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September 30, 2019

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

**RE: In the Matter of Otter Tail Power Company's Annual Update to its Renewable Resource Cost Recovery Rider Rate, Rate Schedule 13.04 - Docket No. E017/M-19-411 Reply Comments**

Dear Mr. Wolf:

Otter Tail Power Company (Otter Tail) hereby submits Reply Comments to the Minnesota Public Utilities Commission (Commission) in the above referenced matter.

Otter Tail has electronically filed this document with the Commission and is serving a copy on all persons on the official service list for this docket. A Certificate of Service is also enclosed. If you have any questions regarding this filing, please contact me at 218-739-8819 or at [dmandelke@otpc.com](mailto:dmandelke@otpc.com).

Sincerely,

*/s/ DARLENE MANDELKE*  
Darlene Mandelke, Rates Analyst  
Regulatory Administration

rah  
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 Renewable Resource Cost Recovery  
Rider Rate, Rate Schedule Section 13.04

Docket No. E017/M-19-411

**OTTER TAIL POWER COMPANY  
REPLY COMMENTS**

**I. INTRODUCTION**

On June 21, 2019, Otter Tail Power Company (Otter Tail or Company) filed its 2019 annual update to its Renewable Resource Cost Recovery Rider (RRAR) rate under Otter Tail's Rate Schedule 13.04 with the Minnesota Public Utilities Commission (Commission). On September 19, 2019, the Minnesota Department of Commerce, Division of Energy Resources (Department) filed Comments in the above captioned docket. In these Reply Comments, Otter Tail responds to the Department's Comments.

**II. OTTER TAIL RESPONSES**

Otter Tail provides responses to the following items raised by the Department in its Comments filed on September 19, 2019:

- A. The Department requests that Otter Tail remove all capitalized internal costs from the Merricourt CWIP balance on which the Company proposes to earn a return.**

Otter Tail agrees that capitalized internal costs should not have been included in the CWIP balance for this RRAR as ordered in Docket No.E017/M-17-279.<sup>1</sup> Otter Tail provides *Revised* Attachment 4 to this filing in which it removed \$1,553,082 of internal capitalized costs from the Merricourt CWIP balance in Line No. 8. These costs include \$866,981 actual capitalized internal costs incurred through May 2019 and \$686,101 forecasted capitalized internal costs from June 2019 through October 2019. The removal

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<sup>1</sup> Minnesota Public Utilities Commission's January 10, 2018 Order Approving Project Under Minn. Stat. § 216B.1645, Subd. 1, and Authorizing Cost Recovery Order 4.

of these costs lowers the requested revenue requirement for the recovery period by \$67,162.

**B. The Department requests that Otter Tail recalculate the proposed revenue requirements and rate factors as needed, based on the removal of capitalized costs.**

Otter Tail provides *Revised* Attachments 2 and 4 reflecting the update noted in Section II.A. above and to the revenue requirement and corresponding rates. The attachments also reflect a correction to a formula<sup>2</sup> on *Revised* Attachment 4, Line 21 in the Dec-18 Column. Together, these updates result in a net reduction to the revenue requirements of \$64,416. The total revenue in the Initial Filing was \$12,570,755 and in this revised filing the total amount is \$12,506,339 for the recovery period of November 2019 through October 2020. See *Revised* Attachment 1.

The proposed average rate is \$0.00467 per kWh, a decrease of \$0.00002 per kWh from the initial filing of \$0.00469 per kWh. The average rate calculation is on *Revised* Attachment 2.

**C. The Department requests that Otter Tail submit in the Company's Reply Comments:**

- **The total dollar amount of capitalized internal costs removed from the Merricourt CWIP balance.**

Otter Tail provides this information in Section II. A above.

- **Any revised proposals and supporting schedules associated with removing the capitalized internal costs.**

Otter Tails submits *Revised* Attachments 1, 2, 4, 5, 6 and 7.

- **An explanation as to why Otter Tail uses two different allocators to assign revenue requirements proposed in the current docket.**

The use of the E2 factor to assign jurisdictional costs associated with projects in the RRAR was established as part of the initial RRAR and rate

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<sup>2</sup> The incorrect formula did not include December 2018 end of month rate base. Correcting the formula to include December 2018 end of month rate base increases the 13-month average rate base by \$327,298 and the revenue requirement for the recovery period by \$2,746.

factors that were approved in Docket No. E017/M-08-119 and E017/M-08-131<sup>3</sup> and subsequently approved in previous RRAR updates. This factor is used to assign costs associated with Otter Tail's wind facilities when the projects are in the RRAR in their entirety. The current E2 factor of 52.99973 percent was established in Otter Tail's most recent Minnesota Rate Case, Docket No. E017/M-15-1033, (Rate Case) and is the factor used to allocate costs of the Merricourt project. In the Rate Case, the Ashtabula, Langdon and Luverne wind projects moved from the RRAR into base rates.

As part of the Rate Case, Otter Tail proposed to true up the difference between production tax credits (PTCs) included in base rates for Ashtabula and Langdon, and its actual PTCs earned, in Otter Tail's RRAR beginning January 2017<sup>4</sup>. Through the course of testimony in the Rate Case, Otter Tail agreed to the Department's recommendation<sup>5</sup> for the amount of credit to base rates for PTCs. The amount agreed to and Ordered by the Commission<sup>6</sup> in the Rate Case utilized the EPIS allocation factor of 50.35701 percent. Applying the EPIS factor to allocate the PTC true-up amounts in the RRAR, preserves consistency with the allocation of PTCs included in base rates.

