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PO Box 496
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March 1, 2019



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

**PUBLIC DOCUMENT- NOT PUBLIC
(OR PRIVILEGED) DATA HAS BEEN EXCISED**

**RE: In the Matter of the Otter Tail Power Company's Petition for Approval of the Annual Update of its Energy- Intensive, Trade-Exposed Rider Surcharge Rate, Rate Schedule 13.09.
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 its Energy-Intensive, Trade-Exposed Rider Surcharge Rate under Otter Tail's Rate Schedule 13.09.

This Petition contains information that is protected by the Minnesota Data Practices Act. That information has economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by other persons and is subject to efforts by Otter Tail to protect the information from public disclosure. Otter Tail maintains this information as a trade secret based on its economic value from not being generally known and not being readily ascertainable by proper means by other persons who can obtain economic value from its disclosure or use. For this reason, Otter Tail asks that the data be treated as non-public data pursuant to Minn. Stat. § 13.37, subd. 1(b). The enclosed are marked as **NOT PUBLIC DOCUMENT – NOT FOR PUBLIC DISCLOSURE** and **PUBLIC – NOT PUBLIC (OR PRIVILEGED) DATA HAS BEEN EXCISED**. The information designated as non-public herein concerns energy usage of specific customers. Docket No. E,G999/CI-12-1344 addresses the confidential, non-public nature of this data.

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-Antitrust & Utilities Division. A Summary of the filing has been served on all persons on Otter Tail's general service list. A Certificate of Service is also enclosed.

Mr. Wolf
March 1, 2019
Page 2

If you have any questions regarding this filing, please contact me at 218-739-8819 or at dmandelke@otpc.com.

Sincerely,

/s/ DARLENE C. MANDELKE
Darlene C. Mandelke, Rates Analyst
Regulatory Administration

mmo
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 Petition for Approval of the
Annual Update to its Energy-Intensive,
Trade-Exposed Rider Surcharge Rate,
Rate Schedule 13.09**

Docket No. E017/M-19-

SUMMARY OF FILING

On March 1, 2019, Otter Tail Power Company (Otter Tail or Company) filed a petition with the Minnesota Public Utilities Commission for approval of its annual update to the Energy-Intensive, Trade-Exposed (EITE) Rider Surcharge Rate under Otter Tail's Rate Schedule 13.09.

**STATE OF MINNESOTA
BEFORE THE
MINNESOTA PUBLIC UTILITIES COMMISSION**

**In the Matter of Otter Tail Power
Company’s Petition for Approval of the
Annual Update to its Energy-Intensive,
Trade-Exposed Rider Surcharge Rate,
Rate Schedule 13.09**

**Docket No. E017/M-19-

PETITION OF OTTER TAIL POWER
COMPANY**

I. INTRODUCTION

Otter Tail Power Company (Otter Tail or Company) submits this Petition to the Minnesota Public Utilities Commission (Commission) under Minn. Stat. § 216B.1696 (EITE Statute) for approval of its annual update (Update) to its Energy-Intensive, Trade-Exposed (EITE) Rider (EITE Rider) Surcharge Rate under Otter Tail’s Rate Schedule 13.09.

On November 17, 2017, the Commission issued its Order authorizing the EITE Customer Rate¹. On May 29, 2018 the Commission issued an Order Authorizing Cost Recovery with Conditions (Order), Docket No. E017/M-17-257.² In this Order, the Commission approved Otter Tail’s cost-recovery proposal. The Company made a compliance filing on May 31, 2018 reflecting agreed revisions to its EITE tariff. The EITE Rider Surcharge Rate was implemented June 1, 2018.

In this first Update, Otter Tail’s EITE Rider Surcharge Rate is updated to reflect the EITE Rider revenue requirements for the next proposed recovery period, October 1, 2019 through September 30, 2020. The update includes the tracker balance estimated for the end of the current period to minimize the over-or-under-recovery of the EITE Rider costs. The effective date of the EITE Surcharge Rate is proposed to be October 1, 2019.

¹ Commission Order Approving EITE RATE AND ESTABLISHING COST-RECOVERY PROCEEDING in Docket No. E017/M-17-257, *In the Matter of the Petition of Otter Tail Power Company for an Energy-Intensive, Trade-Exposed Customer Rate* (November 17, 2017).

² Minnesota Public Utilities Commission’s May 29, 2018 Order Authorizing Cost Recovery with Conditions.

The revenue requirement for the recovery period upon which the rate was developed is \$1,006,621 which includes the tracker balance at the end of September 2019 of \$8,465. For a residential customer using 1,000 kWh per month, the bill impact is a decrease of \$0.17 per month which is \$2.04 annually.

Also, included in this filing is a report of sales to and revenue from Otter Tail's EITE-customers.

