facilities of various operating voltages form integrated transmission networks, each element within those networks is considered to be contributing to the economic and reliable operation of the overall system.<sup>28</sup>

Therefore, "since all customers are generally expected to benefit from the strategy of overall transmission cost minimization, all should be expected to share the costs of the system."<sup>29</sup> This principle has served as the basis for North Dakota and South Dakota customers paying approximately 50 percent of the cost of Otter Tail's retail integrated transmission system, regardless of location.

## **2. Costs of Otter Tail transmission facilities in Minnesota are allocated to North Dakota and South Dakota customers.**

While the Department Comments appear to object to Minnesota customers paying part of the costs of the Projects because they address "localized" needs outside of Minnesota, there it is common for, and there are several recent examples of North Dakota and South Dakota customers paying approximately half the cost of transmission projects that met "localized" Minnesota needs. For example, the Monticello to Fargo transmission project was designed to address localized needs – the southern Red River Valley, Alexandria and St. Cloud.<sup>30</sup> The Bemidji to

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<sup>27</sup> See *In the Matter of the Application of Otter Tail Power Company for Authority to Increase Rates for Electric Utility Service in Minnesota*, Docket No. E017/GR-10-239, Findings of Fact, Conclusions and Recommendation, ¶ 147 (Feb. 14, 2011) [*hereinafter* Otter Tail 2010 Rate Case ALJ Report], *adopted by* Findings of Fact, Conclusions, and Order, p. 18-19 (April 25, 2011).

<sup>28</sup> Otter Tail 2010 Rate Case ALJ Report, ¶ 144 (quoting National Association of Regulatory Commissioners, *Electric Utility Cost Allocation Manual*, p. 71 (1992) [*hereinafter* NARUC Electric Cost Allocation Manual]).

<sup>29</sup> Otter Tail 2010 Rate Case ALJ Report, ¶ 144 (quoting NARUC Electric Cost Allocation Manual, p. 71).

<sup>30</sup> *Application for Certificates of Need for the CapX 345-kV Transmission Projects*, Docket No. ET2, E002, *et al.*/CN-06-1115, ORDER GRANTING CERTIFICATES OF NEED WITH CONDITIONS at 13 (May 22, 2009).

Grand Rapids, Minnesota project was designed to address needs in the Bemidji area.<sup>31</sup> These projects were both included in the TCRR, with Minnesota customers paying approximately 50 percent of Otter Tail's total retail investment (not 100 percent).<sup>32</sup> The other approximately 50 percent of the cost of Otter Tail's total retail investment in the Monticello to Fargo and Bemidji to Grand Rapids projects were paid by customers in North Dakota and South Dakota. This is, of course, the method by which the costs transmission constructed for retail customers are allocated--by demand in each jurisdiction, not location or imputed local impacts.

In Otter Tail's 2016 Rate Case, Otter Tail included the Karlstad, Minnesota Capacitor Bank Project in its Test Year rate base. The Karlstad, Minnesota Capacitor Bank project included the installation of two 10 MVAR capacitor banks on the 115 kV system at the Karlstad substation in order to address localized needs, making the Karlstad project very similar to the Rugby Project and the Granville Junction Project.<sup>33</sup> Again, Minnesota customers did not pay all the costs of the project. They paid approximately 50 percent of the cost of Otter Tail's retail investment in the Karlstad project, with North Dakota and South Dakota customers paying the remaining 50 percent.<sup>34</sup>

The Department did not object to North Dakota and South Dakota customers paying approximately 50 percent of the costs of these projects. To now argue that Minnesota customers should not contribute to the cost of out-of-state projects just because they are located out-of-state is unreasonable.

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<sup>31</sup> *Application a 230 kV Transmission Line from Bemidji to Grand Rapids, Minnesota*, Docket No. E017, *et al.*/CN-07-1222, ORDER (July 14, 2009).

