

September 24, 2025

Sasha Bergman
Minnesota Public Utilities Commission
121 7th Place East, Suite 350
St. Paul, Minnesota 55101-2147

RE: Response Letter of the Minnesota Department of Commerce
Docket No. E017/M-25-199

Dear Ms. Bergman:

On April 14, 2025, Otter Tail Power Company (Otter Tail, OTP, or the Company) filed an [Initial Petition](#) for its 2025 annual update to its Electric Utility Infrastructure Cost (EUIC) Recovery Rider with the Minnesota Public Utilities Commission (Commission).

On August 13, 2025, the Minnesota Department of Commerce (Department) filed [Comments](#) recommending certain modifications to Otter Tail's petition, and requesting the Company provide additional information in reply comments. The Department requested additional information from Otter Tail regarding the current dollar amounts of legal and consulting costs for the AMI project, as well as receipts for all proposed legal and consulting costs. In addition, the Department requested an update on the Department of Energy (DOE) Innovative Distributed Energy Automation (IDEA) funding application for the Company's Demand Response (DR) project, submitted in May 2024. The Department also recommended the Commission limit cost recovery to only the estimated energy upgrade costs of the two Otter Tail Customer Service Centers (CSC) remodel projects in Bemidji, Minnesota and Milbank, South Dakota. Finally, the Department requested the Company provide additional information and documentation on the breakdown of general contractor energy efficiency upgrade costs for both CSC projects, for Department review.

On August 25, 2025, Otter Tail filed [Reply Comments](#), requesting the Commission to approve an adjusted 2025 annual update to the EUIC Recovery Rider, and provided an updated tracker. The Company presented a revised revenue requirement of \$1,808,934, which would result (compared to current rates) in a monthly decrease of \$1.44 per meter for Residential customers (\$1.18 decrease per meter in the initial petition), and a monthly decrease of \$79.33 per meter for Large General Service customers (\$65.08 per meter decrease in the initial petition).

In its Reply Comments, Otter Tail confirmed the removal of all costs above the Commission approved soft cap of \$55.9 million for its Advanced Metering Infrastructure (AMI) project budget, and will not request recovery of additional costs until the Company's next general rate case. The Company

provided a revised Attachment 4 of the initial petition in its Reply Comments. The Department agrees with Otter Tail's proposed requested recovery limited to the soft cap for the AMI project.

Regarding Otter Tail's AMI external and legal consulting costs, the Company provided an update to the fees incurred for the contracted system integration (SI) support from TRC Environmental Corporation (TRC). Otter Tail stated SI support began in February 2022, and the consulting services from TRC are currently ongoing. Additionally, the Company stated it paid for external legal counsel from Spencer Fane for the AMI project from 2024 through July 2025, in the amount of \$750. The Department reviewed Table 1 and Attachment 5 of the Company's reply comments and confirms the costs are eligible for recovery.

Otter Tail provided an update on its DOE IDEA funding application for its DR project, stating the Company received a notification on August 19, 2025 that the DOE is still reviewing its portfolio of project, with no additional update on review timeline.

Finally, Otter Tail stated that based on the review and recommendation by the Department, the Company has determined it will no longer pursue cost recovery in the Rider for the Bemidji and Milbank CSC remodel projects, and will withdraw the remodel projects from proposed rates in the EUIC Rider. The Department notes the Company's analysis determined that if it was only receiving cost recovery for the energy efficient upgrades to the CSCs, the benefits would be limited. The Department recommends the Commission accept the withdrawal of the two CSC remodel projects in the recovery rider.

The Department notes the revised Attachment 2 total net revenue requirement Otter Tail proposes for recovery is \$1,808,934, comprised of its AMI, OMS/GIS Updates, DR projects, less its O&M savings due to AMI Implementation and True-Up (with no recovery for the Bemidji and Milbank Customer Service Centers). As a result, the Department recommends the Commission approve Otter Tail's revised 2025 EUIC Recovery Rider proposed annual rate adjustment for usage on and after January 1, 2026, and is available to answer any questions the Commission may have.

Sincerely,

/s/ Dr. SYDNIE LIEB
Assistant Commissioner of Regulatory Analysis

JT/ad
Attachment

CERTIFICATE OF SERVICE

I, Nicole Westling, hereby certify that I have this day, served copies of the following document on the attached list of persons by electronic filing, certified mail, e-mail, or by depositing a true and correct copy thereof properly enveloped with postage paid in the United States Mail at St. Paul, Minnesota.

**Minnesota Department of Commerce
Letter**

Docket No. E017/M-25-199

Dated this **24th** day of **September 2025**

/s/Nicole Westling

| # | First Name | Last Name | Email | Organization | Agency | Address | Delivery Method | Alternate Delivery Method | View Trade Secret | Service List Name |
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| 2 | Mike | Bull | mike.bull@state.mn.us | | Public Utilities Commission | 121 7th Place East, Suite 350 St. Paul MN, 55101 United States | Electronic Service | | Yes | M-25-199 |
| 3 | Ray | Choquette | rchoquette@agp.com | Ag Processing Inc. | | 12700 West Dodge Road PO Box 2047 Omaha NE, 68103-2047 United States | Electronic Service | | No | M-25-199 |
| 4 | Generic | Commerce Attorneys | commerce.attorneys@ag.state.mn.us | | Office of the Attorney General - Department of Commerce | 445 Minnesota Street Suite 1400 St. Paul MN, 55101 United States | Electronic Service | | Yes | M-25-199 |
| 5 | Lauren | Donofrio | ldonofrio@otpc.com | Otter Tail Power Company | | 215 South Cascade Street Fergus Falls MN, 56538-0496 United States | Electronic Service | | Yes | M-25-199 |
| 6 | Sharon | Ferguson | sharon.ferguson@state.mn.us | | Department of Commerce | 85 7th Place E Ste 280 Saint Paul MN, 55101-2198 United States | Electronic Service | | No | M-25-199 |
| 7 | Paula | Foster | pfoster@otpc.com | Otter Tail Power Company | | 215 S Cascade St PO Box 496 Fergus Falls MN, 56538-0496 United States | Electronic Service | | Yes | M-25-199 |
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| 14 | Kavita | Maini | kmairi@wi.rr.com | KM Energy Consulting, LLC | | 961 N Lost Woods Rd Oconomowoc WI, 53066 United States | Electronic Service | | No | M-25-199 |
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| 17 | Generic Notice | Regulatory | regulatory_filing_coordinators@otpc.com | Otter Tail Power Company | | 215 S. Cascade Street Fergus Falls MN, 56537 United States | Electronic Service | | Yes | M-25-199 |
| 18 | Generic Notice | Residential Utilities Division | residential.utilities@ag.state.mn.us | | Office of the Attorney General - Residential Utilities Division | 1400 BRM Tower 445 Minnesota St St. Paul MN, 55101-2131 United States | Electronic Service | | Yes | M-25-199 |
| 19 | Cary | Stephenson | cstephenson@otpc.com | Otter Tail Power Company | | 215 South Cascade Street Fergus Falls MN, 56537 United States | Electronic Service | | No | M-25-199 |
| 20 | Stuart | Tommerdahl | stommerdahl@otpc.com | Otter Tail Power Company | | 215 S Cascade St PO Box 496 Fergus Falls MN, 56537 United States | Electronic Service | | No | M-25-199 |