II. SUMMARY OF FILING

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

III. GENERAL FILING INFORMATION

Pursuant to Minn. Rules 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. Rules 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 the filing is March 1, 2019. Otter Tail requests that the proposed EITE Surcharge Rate become effective October 1, 2019, or on the first day of the month following Commission approval, should its decision be thereafter.

D. Statutes controlling schedule for processing the filing

(Minn. Rules 7829.1300, Subp. 3(D))

Minn. Stat. § 216B.16 permits a utility to implement a proposed rate change after giving the Commission a 60-day notice. This filing is a “miscellaneous tariff filing” as defined by the Commission’s rules at Minn. Rules 7829.0100, Subp. 11. No determination of Otter Tail’s overall revenue requirement is necessary (or required under the Statute). Minn. Rules 7829.1400, Subps. 1 and 4 permit comments in response to a miscellaneous tariff filing to be filed within 30 days and reply comments to be filed no later than 10 days thereafter.

E. Title of utility employee responsible for filing

(Minn. Rules 7829.1300, Subp. 3(E))

Darlene Mandelke
Rates Analyst, Regulatory Administration
Otter Tail Power Company
215 South Cascade Street
Fergus Falls, Minnesota 56538-0496
(218) 739-8819

F. Impact on rates

(Minn. Rules 7829.1300, Subp 4(F))

The EITE Rider has no effect on Otter Tail’s base rates. The additional information required under this Rule is included throughout the Petition.

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, requests, or information be provided to the following on behalf of Otter Tail:

Darlene Mandelke
Rates Analyst
Regulatory Administration
Otter Tail Power Company
215 South Cascade Street
Fergus Falls, MN 56538-0496
(218) 739-8819
dmandelke@otpc.com

Cary Stephenson
Associate General Counsel
Otter Tail Power Company
215 South Cascade Street
Fergus Falls, MN 56538-0496
(218) 739-8956
cstephenson@otpc.com

H. Service on other parties

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

Pursuant to Minn. Rule 7829.1300, Subp. 2, Otter Tail served a copy of this Petition on the Office of Energy Security of the Department of Commerce and the Antitrust & Utilities Division of the Office of the Attorney General. A summary of the filing prepared in accordance with Minn. Rule 7829.1300, Subp. 1 was served on all parties on Otter Tail's general service list.

IV. DESCRIPTION AND PURPOSE OF FILING

A. Background

Otter Tail’s EITE Rider was established in Docket No. E017/M-17-257. The Commission approved the EITE discount for three EITE customers³ in its November 17, 2017 Order. The discount for the three EITE customers commenced on December 1, 2017. The Commission approved Otter Tail’s cost-recovery proposal, including its proposal to refund any increased revenues resulting from the EITE discount to EITE-paying customers in its May 29, 2018 Order. The EITE Rider Surcharge Rate went into effect June 1, 2018.

³ Cass Forest Products, Norbord, Inc., and Potlatch Corporation

B. EITE Tracker

The EITE Tracker includes the following attachments:

1. Summary of Revenue Requirements

Attachment 1 is a summary of the proposed \$1,006,621 revenue requirement calculated for the October 1, 2019 through September 30, 2020 recovery period including the revenue requirement for the proposed recovery period of \$998,109, carrying charge of \$47 and the projected under-recovery of the current period of \$8,465. The EITE Surcharge Rate for this update is \$.00038 per kWh, a decrease of \$.00017 per kWh from the current rate of \$.00055 per kWh.

2. Tracker Balance

Otter Tail maintains a tracker account worksheet and accounting system to track and account for the revenue requirement and amount billed to eligible customers. When submitting annual filings, the tracker account is updated so that any over/under recovered amount at the end of the previous year is reflected in the EITE Rider adjustment for the upcoming year. This approach ensures that no under/over recovery occurs. The tracker summary balance is included in Attachment 2.

If the effective date of the updated EITE Rider surcharge rate is more than 45 days later than October 1, 2019, Otter Tail respectfully requests the option to recalculate the rates in order to implement rates that forecasts the tracker balance as close to zero as possible at the end of the recovery period.

3. Rate Design

Otter Tail uses the per kWh rate design approved in the previous Order. The rate design is shown in Attachment 3 and is equal to the total revenues divided by projected kWh sales for the recovery period, not including LIHEAP nor the EITE customers. The proposed rate of \$0.00038 per kWh is based on the assumption that the surcharge rate will be in effect beginning October 1, 2019.

4. Revenue Requirements, Rate Application and Impact

Otter Tail proposes that the EITE Surcharge Rate continue to be applicable to electric service under Otter Tail's retail rate schedules as defined in Rate Schedule 13.09. The charge will continue to be included as part of the Resource Adjustment line on customers' bills.

The total revenue requirement for the proposed recovery period, as shown on line 6 in Attachment 1, is \$1,006,621.