<sup>32</sup> *See In the Matter of Otter Tail Power Company's Request for Approval of a Transmission Cost Recovery Rider Including the Proposed 2010 Transmission Factor*, Docket No. E017/M-09-881, Comments of the Minnesota Department of Commerce, p.18-19 (Sept. 28, 2009) (" OTP's proposed rate design uses the transmission demand allocation factor, D2, which was used to allocate total revenue requirements from OTP's last Minnesota general rate case, to allocate total revenue requirements to jurisdictions (Minnesota 50.79%) and rate classes. ... OTP's proposed rate design methodology is consistent with OTP's most recent rate case and consistent with the methodology used in other recent Rider filings. Thus, based on our analysis and the information available at this time, the OES recommends approval of the rate design in the Company's proposed Rider.").

<sup>33</sup> Like the Rugby Project and the Granville Junction Project, the Karlstad project was included in MTEP10 as MTEP project 2826, facility 4956.

<sup>34</sup> *See In the Matter of the Application of Otter Tail Power Company for Authority to Increase Rates for Electric Service in Minnesota*, Docket No. E017/GR-15-1033, Direct Testimony of Stuart D. Tommerdahl, p. 18 and Schedule 6, p. 2-3.

### **3. State Policy Supporting Transmission**

The TCRR Statute was enacted to promote investment in transmission. In 2013, the TCRR Statute was expressly amended to allow for recovery of certain out-of-state projects.<sup>35</sup> Cost recovery mechanisms like the TCRR are important tools for building transmission projects, which, in turn, promote key State policies like renewable generation. The Department's unsupported limitation would undermine these public policies.

Further, there is a clear recognition that the integrated transmission system provides benefits to Minnesota and other states and transmission should be encouraged, regardless of location. For example, a group of governors, including Governor Walz, sent a letter to MISO in 2019 stating "Our current, interconnected grid provides great value to our states...." The 2019 letter also stated, "the electricity system MISO operates is critical to healthy communities and economically vibrant states." These statements were made in the context of "the region's electricity system and transmission grid..." not that of a particular state. A copy of this letter is included as Attachment 1. Resisting the allocation of costs among all users of a utility's transmission system directly undermines the benefits of an integrated, regional transmission system and should be rejected.

## **V. CONCLUSION**

The Projects have been approved by the regulatory commission of the state in which they are located (to the extent approval is required by the laws of that state). MISO determined they benefit Otter Tail and the integrated transmission system. By extension, they benefit Minnesota customers. The Commission should deem the Projects eligible for TCRR recovery effective January 1, 2020.

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<sup>35</sup> 2013 Minn. Laws Ch. 85, Art. 7, § 1.

Dated: July 21, 2020

Respectfully Submitted,

OTTER TAIL POWER COMPANY

By: /s/ BRYCE C. HAUGEN

Bryce C. Haugen

Supervisor Regulatory Analysis, Regulatory Administration

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By: /s/ CARY STEPHENSON

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September 17, 2019

Mr. John Bear  
Chief Executive Officer  
Midcontinent Independent System Operator  
720 City Center Drive  
Carmel, IN 46032-3826

Dear Mr. Bear,

The electric system in our states and across the country is evolving. Over the next decade, thousands of megawatts of generation will be retired, while there is an increasing demand to electrify new sectors of the economy. The continued development of integrated regional, state and provincial electric systems must keep up with demand. At the same time, our region has become increasingly vulnerable to extreme weather events that challenge the resiliency of our power system.

Many of these changes in the electricity system are due to economic and competitive market forces; while some are due to factors that include: advancing or expanding technologies, changing customer needs and desires, and public policies and goals being adopted by our states. Yet, while these electricity system changes are happening in and affecting our states and province differently, our shared values are greater than our differences. We all need an electricity system that provides reliable, lowest cost electricity, promotes regional and local economic development and is flexible enough to meet state and provincial policies and goals. Our current, interconnected grid provides great value to our states, province and the region, but we want to ensure that this continues for many decades.

Given the central role Midcontinent Independent System Operator (MISO) has in our states', province's and the region's electricity system, we believe you are best positioned to conduct a study (long range transmission planning) of the effects of the changes on the region's electricity system, and to identify enhancements to the region's electricity system and transmission grid needed to:

- guarantee regional grid reliability, resiliency, and state and province determined resource adequacy in order to keep pace with technology changes in generation resources;
- address regional transfer capacity weaknesses and opportunities throughout the footprint;
- assure the lowest cost delivered electricity to our citizens; and
- enhance local job creation and economic development.

