

215 South Cascade Street
PO Box 496
Fergus Falls, Minnesota 56538-0496
218 739-8200
www.otpc.com (web site)

August 16, 2019



Daniel P. Wolf
Executive Secretary
Minnesota Public Utilities Commission
121 7th 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-
Initial Filing**

Dear Mr. Wolf:

Otter Tail Power Company (Otter Tail) hereby submits its Petition 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 218-739-8577 or at lwolters@otpc.com.

Sincerely,

/S/ LYNN A. WOLTERS
Lynn A. Wolters
Rates Analyst, 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-

SUMMARY OF FILING

Pursuant to Minnesota Statutes § 216B.16, subd. 7b, Otter Tail Power Company (Otter Tail) has submitted a Petition to the Minnesota Public Utilities Commission requesting a determination that costs associated with certain transmission projects are eligible for rate recovery through Otter Tail's Transmission Cost Recovery Rider.

**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-

PETITION

I. INTRODUCTION

This Petition is made to request a determination by the Minnesota Public Utilities Commission (Commission) that three transmission investments described below (the Projects) are eligible for cost recovery as of January 2020 through Otter Tail Power Company's (Otter Tail) Transmission Cost Recovery Rider (TCRR). These transmission-related investments; (1) increase the capacity of the transmission system; (2) enhance regional reliability; (3) facilitate the interconnection of generating facilities that satisfy the Minnesota Renewable Energy Objectives or some combination thereof. This Petition is made pursuant to Minn. Stat. § 216B.16 subd.7b (the TCRR Statute).

Otter Tail will seek approval to recover investments deemed eligible in this Docket in a separate filing. Depending on the timing of a Commission decision in this Docket, Otter Tail expects this request for cost recovery may be made in an annual TCRR update filing (either a new update or as part of one of the pending or provisional update filings identified in Attachment 1 to this filing).

The Minnesota Public Utilities Commission (Commission) first approved Otter Tail's TCRR on January 28, 2010. Otter Tail's prior TCRR filings are shown in Table 1 in Attachment 1 to this filing.

II. SUMMARY OF FILING

Pursuant to Minn. Rule 7829.1300, subp.1, a one-paragraph summary of the filing accompanies this Petition.

III. GENERAL FILING INFORMATION

Pursuant to Minn. Rule 7829.1300, subp. 3, the following information is provided.

A. Name, address, and telephone number of utility
(Minn. Rules 7829.1300, subp. 3(A))

Otter Tail Power Company
215 South Cascade Street
Fergus Falls, Minnesota 56538-0496
(218) 739-8200

B. Name, address, and telephone number of utility attorney
(Minn. Rule 7829.1300, subp. 3(B))

Cary Stephenson
Associate General Counsel
Otter Tail Power Company
215 South Cascade Street
Fergus Falls, Minnesota 56538-0496
(218) 739-8956

C. Date of filing and proposed effective date of rates
(Minn. Rules 7829.1300, subp. 3(C))

The date of this filing is August 16, 2019. Otter Tail requests that the Projects be deemed eligible for TCRR recovery as of January 2020; rate recovery will be addressed in a different proceeding.

D. Statutes controlling schedule for processing the filing
(Minn. Rules 7829.1300, subp. 3(D))

This filing is made pursuant to the TCRR Statute, which does not specify a schedule to process a request to determine eligibility. Otter Tail requests that the eligibility determination be made and that the Commission determine the Projects are eligible for cost recovery as of January 1, 2020.

E. Title of utility employee responsible for filing
(Minn. Rules 7829.1300, subp. 3(E))

Lynn A. Wolters
Rates Analyst, Regulatory Administration
Otter Tail Power Company
215 South Cascade Street
Fergus Falls, Minnesota 56538-0496
(218) 739-8577

F. Impact on rates

Approving this Petition will have no immediate impact on rates. This Petition seeks only an eligibility determination for the Projects; rate recovery will be addressed in other filings.