5. Report of Sales To and Revenue From EITE Customers

As required by the Order, point 6, Otter Tail provides the 2018 annual sales to (Line No. 1) and revenue from (Line No. 2) EITE customers in Attachment 4. Column A provides the actual 2018 sales to and revenue from and Column B provides the approved baseline kWh sales to from the EITE customers. Line No. 3 provides the EITE customer average cost per kWh for 2018. Line No. 5 provides the difference of 2018 weather normalized kWh sales, as derived in Attachment 9, compared to the approved baseline. Line No. 6, provides an estimate of the total weather normalized revenue from the EITE customers compared to the approved baseline.

Attachment 9, Lines 3, 7, 11 and 15 provide the 2018 weather normalization factor⁴ for the EITE customers. Applying the weather normalization factor for 2018 results in slightly lower energy usage as a result of production operations of the plant. The revenue margin (Attachment 4, Line No. 8)⁵ is used to compute the approximate total additional weather normalized marginal revenue above the approved baseline (Attachment 4, Line No. 9) of about \$80 thousand. In accordance with Order Point 5, Otter Tail will refund any increased EITE-customer revenues from increased operations to EITE-paying customers after the four-year discount term.

C. Customer notification and billing

Attachment 5 is the proposed notice to customers that will be included with customer bills in the month that the new EITE Surcharge Rate is implemented.

V. ENERGY-INTENSIVE, TRADE-EXPOSED RIDER RATE SCHEDULE

Otter Tail's updated rate schedule Section 13.09 is provided in Attachment 6 to this Petition in both redline and clean versions. Otter Tail proposes a few minor editing

⁴ Otter Tail's weather normalization process utilizes the current year plus the prior 20 years of Otter Tail hourly weather data, monthly revenue, and monthly kWh data. A statistical regression procedure is used to determine weather normalization models for each of 40 different rate groups within the Minnesota jurisdiction. The EITE customers are part of rate groups 41, 42, and 43.

⁵ Attachment 7 provides the Lost Margin calculation. This calculation was provided as Attachment 7 to Otter Tail's Initial Filing in Docket No. E-017/ M-17-257 updated to reflect 2018 data where appropriate.

recommendations with the intent of improving clarity of understanding within the schedule. These edits are included in both the redline and clean versions for consideration.

VI. CONCLUSION

For the reasons set forth in this Petition, Otter Tail requests Commission approval of the updated revenue requirement included in this filing and to implement the associated updated EITE Surcharge Rate, Section 13.09, effective on bills rendered on and after October 1, 2019.

Dated: March 1, 2019

Respectfully Submitted,

OTTER TAIL POWER COMPANY

By: /s/ DARLENE C. MANDELKE

Darlene C. Mandelke

Rates Analyst, Regulatory Administration

Otter Tail Power Company

215 S. Cascade Street

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OTTER TAIL POWER COMPANY
EITE FILING ATTACHMENTS

Attachment 1	Summary of Revenue Requirements
Attachment 2	EITE Tracker Summary
Attachment 3	Rate Design
Attachment 4	2018 Annual Sales To and Revenue From EITE Customers - Summary
Attachment 5	Notice to Customers
Attachment 6	Energy-Intensive, Trade-Exposed Rider, Electric Rate Schedule 13.09
Attachment 7	Calculation of Marginal Revenue Percent
Attachment 8	LIHEAP Customer Data
Attachment 9	2018 Annual Sales To and Revenue From EITE Customers - Detail

Summary of Revenue Requirements
2018 Annual Filing

Line No.	Revenue Requirements	
1	Revenue Requirement (Oct 2019 - Nov 2020)	\$998,109
2		
3	Carrying (Credit)/Charge	47
4	True-Up	8,465
5		
6	Net Revenue Requirement	<u>\$1,006,621</u>