Much like the interconnectedness and interdependency of our highways and roads, the electricity system MISO operates is critical to healthy communities and economically vibrant states. Having a study that looks at the significant ongoing changes to that system and options for a path forward would be invaluable to achieving our states' and province's goals. We hope you will undertake this task and we look forward to working with you.

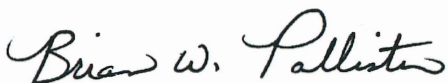
Sincerely,



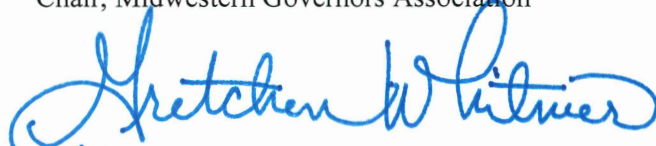
Asa Hutchinson  
Governor of Arkansas



Kim Reynolds  
Governor of Iowa  
Chair, Midwestern Governors Association



Brian Pallister  
Premier of Manitoba



Gretchen Whitmer  
Governor of Michigan



Tim Walz  
Governor of Minnesota  
Vice-Chair, Midwestern Governors Association



Tony Evers  
Governor of Wisconsin

## **CERTIFICATE OF SERVICE**

**RE: In the Matter of Otter Tail Power Company's Request for Determination that  
Transmission Investments are Eligible for Recovery Through the Company's  
Transmission Cost Recovery Rider  
Docket No. E017/M-19-530**

I, Kim Ward, hereby certify that I have this day served a copy of the following, or a summary thereof, on Will Seuffert and Sharon Ferguson by e-filing, and to all other persons on the attached service list by electronic service or by First Class Mail.

**Otter Tail Power Company  
Reply Comments**

Dated this **21<sup>st</sup>** day of **July, 2020**.

*/s/ Kim Ward*  
\_\_\_\_\_  
Kim Ward, Regulatory Filing Coordinator  
Otter Tail Power Company  
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James D.	Larson	james.larson@avantenergy.com	Avant Energy Services	220 S 6th St Ste 1300  Minneapolis, MN 55402	Electronic Service	No	OFF_SL_19-530_M-19-530
Douglas	Larson	dlarson@dakotaelectric.com	Dakota Electric Association	4300 220th St W  Farmington, MN 55024	Electronic Service	No	OFF_SL_19-530_M-19-530
Kavita	Maini	kmaini@wi.rr.com	KM Energy Consulting, LLC	961 N Lost Woods Rd  Oconomowoc, WI 53066	Electronic Service	No	OFF_SL_19-530_M-19-530

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Andrew	Moratzka	andrew.moratzka@stoel.com	Stoel Rives LLP	33 South Sixth St Ste 4200  Minneapolis, MN 55402	Electronic Service	No	OFF_SL_19-530_M-19-530
Generic Notice	Residential Utilities Division	residential.utilities@ag.state.mn.us	Office of the Attorney General-RUD	1400 BRM Tower 445 Minnesota St St. Paul, MN 551012131	Electronic Service	Yes	OFF_SL_19-530_M-19-530
Larry L.	Schedin	Larry@LLSResources.com	LLS Resources, LLC	332 Minnesota St, Ste W1390  St. Paul, MN 55101	Electronic Service	No	OFF_SL_19-530_M-19-530
Will	Seuffert	Will.Seuffert@state.mn.us	Public Utilities Commission	121 7th PI E Ste 350  Saint Paul, MN 55101	Electronic Service	Yes	OFF_SL_19-530_M-19-530
Cary	Stephenson	cStephenson@otpc.com	Otter Tail Power Company	215 South Cascade Street  Fergus Falls, MN 56537	Electronic Service	No	OFF_SL_19-530_M-19-530
Stuart	Tommerdahl	stommerdahl@otpc.com	Otter Tail Power Company	215 S Cascade St PO Box 496 Fergus Falls, MN 56537	Electronic Service	No	OFF_SL_19-530_M-19-530
Lynn	Wolters	lwolters@otpc.com	Otter Tail Power Company	215 S Cascade St.  Fergus Falls, MN 56537	Electronic Service	No	OFF_SL_19-530_M-19-530