Costs for the Projects are based on actual costs for Projects that are in-service or for Projects under construction. Costs are based on preliminary engineering, actual costs and other information available at the time of this filing. Both actual and updated budgeted costs will be reflected in subsequent rate recovery filings. The cost information in this Petition is reflected as Project totals, with any jurisdictional information based on Otter Tail's last approved Minnesota D2 jurisdictional transmission allocation factor of 50.297 percent.¹

G. Service List
(Minn. Rules 7829.0700)

Otter Tail requests that the following persons be placed on the Commission's official service list for this matter and that any trade secret comments, request, or information be provided to the following on behalf of Otter Tail:

Lynn A. Wolters
Rates Analyst, Regulatory Administration
Otter Tail Power Company
215 South Cascade Street
Fergus Falls, MN 56538-0496
(218) 739-8577
lwolters@otpc.com

Cary Stephenson
Associate General Counsel
Otter Tail Power Company
215 Cascade Street
Fergus Falls, MN 56538-0496
(218) 739-8475
cstephenson@otpc.com

¹ Approved as part of Otter Tail's General Rate Case Docket No. E017/GR-15-1033.

H. Service on other parties

(Minn. Rules 7829.1300, subp. 2; Minn. Rules 7829.0600)

Otter Tail served a copy of this Petition on the Department of Commerce, Division of Energy Resources, and the Residential Utilities Division of the Office of the Attorney General. A summary of the Petition was served on all parties on the attached service list.

IV. PROJECTS SUBJECT TO ELIGIBILITY FINDING

Paragraphs (a)(1) and (a)(2) of the TCRR Statute provide the criteria for determining eligibility of the Projects:

(a) Notwithstanding any other provision of this chapter, the commission may approve a tariff mechanism for the automatic annual adjustment of charges for the Minnesota jurisdictional costs net of associated revenues of:

(1) new transmission facilities that have been separately filed and reviewed and approved by the commission under section 216B.243 or new transmission or distribution facilities that are certified as a priority project or deemed to be a priority transmission project under section 216B.2425;

(2) new transmission facilities 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 determined by the Midcontinent Independent System Operator to benefit the utility or integrated transmission system;

The Projects are eligible under paragraph (a)(2).

A. Projects Eligible Under TCRR Statute Paragraph (a)(2)

Paragraph (a)(2) of the TCRR Statute provides that new transmission facilities 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 determined by the Midcontinent Independent System Operator to benefit the utility or integrated transmission system are eligible for recovery. Otter Tail seeks an eligibility determination for the following three such Projects.

Description of Project 1 – Lake Norden Area Transmission Improvements

Otter Tail owns and operates an extensive 41.6 kV transmission network in northeastern South Dakota. As a result of load growth occurring in the general Lake Norden, South Dakota area and the lack of sufficient capability of the

existing 41.6 kV transmission network, Otter Tail identified the need for a new 115 kV transmission project to maintain reliability for the growing load in that area.

The Lake Norden Area Transmission Improvement Project (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. This Project benefits the system by increasing reliability, decreasing line exposure to interruptions, as well as adding operational flexibility to perform routine maintenance on facilities in the local area without putting as many customers at risk for a service interruption, leading MISO to recommend the Lake Norden Project for approval as part of MTEP18.

The Lake Norden Project was included in the 2018 MISO Transmission Expansion Plan (MTEP18).² Although MISO's analysis of the Lake Norden Area Transmission Improvements project is included as part of the MTEP18 report³, the best summary of MISO's analysis can be found in its publicly posted meeting materials from the West Subregional Planning Meeting (SPM) held on August 29, 2018.⁴ As noted in the West SPM presentation (slide 4), MISO performed steady state analysis on a 2023 winter peak and 2023 summer peak model and monitored local facilities for voltage and thermal (i.e. loading) criteria violations. The conclusion of MISO's analysis is that the Lake Norden Area Transmission Improvements did not result in any negative impacts on system reliability. MISO later presented the Lake Norden Project to the Planning Advisory Committee (PAC) during a meeting on September 26, 2018 with the same recommendation.⁵ Ultimately, the project was included within Appendix A of the MTEP18 report as part of the regional plan approved by the MISO Board of Directors on December 6, 2018.⁶

² MISO MTEP18, Appendices A, B: Project Table 12/7/2018, Project ID 15465, <https://cdn.misoenergy.org/MTEP18%20Appendix%20AB264869.xlsx>.

³ A description of Otter Tail's projects included as part of MTEP18 are included on Pages 35 & 36 of MTEP18 Appendix D1 – MISO West found at: <https://cdn.misoenergy.org/MTEP18%20Appendix%20D1-West276901.pdf>

⁴ MISO Presentation at 8/29/2018 West SPM Meeting can be found at: <https://cdn.misoenergy.org/20180829%20WSPM%20Item%2005b%20OTP%20Expedited%20Project%20Review%20Results269779.pdf>

⁵ MISO Presentation at 9/26/2018 PAC Meeting can be found at: <https://cdn.misoenergy.org/20180926%20PAC%20Item%2005f%20MTEP18%20Expedited%20Project%20Review%20Results277724.pdf>

⁶ MISO approves 2018 transmission plan, <https://www.misoenergy.org/about/media-center/miso-approves-2018-transmission-plan/>.