Line No.	TRACKER SUMMARY Requirements Compared to Billed:	2018	2018	2018	2018	2018	2018	2018	2018	2018	2018	2018	2018	2018	2019	2019	2019	2019	Collection Period
		January Actual	February Actual	March Actual	April Actual	May Actual	June Actual	July Actual	August Actual	September Actual	October Actual	November Actual	December Actual	YE Forecast	January Forecast	February Forecast	March Forecast	April Forecast	
1	EITE Customer Revenue Requirement	79,980	83,393	78,803	82,249	84,049	83,404	77,274	81,339	75,382	75,008	76,377	82,230	959,487	82,687	86,591	80,026	81,597	965,963
2	Affordability Program Fee	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
3	Costs Assessed by Department																		
4	External Attorney Fees for Establishing EITE Rate																		
5	Net Revenue Requirement	79,980	83,393	78,803	82,249	84,049	83,404	77,274	81,339	75,382	75,008	76,377	82,230	959,487	82,687	86,591	80,026	81,597	965,963
6																			
7	Billed (forecast \$ x rate)	0	0	0	0	0	67,248	110,585	110,358	104,478	105,575	116,188	121,375	735,807	139,078	134,422	129,194	118,372	1,256,873
8																			
9	Monthly Revenue Difference	79,980	83,393	78,803	82,249	84,049	16,156	(33,311)	(29,019)	(29,097)	(30,567)	(39,811)	(39,145)	223,680	(56,391)	(47,831)	(49,168)	(36,775)	(290,910)
10	Carrying Charge	468	971	1,499	2,001	2,528	3,070	3,190	3,002	2,839	2,675	2,500	2,267	27,009	2,036	1,696	1,408	1,109	28,318
11	Life-to-Date Revenue Requirement (Cumulative Difference)	155,271	239,635	319,937	404,188	490,765	509,991	479,869	453,852	427,594	399,701	362,391	325,513	250,689	271,158	225,023	177,263	141,596	141,596
12																			
13	Carrying Charge/Credit Calculation	971	1,499	2,001	2,528	3,070	3,190	3,002	2,839	2,675	2,500	2,267	2,036		1,696	1,408	1,109	886	
14	Cumulative Carrying Charge	1,439	2,938	4,939	7,468	10,537	13,727	16,729	19,568	22,242	24,742	27,009	29,045		30,741	32,149	33,258	34,143	
15	Carrying cost	0.63%	0.63%	0.63%	0.63%	0.63%	0.63%	0.63%	0.63%	0.63%	0.63%	0.63%	0.63%		0.63%	0.63%	0.63%	0.63%	
16																			
17	Forecasted Sales (kWh)													0	252,869,245	244,403,398	234,898,449	215,222,509	947,393,600
18																			

Approved by MN PUC May 29, 2018 E-017/M-17-257

		June 2018 - September 2019
SUMMARY		
Revenue requirements		\$986,510
Carrying Charge		11,384
True-up		404,188
Total requirements		\$1,402,082
June 2018 - September 2019 projected kWh sales	2,577,774,184	
Rate per kWh		0.00055

PUBLIC DOCUMENT - NOT PUBLIC (OR PRIVILEGED) DATA HAS BEEN EXCISED

Otter Tail Power Company
Energy-Intensive, Trade Exposed Rider

Docket No. E017/M-19
Attachment 2
Page 2 of 2

Line No.	TRACKER SUMMARY Requirements Compared to Billed:	2019	2019	2019	2019	2019	2019	2019	2019	2019	2020	2020	2020	2020	2020	2020	2020	2020	2020	Collection Period
		May Forecast	June Forecast	July Forecast	August Forecast	September Forecast	October Forecast	November Forecast	December Forecast	YE Forecast	January Forecast	February Forecast	March Forecast	April Forecast	May Forecast	June Forecast	July Forecast	August Forecast	September Forecast	
1	EITE Customer Revenue Requirement	83,577	84,273	78,408	82,637	77,998	77,446	77,996	83,723	976,958	86,608	89,009	82,184	83,725	85,693	86,465	80,395	84,746	80,117	998,109
2	Affordability Program Fee	0	0							0	0	0	0	0	0	0				0
3	Costs Assessed by Department									0										0
4	External Attorney Fees for Establishing EITE Rate									0										0
5	Net Revenue Requirement	83,577	84,273	78,408	82,637	77,998	77,446	77,996	83,723	976,958	86,608	89,009	82,184	83,725	85,693	86,465	80,395	84,746	80,117	998,109
6																				
7	Billed (forecast \$ x rate)	109,491	108,122	107,777	110,809	106,658	72,383	77,544	84,543	1,298,393	98,173	95,933	91,719	84,929	78,424	77,195	81,557	83,753	80,468	1,006,621
8																				0
9	Monthly Revenue Difference	(25,915)	(23,849)	(29,369)	(28,172)	(28,660)	5,064	453	(820)	(321,435)	(11,565)	(6,924)	(9,536)	(1,204)	7,269	9,270	(1,161)	993	(350)	(8,512)
10	Carrying Charge	886	729	585	404	231	53	85	88	9,309	84	12	(31)	(91)	(99)	(54)	3	(4)	2	47
11	Life-to-Date Revenue Requirement (Cumulative Difference)	116,567	93,447	64,662	36,895	8,465	13,581	14,119	13,387	(312,125)	1,906	(5,006)	(14,573)	(15,868)	(8,699)	517	(641)	348	0	0
12																				
13	Carrying Charge/Credit Calculation	729	585	404	231	53	85	88	84		12	(31)	(91)	(99)	(54)	3	(4)	2	0	
14	Cumulative Carrying Charge	34,872	35,457	35,861	36,082	36,145	36,230	36,318	36,402		36,414	36,383	36,292	36,192	36,138	36,141	36,137	36,139	36,139	36,139
15	Carrying cost	0.63%	0.63%	0.63%	0.63%	0.63%	0.63%	0.63%	0.63%		0.63%	0.63%	0.63%	0.63%	0.63%	0.63%	0.63%	0.63%	0.63%	0.63%
16																				
17																				
18	Forecasted Sales (kWh)	199,074,945	196,584,864	195,958,025	201,471,166	193,923,982	190,839,778	204,446,328	222,901,067	2,552,593,755	258,837,655	252,931,019	241,821,478	223,918,913	206,769,000	203,527,555	215,027,306	220,817,241	212,155,826	2,653,993,165

