

October 1, 2019

Daniel P. Wolf
 Executive Secretary
 Minnesota Public Utilities Commission
 121 7th Place East, Suite 350
 Saint Paul, Minnesota 55101-2147

RE: **Response Letter of the Minnesota Commerce Department, Division of Energy Resources**
 Docket No. E017/M-19-256

Dear Mr. Wolf:

On July 26, 2019, the Minnesota Department of Commerce, Division of Energy Resources (Department) filed Reply Comments in Docket No. E017/M-19-256, Otter Tail Power’s *2018 Demand Side Management Financial Incentive Project and Annual Filing to Update the Conservation Improvement Project Rider*. In those Reply Comments, the Department made a calculation error in Table 2 on page 9, and in Attachment A, page 1. The Department neglected to include a \$3,795 adjustment in the final 2018 expense calculation, which resulted in an incorrect ending balance. Although the adjustment was not included in the final calculation, it was included in the Department’s monthly tracker calculation for January 2018, and so the monthly tracker calculation includes the appropriate carrying charges throughout the duration of 2018. Therefore, to account for the error in the expense calculation, the year-end calculation should include an adjustment of \$3,795.

The Department submits below the amended Table 2 and in Attachment A, which includes the \$3,795 adjustment.

Amended Table 2. Summary of Department’s Proposed 2018 CIP Tracker for Otter Tail

Line	Description	Department Supported 2018 CIP Tracker
1	Beginning Balance	\$7,362,345
2	Adjustment from 2017 Data Entry Error	\$3,795
3	CIP Expenses	\$9,027,762
4	DSM Financial Incentive	\$2,938,110

5	Carrying Charges (set to short term cost of debt rate of 2.5549%)	\$120,237
6	CIP Expenses Subtotal [Line 1 + Line 2 + Line 3 + Line 4 + Line 5]	\$19,452,249
7	CCRC Recovery (in base rates)	(\$3,900,402)
8	CCRA Recovery	(\$9,557,418)
9	CIP Revenues Subtotal [Line 7 + Line 8]	(\$13,457,820)
10	Ending Balance [Line 6 + Line 9]	\$5,994,429

Therefore, the Department recommends that the Commission approve the Department's amended 2018 CIP Tracker included in Attachment A to this Response Letter and summarized in Amended Table 2 above, with an ending balance of \$5,994,429.

Sincerely,

/s/ DANIELLE WINNER
Rates Analyst

DW/ar
Attachment

Commerce Department's Amended 2018 CIP Tracker for Otter Tail Power

		Jan 18	Feb 18	Mar 18	Apr 18	May 18	June 18	July 18	Aug 18	Sept 18	Oct 18	Nov 18	Dec 18	Annual Summary
<u>Expenses</u>		Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	
1	Beginning Tracker Balance (\$) - Under / (Over) Recovered	7,362,345	6,259,713	5,944,235	5,278,558	4,855,110	4,493,357	3,949,317	3,390,454	2,736,225	2,646,819	5,018,112	4,539,295	7,362,345
2	Carrying Charge Rate	0.21291%	0.21291%	0.21291%	0.21291%	0.21291%	0.21291%	0.21291%	0.21291%	0.21291%	0.21291%	0.21291%	0.21291%	
3	Carrying Charge (Line 1 x Line 2)	15,675	13,327	12,656	11,238	10,337	9,567	8,408	7,219	5,826	5,635	10,684	9,665	120,237
4	CIP Program Expenditures	309,062	1,030,817	515,209	663,730	603,781	440,261	477,475	365,051	880,227	430,086	671,208	2,640,855	9,027,762
5	Adjustments	3,795												3,795
6	Performance Incentive	-	-	-	-	-	-	-	-		2,938,110	-		2,938,110
7	Total Expenses, Adjustments, & Incentive (Line 1 + Line 3 + Line 4 + Line 5 + Line 6)	7,690,878	7,303,858	6,472,100	5,953,526	5,469,227	4,943,185	4,435,200	3,762,724	3,622,278	6,020,650	5,700,005	7,189,815	19,452,249
<u>Recovery</u>														
8	Sales kWh													
9	Base Rate Recovery (CCRC) (per kWh)	0.00223	0.00223	0.00223	0.00223	0.00223	0.00223	0.00223	0.00223	0.00223	0.00223	0.00223	0.00223	
10	Base Rate Cost Recovery (\$) (Line 8 x Line 9)													
11	CCRA (per kWh)	0.00536	0.00536	0.00536	0.00536	0.00536	0.00536	0.00536	0.00536	0.00536	0.00600	0.00600	0.00600	
12	CCRA Recovery (\$) (Line 8 x Line 11)													
13	Total Recovery (Line 10 + Line 12)	(1,431,164)	(1,359,622)	(1,193,543)	(1,098,417)	(975,870)	(993,869)	(1,044,746)	(1,026,498)	(975,459)	(1,002,537)	(1,160,709)	(1,195,384)	(13,457,820)
14	Ending Balance (\$) (Line 7 + Line 13)	6,259,713	5,944,235	5,278,558	4,855,110	4,493,357	3,949,317	3,390,454	2,736,225	2,646,819	5,018,112	4,539,295	5,994,430	5,994,429

CERTIFICATE OF SERVICE

I, Sharon Ferguson, 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
Response Letter**

Docket No. E017/M-19-256

Dated this **1st** day of **October 2019**

/s/Sharon Ferguson

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