The Project received a Conditional Use Permit and Building Permit from Grant County, SD on July 10, 2018. Furthermore, this Project was approved for recovery by the South Dakota Public Utility Commission's February 20, 2019 Order in Otter Tail's 2018 Annual Update to its South Dakota TCRR in Docket No. EL18-048. Through these various approvals obtained from MISO and the several different agencies in South Dakota, the Lake Norden Project meets the requirements of Paragraph (a)(2) of the TCRR Statute and is therefore eligible for recovery through the TCRR.

The current cost estimate for the Lake Norden Project is \$37.4 million (OTP Total), not including allowance for funds used during construction (AFUDC), with an estimated in-service date of December 2020. Phase I was complete in February 2019 with a completed cost of approximately \$10.4 million (OTP Total). Minnesota's jurisdictional share of the total Project cost, based on the D2 allocation factor of 50.297 percent, is approximately \$18.8 million (OTP MN).

Description of Project 2 – Rugby 41.6 kV Breaker Station

Otter Tail expanded its existing 230/115 kV substation at Rugby to enhance reliability in the local area. Otter Tail installed a new 41.6 kV switchyard at the existing Rugby 230/115 kV substation by utilizing the 41.6 kV winding on an existing 230/115 kV transformer. As part of this Project, Otter Tail installed four new 41.6 kV circuit breakers, and re-terminated two existing Otter Tail-owned 41.6 kV circuits from the Central Power Electric Cooperative (CPEC)-owned Rugby 115/41.6 kV Substation into the Otter Tail-owned Rugby 230/115 kV substation. By connecting the 41.6 kV tertiary of this existing 230/115 kV transformer to the 41.6 kV transmission system in the Rugby area, a stronger high voltage source was introduced by a direct connection to the 230 kV system rather than the existing 115 kV connection into the CPEC-owned 115/41.6 kV substation. This Project was also driven, in part, by concerns with the extended outage of CPEC's 115/41.6 kV transformer at CPEC's Rugby substation, which CPEC eventually removed permanently due to an internal failure.

As part of this Project, some distribution facilities for serving the town of Rugby itself, (served from the Rugby South Distribution Substation), were moved to the existing 230/115 kV substation. Otter Tail is only requesting that the transmission facilities associated with this Project be deemed eligible. Relocating these distribution facilities to the existing 230/115 kV substation reduced line exposure to interruptions to the customers currently served by the Rugby South distribution substation by 35 line-miles, which should result in less interruptions to these customers due to no longer being exposed to faults along the extensive

41.6 kV system in this area. Relocating the Rugby South distribution facilities to Otter Tail's 230/115 kV substation disconnected this distribution substation delivery from existing 41.6 kV lines, helping other adjacent high voltage transmission sources provide backup service to the Rugby area during contingencies. The distribution-related portion of this Project also involved moving the existing Rugby South distribution transformer to the existing Rugby Northwest substation to increase the capacity of the Rugby Northwest substation, allowing for more capability to serve customers during certain contingencies.

This Project was included in the MISO 2016 Transmission Expansion Plan (MTEP16).⁷ MISO's independent review of the Rugby Project indicated that the shifting of load from the CPEC Rugby 115 kV Substation to the OTP Rugby 230 kV Substation did not result in a degradation in reliability on the Bulk Electric System (BES)⁸. MISO approved MTEP16 in December 2016.

Otter Tail obtained a Certificate of Public Convenience and Necessity from the North Dakota Public Service Commission for this project on November 2, 2016.⁹ Otter Tail requested inclusion of this Project in its September 1, 2016 Initial Filing of its 2016 Annual Update to its North Dakota TCRR. This Project was approved for recovery by the North Dakota Public Service Commission's December 14, 2016 Order in Otter Tail's 2016 Annual Update to its North Dakota TCRR in Case No. PU-16-624. This Project is therefore eligible for recovery under Paragraph (a)(2) of the TCRR Statute.

The total cost for the transmission-related portion of this Project was approximately \$1.8 million (OTP Total) with an in-service date of July 2017. Minnesota's jurisdictional share of the total project based on the D2 allocation factor is approximately \$0.9 million (OTP MN).