E-017/M-19-XXX Proposed Rate Effective October 1, 2019

	October 2019 - September 2020
SUMMARY	
Revenue requirements	\$998,109
Carrying Charge	47
True-up	8,465
Total requirements	\$1,006,621
October 2019 - September 2020 projected kWh sales	2,653,993,165
Rate per kWh	0.00038

Rate Design

Minnesota Revenue Requirements **\$1,006,621**

Line No.	Rate per kWh	
1		
2	Forecasted Retail Sales, all classes (Oct 2019 - Sep 2020)	2,653,993,165
3		
4	12 Month Revenue Requirement	\$1,006,621
5		
6	Rate per kWh	0.00038
7		

Otter Tail Power Company
2018 Annual Sales To and Revenue From EITE Customers - Summary

Line No.	EITE	(A)	(B)	
		2018 Total	Approved Baseline	
1	kWh Sales To	69,085,616	65,940,000	Attachment 9, Columns M & N, Line 17
2	Revenue From	\$ 4,796,928		Attachment 9, Columns M & N, Line 18
3	Average Cost per kWh	0.06943		A2 / A1
4	Weather Normalized kWh Sales To	68,344,624		Attachment 9, Column M, Line 19
5	Over/(Under) Baseline	\$ 2,404,624		B1 - A4
6	Total Revenue Over/(Under) Baseline	\$ 166,964		A3 * A5
7	Fixed Cost	52%		
8	Revenue Margin	48%		Attachment 7, Column J, Line 6
9	Total Additional Revenue Margin	\$ 80,478.31		A6 * A8

On September xx, 2019, the Minnesota Public Utilities Commission approved our request to decrease our Energy-Intensive Trade-Exposed (EITE) Surcharge Rate. The approved rate of \$0.00038 per kwh will become effective October 1, 2019 for all classes of customers subject to the charge.

The EITE rider recovers costs associated with the State of Minnesota's energy policy to ensure competitive electric rates for EITE customers.

For more information, contact Customer Service at 800-257-4044 or place an inquiry from our website at otpc.com/eite.

Attachment 6

EITE Rider, Tariff 13.09 Redline and Clean



Fergus Falls, Minnesota

ENERGY-INTENSIVE, TRADE-EXPOSED (EITE) RIDER

DESCRIPTION	RATE CODE
EITE Surcharge	MEITE
EITE Exemption Adjustment	MEITA

RULES AND REGULATIONS: Terms and conditions of this electric rate schedule and the General Rules and Regulations govern use of this rider.

APPLICATION OF RIDER: This rider is applicable to any electric service under all of the Company's retail rate schedules pursuant to Minn. Stat. 216B.1696 Competitive Rate for Energy-Intensive, Trade-Exposed Electric Utility Customer, except for those Customers with Low-Income Home Energy Assistance Program (LIHEAP) designation in the Company's billing system at the time of billing, as defined in Minn. Stat. 216B.16, Subd. 15, and the EITE Customers pursuant to Minn. Stat. 216B.1696, Subd.2(d). The exemptions are as follows:

EITE and LIHEAP Customers will be exempted from the Company's EITE charges (EITE Surcharge) pursuant to Minn. Stat. 216B.1696, Subd. 2(d) Competitive Rate for Energy-Intensive, Trade-Exposed Electric Utility Customer. LIHEAP Customer designations will be reset each September 1. Residential Customers must annually reapply for such designation and be granted assistance from a LIHEAP to continue to be exempt from the EITE Surcharge.

EITE SURCHARGE AND EXEMPTION ADJUSTMENT: There shall be added to each non-exempt Customer's bill an EITE Surcharge, which shall be the EITE Surcharge Rate multiplied by the Customer's billing kWh for electric service. The EITE Surcharge will be included in the Resource Adjustment line item on the Customer's bill.

The EITE Surcharge shall not be applied to Customer Account(s) granted exemption by the Commission from EITE costs pursuant to Minn. Stat. 216B.1696, Subd. 2(d).

The EITE Surcharge Rate is \$0.~~00055~~00038 per kWh.

