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VIA E-FILING

Dan Wolf
Executive Secretary
Minnesota Public Utilities Commission
121 7th Place East, Suite 350
St. Paul, Minnesota 55101

Re: In the Matter of Otter Tail Power Company's 2016 Conservation Cost Recovery Adjustment and 2016 Electric Demand Side Management Financial Incentive
Docket No. E017/M-17-246
REPLY COMMENTS
Our File No. 2035-15

Dear Mr. Wolf

The Midwest Large Energy Consumers ("MLEC") offer these late-filed Reply Comments in the above-referenced proceeding. MLEC is a group of Otter Tail's large electric ratepayers that are concerned about impacts to their Minnesota operations.

MLEC offers these comments, not to challenge the amount of recovery or the financial incentive included therein, rather to address timing of recovery and Otter Tail Power's ("OTP") Conservation Cost Recovery Adjustment ("CCRA") to be set as of October 1, 2017. It is MLEC's view that this adjustment, in context with other issues impacting Otter Tail's ratepayers, it is too large to swallow in just one year. We ask that the Commission also consider the increases ratepayers are anticipating through Otter Tail's other open proceedings. Otter Tail has an ongoing rate case, the proceeding to establish an energy intensive trade exposed ("EITE") rate, as well as increases in this CCRA Rider.

Otter Tail ratepayers had an interim increase of 9.56% of base rates, in 2016. The Commission recently approved $12.3 million increase in base rates or over 6%, which are expected to take effect sometime in fall 2017. It is also anticipated that the EITE rate and the CCRA rider rate, if approved at their current proposed amounts, would be increase of at least 7% relative to base rates and be initiated around the same time period as implementation of final rates in the rate case.[1] We are concerned about the rate impacts that ratepayers have seen over this 18 month period. We see an opportunity to moderate rates based on Otter Tail's initial filing, as the Company anticipates that the CCRC rate will decrease significantly for the 2018 filing.

In light of the significance and short time-frame of discussed increases, as well as the anticipated decrease in the CCRA rate for fall of 2018, we see an opportunity to levelize rates over a two-year period and lessen rate shock for 2017. We respectfully request that the proposed CCRA increase be spread, at a minimum, over a period of two years to moderate the impact for ratepayers. In this case, MLEC would not object to a carrying charge being applied to the extended recovery.

Thank you for the opportunity to comment. If you have any other questions, please do not hesitate to contact me.

Sincerely,

/e/ Richard J. Savelkoul
Richard J. Savelkoul

RJS:wsl
Attachments
cc: Service List
Larry Schedin (via email)
Kavita Maini (via email)

[1] \$196.1 million plus \$12.3 million increase = \$208.4 million base rate revenues; \$13.474 million for CCRA = 6.5% increase as percent of base rates. Also, EITE is anticipated to be 0.5% increase as a percent of base rates. It should also be noted that not all ratepayers will be paying the for the CIP increase, so will likely see a greater than 7% increase relative to base rates.