Description of Project 3 – Granville Junction Breaker Station

Otter Tail constructed a new 41.6 kV breaker station at a location referred to as "Granville Junction". Granville Junction is a junction point of three existing 41.6 kV transmission lines that come from the Dunning Substation, Rugby Substation, and the Voltaire Substation. This Project included the installation of three 41.6 kV breakers designed to protect the transmission system in all three directions out of this new breaker station. This Project, along with the configuration of the 41.6

⁷ MISO MTEP16, Appendices A, B: Project Table 10/3/2016, Project ID 10003.

⁸ See Page 32 of Appendix D1 of the MTEP16 Report available at: <https://www.misoenergy.org/planning/planning/mtep-2017/#nt=&t=10&p=0&s=FileName&sd=desc>

⁹ Approved as part of Otter Tail's Application for a Certificate of Public Convenience and Necessity in Case No. PU-16-625.

kV transmission system, resulted in a decrease in line exposure to interruptions for the cities of Velva, Simcoe, Norwich, Surrey and Deering, North Dakota by shortening the 41.6 kV line mileage between breakers and normally open switches. In addition to reducing line exposure to interruptions for certain communities, other benefits of this Project included enhanced reliability of the 41.6 kV system with added sectionalizing capability, improved restoration times, and added operational flexibility to a portion of Otter Tail's extensive 41.6 kV transmission system in North Dakota.

This Project also was included in the MTEP16.¹⁰ Similar to the Rugby Project, MISO's review of the Granville Project indicated that the Granville Project did not result in a degradation in reliability on the Bulk Electric System (BES)¹¹. MISO approved MTEP16 in December 2016. Otter Tail requested inclusion of this Project in its September 1, 2016 Initial Filing of its 2016 Annual Update to its North Dakota TCRR. The project was approved for recovery by the North Dakota Public Service Commission's December 14, 2016 Order in Otter Tail's 2016 Annual Update to its North Dakota TCRR in Case No. PU-16-624. This Project is therefore eligible for TCRR recovery.

The total cost for this Project is approximately \$1.0 million with an in-service date of July 2017. Minnesota's jurisdictional share of the total Project, based on the D2 allocation factor, is approximately \$0.51 million.

V. Conclusion

Otter Tail requests the Commission approve this Petition and issue an Order finding that the transmission investments in the Projects identified herein are eligible for inclusion in Otter Tail's TCRR.

¹⁰ MISO MTEP16, Appendices A, B: Project Table 10/3/2016, Project ID 11743.

¹¹ See Page 32 of Appendix D1 of the MTEP16 Report available at: <https://www.misoenergy.org/planning/planning/mtep-2017/#nt=&t=10&p=0&s=FileName&sd=desc>

Dated: August 16, 2019

Respectfully Submitted,

OTTER TAIL POWER COMPANY

By: /s/ LYNN A. WOLTERS

Lynn A. Wolters

Rates Analyst,

Regulatory Administration

Otter Tail Power Company

215 South Cascade Street

Fergus Falls, MN 56538-0496

218-739-8577

By: /s/ CARY STEPHENSON

Cary Stephenson

Associate General Counsel

Otter Tail Power Company

215 South Cascade Street

Fergus Falls, MN 56538-0496

218-739-8956

Transmission Cost Recovery Rider (TCRR) History

Otter Tail's prior TCRR filings are shown in Table 1 below:

Table 1

TCRR History	Docket No.	Commission Approved	Effective Date
Rate Schedule 13.05			
Original	E017/M-09-881	January 28, 2010	February 1, 2010
First Revision	E017/GR-10-239	April 25, 2011	October 1, 2011
Second Revision	E017/M-10-1061	March 26, 2012	April 1, 2012
Proceeding	E017/M-13-103	June 24, 2014	Rates not updated
Third Revision	E017/M-14-375	February 18, 2015	March 1, 2015
Fourth Revision	E017/M-15-874	March 9, 2016	April 1, 2016
Fifth Revision	E017/M-16-374	July 5, 2016*	September 1, 2016
Sixth Revision	E017/GR-15-1033	July 21, 2017*	November 1, 2017
Seventh Revision	E017/M-18-380	September 20, 2018	February 1, 2019
Eighth Revision	E017/M-18-748	Open Proceeding	

*Rate updates provisionally approved

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-**

I, Kim Ward, hereby certify that I have this day served a copy of the following, or a summary thereof, on Daniel P. Wolf 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
Initial Filing**

Dated this **16th** day of **August, 2019**.