DETERMINATION OF EITE SURCHARGE RATE: The EITE Surcharge Rate shall be the forecasted Recoverable EITE Tracker Balance, divided by projected Minnesota non-exempt retail kWh sales for a designated 12-month recovery period. The EITE Surcharge Rate shall be rounded to the nearest \$0.00001. The EITE Surcharge Rate may be adjusted annually by approval of the Minnesota Public Utilities Commission (Commission). The Recoverable EITE Tracker Balance is determined as described below, starting with the Commission-accepted EITE Tracker account balance as of the end of the prior year.



Fergus Falls, Minnesota

All costs appropriately charged to the EITE Tracker account shall be eligible for recovery through this ~~R~~ider and all revenues received from the application of the EITE Surcharge Rate shall be credited to the EITE Tracker account.

TRUE-UP: For each recovery period, a true-up adjustment to the EITE Tracker account will be calculated reflecting the difference between actual prior period EITE Adjustment recoveries and the respective EITE Customer actual prior period revenue requirements. Any resulting over/under recovery will be reflected as a carryover balance and included in calculating the EITE Surcharge Rate.

EITE ELIGIBILITY: An EITE Customer's eligibility to be excluded from this rider will be determined on a case-by-case basis and shall be approved by the Commission prior to impacting the EITE Surcharge Rate.

Ongoing EITE eligibility will be determined by the Commission. To maintain eligibility, an EITE Customer must prove to the Commission that it continues to qualify for a reduced rate under Minn. Stat. 216B.1696 and the rate reduction should be included in the EITE Surcharge calculation once every four years calculated from when the Commission most recently approved the EITE Customer's eligibility under this rider and Minn. Stat. 216B.1696.

DETERMINATION OF DISCOUNT: The ~~d~~Discount for each EITE Customer and the appropriate EITE Surcharge Rate are verified during Otter Tail Power Company's annual EITE compliance filing reporting the EITE Tracker balance and necessary true-up adjustment. The ~~d~~Discount for each EITE Customer will be in effect for four years from the Commission's approval of this rider or the termination of this rider, whichever occurs first, unless otherwise extended by Order of the Commission.

Otter Tail Power Company shall discontinue an EITE Customer's ~~d~~Discount during an annual EITE update if the EITE Customer's annual electric ~~e~~Energy usage for the prior year falls below 60 percent of the average annual ~~e~~Energy usage of the most recent five years established immediately prior to receiving approval of an EITE ~~d~~Discount. The 60 percent threshold will be reset at each four year review of eligibility. If an EITE Customer's operations fall below 60 percent of normal consumption, Otter Tail Power Company will bill the EITE Customer accordingly to recover any amounts inappropriately discounted and those recovered amounts will be deposited in the EITE Tracker account.

APPLICATION OF DISCOUNT: An eligible EITE Customer receives a ~~d~~Discount, as approved by the Commission on each monthly bill. The ~~d~~Discount applies to all appropriate billed amounts, excluding taxes.



Fergus Falls, Minnesota

TERMINATION OF RIDER: This rider shall expire four years after its effective date, unless otherwise extended by Order of the Commission.

MANDATORY AND VOLUNTARY RIDERS: The amount of a bill for service will be modified by any Mandatory Rate Riders that must apply and by any Voluntary Rate Riders selected by the Customer, unless otherwise noted in this schedule. See Sections 12.00, 13.00 and 14.00 of the Minnesota electric rates for the matrices of riders.



Fergus Falls, Minnesota

ENERGY-INTENSIVE, TRADE-EXPOSED (EITE) RIDER

DESCRIPTION	RATE CODE
EITE Surcharge	MEITE
EITE Exemption Adjustment	MEITA

RULES AND REGULATIONS: Terms and conditions of this electric rate schedule and the General Rules and Regulations govern use of this rider.

APPLICATION OF RIDER: This rider is applicable to any electric service under all of the Company's retail rate schedules pursuant to Minn. Stat. 216B.1696 Competitive Rate for Energy-Intensive, Trade-Exposed Electric Utility Customer, except for those Customers with Low-Income Home Energy Assistance Program (LIHEAP) designation in the Company's billing system at the time of billing, as defined in Minn. Stat. 216B.16, Subd. 15, and the EITE Customers pursuant to Minn. Stat. 216B.1696, Subd.2(d). The exemptions are as follows:

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EITE and LIHEAP Customers will be exempted from the Company's EITE charges (EITE Surcharge) pursuant to Minn. Stat. 216B.1696, Subd. 2(d) Competitive Rate for Energy-Intensive, Trade-Exposed Electric Utility Customer. LIHEAP Customer designations will be reset each September 1. Residential Customers must annually reapply for such designation and be granted assistance from a LIHEAP to continue to be exempt from the EITE Surcharge.

EITE SURCHARGE AND EXEMPTION ADJUSTMENT: There shall be added to each non-exempt Customer's bill an EITE Surcharge, which shall be the EITE Surcharge Rate multiplied by the Customer's billing kWh for electric service. The EITE Surcharge will be included in the Resource Adjustment line item on the Customer's bill.

The EITE Surcharge shall not be applied to Customer Account(s) granted exemption by the Commission from EITE costs pursuant to Minn. Stat. 216B.1696, Subd. 2(d).

The EITE Surcharge Rate is \$0.00038 per kWh.

R

DETERMINATION OF EITE SURCHARGE RATE: The EITE Surcharge Rate shall be the forecasted Recoverable EITE Tracker Balance divided by projected Minnesota non-exempt retail kWh sales for a designated 12-month recovery period. The EITE Surcharge Rate shall be rounded to the nearest \$0.00001. The EITE Surcharge Rate may be adjusted annually by approval of the Minnesota Public Utilities Commission (Commission). The Recoverable EITE Tracker Balance is determined as described below, starting with the Commission-accepted EITE Tracker account balance as of the end of the prior year.

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Fergus Falls, Minnesota

All costs appropriately charged to the EITE Tracker account shall be eligible for recovery through this rider and all revenues received from the application of the EITE Surcharge Rate shall be credited to the EITE Tracker account. C

TRUE-UP: For each recovery period, a true-up adjustment to the EITE Tracker account will be calculated reflecting the difference between actual prior period EITE Adjustment recoveries and the respective EITE Customer actual prior period revenue requirements. Any resulting over/under recovery will be reflected as a carryover balance and included in calculating the EITE Surcharge Rate.

EITE ELIGIBILITY: An EITE Customer’s eligibility to be excluded from this rider will be determined on a case-by-case basis and shall be approved by the Commission prior to impacting the EITE Surcharge Rate.

Ongoing EITE eligibility will be determined by the Commission. To maintain eligibility, an EITE Customer must prove to the Commission that it continues to qualify for a reduced rate under Minn. Stat. 216B.1696 and the rate reduction should be included in the EITE Surcharge calculation once every four years calculated from when the Commission most recently approved the EITE Customer’s eligibility under this rider and Minn. Stat. 216B.1696.

DETERMINATION OF DISCOUNT: The Discount for each EITE Customer and the appropriate EITE Surcharge Rate are verified during Otter Tail Power Company’s annual EITE compliance filing reporting the EITE Tracker balance and necessary true-up adjustment. The Discount for each EITE Customer will be in effect for four years from the Commission’s approval of this rider or the termination of this rider, whichever occurs first, unless otherwise extended by Order of the Commission. C C

Otter Tail Power Company shall discontinue an EITE Customer’s Discount during an annual EITE update if the EITE Customer’s annual electric Energy usage for the prior year falls below 60 percent of the average annual Energy usage of the most recent five years established immediately prior to receiving approval of an EITE Discount. The 60 percent threshold will be reset at each four year review of eligibility. If an EITE Customer’s operations fall below 60 percent of normal consumption, Otter Tail Power Company will bill the EITE Customer accordingly to recover any amounts inappropriately discounted and those recovered amounts will be deposited in the EITE Tracker account. C C C C

APPLICATION OF DISCOUNT: An eligible EITE Customer receives a Discount, as approved by the Commission on each monthly bill. The Discount applies to all appropriate billed amounts, excluding taxes. CN NC



Fergus Falls, Minnesota

TERMINATION OF RIDER: This rider shall expire four years after its effective date, unless otherwise extended by Order of the Commission.

MANDATORY AND VOLUNTARY RIDERS: The amount of a bill for service will be modified by any Mandatory Rate Riders that must apply and by any Voluntary Rate Riders selected by the Customer, unless otherwise noted in this schedule. See Sections 12.00, 13.00 and 14.00 of the Minnesota electric rates for the matrices of riders.

2018 Data												
Line No.	A	B	C	D	E	F	G	H	I	J		
		Cents ¹ Effective \$/kWh (F / E) [PROTECTED DATA BEGINS...]		kW	Load Factor	kWh	Revenue	Fixed Costs (D * Fixed Costs)	Cost of Energy (E * Cost of Energy)	Total Avoided Costs (G + H)	Lost Margin (F - I)	
1	EITE Customers											
1	Potlatch Corporation											
2	Norbord											
3	Cass Forest Products Inc.											
4	Cass Forest Products											
5	EITE Customer Total											
6	Components											
7	Cost of Energy ²	2.4652	cents/kWh								Marginal Revenue Percent	48.20% [J4/F4]
8	Fixed Costs ³	[PROTECTED DATA BEGINS...]	\$...PROTECTED DATA ENDS]								
9	MN kWh Total ⁴	2,777,952,949	kWh									
10	MN Low Income Sales ⁵	58,730,234	kWh									
11	Low Income % of Total	2.11%										
12	MN kWh Total w/o EITE w/o LIHEAP	2,650,137,099	kWh									
13	Lost Margin	\$ 2,312,167										
14	Forecasted LIHEAP Revenue ⁶	\$ 5,697,739										
15	2017 MN Revenue ⁷	\$ 206,616,721										
16	OTP Total Revenue w/o EITE	\$ 201,819,793										
17	OTP Total Revenue w/o LIHEAP & w/o EITE	\$ 196,122,054										
18	Increase to Recover All Lost Revenue	1.146%										

¹ Based on Total Bill divided by kWh

² Base Cost of Energy rate from Otter Tail's Base Cost of Energy approved in the last rate case, Docket No. E017/MR-15-1033.