/s/ Kim Ward

Kim Ward, Regulatory Filing Coordinator
Otter Tail Power Company
215 South Cascade Street
Fergus Falls MN 56537
(218) 739-8268

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Christopher	Anderson	canderson@allete.com	Minnesota Power	30 W Superior St Duluth, MN 558022191	Electronic Service	No	GEN_SL_Otter Tail Power Company_2019 MN TCRR Eligibility
Ray	Choquette	rchoquette@agp.com	Ag Processing Inc.	12700 West Dodge Road PO Box 2047 Omaha, NE 68103-2047	Electronic Service	No	GEN_SL_Otter Tail Power Company_2019 MN TCRR Eligibility
Generic Notice	Commerce Attorneys	commerce.attorneys@ag.state.mn.us	Office of the Attorney General-DOC	445 Minnesota Street Suite 1800 St. Paul, MN 55101	Electronic Service	No	GEN_SL_Otter Tail Power Company_2019 MN TCRR Eligibility
James C.	Erickson	jericksonkbc@gmail.com	Kelly Bay Consulting	17 Quechee St Superior, WI 54880-4421	Electronic Service	No	GEN_SL_Otter Tail Power Company_2019 MN TCRR Eligibility
Sharon	Ferguson	sharon.ferguson@state.mn.us	Department of Commerce	85 7th Place E Ste 280 Saint Paul, MN 551012198	Electronic Service	No	GEN_SL_Otter Tail Power Company_2019 MN TCRR Eligibility
Bryce	Haugen	bhaugen@otpc.com	Otter Tail Power Company	215 S Cascade St P.O. Box 496 Fergus Falls, MN 56538	Electronic Service	No	GEN_SL_Otter Tail Power Company_2019 MN TCRR Eligibility
Shane	Henriksen	shane.henriksen@enbridge.com	Enbridge Energy Company, Inc.	1409 Hammond Ave FL 2 Superior, WI 54880	Electronic Service	No	GEN_SL_Otter Tail Power Company_2019 MN TCRR Eligibility
James D.	Larson	james.larson@avantenergy.com	Avant Energy Services	220 S 6th St Ste 1300 Minneapolis, MN 55402	Electronic Service	No	GEN_SL_Otter Tail Power Company_2019 MN TCRR Eligibility
Douglas	Larson	dlarson@dakotaelectric.com	Dakota Electric Association	4300 220th St W Farmington, MN 55024	Electronic Service	No	GEN_SL_Otter Tail Power Company_2019 MN TCRR Eligibility
Kavita	Maini	kmairi@wi.rr.com	KM Energy Consulting LLC	961 N Lost Woods Rd Oconomowoc, WI 53066	Electronic Service	No	GEN_SL_Otter Tail Power Company_2019 MN TCRR Eligibility

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Andrew	Moratzka	andrew.moratzka@stoel.com	Steel Rives LLP	33 South Sixth St Ste 4200 Minneapolis, MN 55402	Electronic Service	No	GEN_SL_Otter Tail Power Company_2019 MN TCRR Eligibility
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	No	GEN_SL_Otter Tail Power Company_2019 MN TCRR Eligibility
Larry L.	Schedin	Larry@LLSResources.com	LLS Resources, LLC	332 Minnesota St, Ste W1390 St. Paul, MN 55101	Electronic Service	No	GEN_SL_Otter Tail Power Company_2019 MN TCRR Eligibility
Cary	Stephenson	cStephenson@otpc.com	Otter Tail Power Company	215 South Cascade Street Fergus Falls, MN 56537	Electronic Service	No	GEN_SL_Otter Tail Power Company_2019 MN TCRR Eligibility
Stuart	Tommerdahl	stommerdahl@otpc.com	Otter Tail Power Company	215 S Cascade St PO Box 496 Fergus Falls, MN 56537	Electronic Service	No	GEN_SL_Otter Tail Power Company_2019 MN TCRR Eligibility
Daniel P	Wolf	dan.wolf@state.mn.us	Public Utilities Commission	121 7th Place East Suite 350 St. Paul, MN 551012147	Electronic Service	No	GEN_SL_Otter Tail Power Company_2019 MN TCRR Eligibility
Lynn	Wolters	lwolters@otpc.com	Otter Tail Power Company	215 S Cascade St. Fergus Falls, MN 56537	Electronic Service	No	GEN_SL_Otter Tail Power Company_2019 MN TCRR Eligibility