³ Represents the average fixed costs per kW for the three customers eligible for the EITE discount.

⁴ Forecasted MN kWh for the period of July 2017 through June 2018 based on rate case Docket E017/GR-15-1033.

⁵ The average LIHEAP kWh for the last 6 years, from Attachment 8.

⁶ The average LIHEAP revenue for the last 6 years, from Attachment 8.

⁷ Estimate of MN Revenues from Otter Tail's General Rate Case based on March 2, PUC Decision Docket No. E017/GR-15-1033.

Line No.	A	B	C	D
	LIHEAP Customer Data			
1		Customer Count	Average Monthly kWh	Average Monthly Revenue
2	2012	4,798	986	\$ 90.34
3	2013	4,897	1,060	\$ 94.15
4	2014	5,145	1,111	\$ 101.98
5	2015	4,627	996	\$ 99.10
6	2016	5,077	884	\$ 93.43
7	2017	5,082	911	\$ 97.76
8				
9				
10			Average kWh per year	Average Revenue per year
11		2012	56,769,936	\$ 5,201,416
12		2013	62,289,840	\$ 5,532,631
13		2014	68,593,140	\$ 6,296,245
14		2015	55,301,904	\$ 5,502,428
15		2016	53,875,032	\$ 5,691,926
16		2017	55,551,552	\$ 5,961,785
17		Total	58,730,234	\$ 5,697,739
18				

Otter Tail Power Company 2018 Annual Sales To and Revenue From EITE Customers - Detail																
Line No.		(A) 2018 January	(B) 2018 February	(C) 2018 March	(D) 2018 April	(E) 2018 May	(F) 2018 June	(G) 2018 July	(H) 2018 August	(I) 2018 September	(J) 2018 October	(K) 2018 November	(L) 2018 December	(M) 2018 Total	(N) Approved Baseline	(O) 2018 Baseline Variance
1	Norbord kWh Sales	[PROTECTED DATA BEGINS...]														
2	Revenue															
3	Percent above/(below) normal degree days															
4	Weather normalized kWh - rate group 42															
5	Potlatch kWh Sales															
6	Revenue															
7	Percent above/(below) normal degree days															
8	Weather normalized kWh - rate group 43															
9	Cass Forest Products Inc. kWh Sales															
10	Revenue															
11	Percent above/(below) normal degree days															
12	Weather normalized kWh - rate group 41															
13	Cass Forest Products kWh Sales															
14	Revenue															
15	Percent above/(below) normal degree days															
16	Weather normalized kWh - rate group 43															
																...PROTECTED DATA ENDS
17	kWh Sales To	5,863,177	5,964,688	5,496,113	5,947,674	5,883,581	5,814,249	5,593,564	5,886,264	5,660,310	5,649,804	5,539,270	5,786,922	69,085,616	65,940,000	3,145,616
18	Revenue From	399,898	416,965	394,015	410,742	420,245	417,020	386,371	406,693	376,908	375,038	381,885	411,149	4,796,928	4,641,500	155,428
19	Total weather normalized kWh	5,871,912	5,859,869	5,483,305	5,827,393	5,692,917	5,636,648	5,617,902	5,852,645	5,612,784	5,602,948	5,433,013	5,853,288	68,344,624	65,940,000	2,404,624

CERTIFICATE OF SERVICE

**RE: In the Matter of the Petition by Otter Tail Power Company for Approval of an Energy-Intensive, Trade-Exposed Customer Rate
Docket No. E017/M-19-**

I, Mikayla Osterman, 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 **1st** day of **March, 2019**.

/s/ MIKAYLA OSTERMAN

Mikayla Osterman
Regulatory Filing Coordinator
Otter Tail Power Company
215 South Cascade Street
Fergus Falls MN 56537
(218) 739-8545

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_GEN_SL_Otter Tail Power Company_EITE
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_GEN_SL_Otter Tail Power Company_EITE
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_GEN_SL_Otter Tail Power Company_EITE
Ian	Dobson	residential.utilities@ag.state.mn.us	Office of the Attorney General-RUD	1400 BRM Tower 445 Minnesota St St. Paul, MN 551012130	Electronic Service	No	GEN_SL_Otter Tail Power Company_GEN_SL_Otter Tail Power Company_EITE
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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_GEN_SL_Otter Tail Power Company_EITE
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_GEN_SL_Otter Tail Power Company_EITE