**D. The Department recommends that the Commission delay action on Otter Tail's proposed revenue requirements and rate factors until after the Department has reviewed any revised proposals and supporting schedules submitted by Otter Tail in the Company's reply comments.**

Otter Tail agrees delaying action until the Department has reviewed the revised proposals and supporting schedules.

**E. The Department recommends that the Commission approve Otter Tail's rate design.**

It was discovered that Otter Tail used outdated weighting factors on Attachment 5, Class Allocations and Current Rate Design. Otter Tail shared this discovery with the

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<sup>3</sup> Minnesota Public Utility Commission's August 15, 2008 Order Approving Rider, Purchase Power Agreement, Variance and Eligibility and Adding Requirements.

<sup>4</sup> Docket No. E017/GR-15-1033, Ex. 49 at 56 (Beithon Direct).

<sup>5</sup> Docket No. E017/GR-15-1033, Ex. 516 at 5 (Johnson Surrebuttal).

<sup>6</sup> Minnesota Public Utility Commission's May 1, 2017 Order in Docket No. E017/GR-15-1033, Order Points 17 and 18

Department and agreed with Otter Tail’s proposal to include in this filing a *Revised* Attachment 5 using the current weighting factors. Otter Tail recommends the Commission approve the updated class allocations and rate design.

Following is a *Revised* Table 3: Otter Tail’s Current and Proposed Rate Factors. The original Table 3 was provided as part of the Department’s comments.

<b><i>Revised</i> Table 3: Otter Tail's Current and Proposed Rate Factors</b>			
<i>Customer Class</i>	<i>Current Rate</i>	<i>Proposed Rate</i>	<i>Proposed Percentage Increase/(Decrease) in Rate</i>
	\$0.21738/kW	\$0.464/kW	113%
Large General Service			
	\$0.00164/kWh	\$0.00350/kWh	113%
All Other Service	\$0.00244/kWh	\$0.00525/kWh	115%

**F. The Department recommends the following regarding timing of rate factor implementation;**

- *Authorize the new rate factors to become effective on November 1, 2019 and remain in effect through October 31, 2020, if the Commission issues and order in this matter before November 1, 2019.*
- *Authorize the new rate factors to become effective on the first of the month following Commission approval and remain in effect through October 31, 2020, if the Commission issues an order in this matter after November 1, 2019.*
- *Grant Otter Tail the option to recalculate its rate factors, if the new rate factors are approved more than 45 days later than November 1, 2019.*

Otter Tail supports the above recommendations regarding the timing and implementation of the new Renewable Resource Cost Recovery rate factors.

**G. The Department recommends that the Commission approve Otter Tail’s proposed customer notification language to be included with customer bills in the month that new rate factors are implemented.**

Otter Tail supports the above recommendation to approve the proposed customer notification language to be included with customer bills in the month that new rate factors are implemented. Otter Tail provides *Revised* Attachment 6 incorporating updates detailed in these Reply Comments.

**H. The Department recommends that the Commission approve Otter Tail’s proposal to use the flow-through methodology to account for future Merricourt Production Tax Credits.**

Otter Tail supports the above recommendation to approve its proposal to use the flow-through methodology to account for future Merricourt Production Tax Credits.

**I. If Otter Tail files a rate case with a test year that overlaps any part of the recovery period proposed for this rider, the Department recommends that the Commission do the following:**

- *Require Otter Tail to discontinue all rider collections and roll all rider costs and related PTCs (if any) into base rates once interim rates become effective, with subsequent PTC true-ups in future riders. Rolling in all rider costs at the beginning of the rate case could be accomplished as follows:*
  - *The Rider is suspended at the beginning of the utility’s test year in the rate case (such as January 1, 2020).*
  - *Unrecovered rider costs, such as undepreciated rate base and operations and maintenance expenses, as of the end of the day before the test year (e.g. December 31, 2019), are folded into interim rates.*
  - *The subsequent true-up for the rider would resolve any under- or over-recovery (tracked through the rider tracker account) as of the day before the test year in the rate case (e.g. December 31, 2019).*

If Otter Tail files a rate case with a test year that overlaps any part of the recovery period proposed for this rider, the Company generally supports the above recommendations to adjust rider recovery to reflect costs that are being rolled into base rates, and to make those adjustments at the time interim rates become effective. For example, the current PTC charges in the RRAR related to the now-expired PTC credits currently in base rates, would no longer be necessary because those credits would not be in the next test year.

Regarding new projects in the RRAR, Otter Tail supports rolling completed projects out of the rider and into base rates at the time of interim rates. However, depending on timing of the rate case and applicable implementation of interim rates, it may not make sense to roll projects currently under construction, into base rates at that time. Otter Tail agrees the rider remains the appropriate mechanism to resolve true ups

for under or over- collections, and for continued recovery of costs not incorporated into base rates.

### **III. CONCLUSION**

Otter Tail appreciates the opportunity to provide these Reply Comments in this Docket in response to the September 19, 2019 Comments of the Department regarding Otter Tail's request for Approval of the Annual Update to its Renewable Resource Cost Recovery Rider Rate. Otter Tail requests Commission approval of the revised forecasted rates Otter Tail includes in these Reply Comments.

Dated: September 30, 2019

Respectfully submitted,

OTTER TAIL POWER COMPANY

By: /s/ DARLENE MANDELKE

Darlene Mandelke

Rates Analyst, Regulatory Administration

Otter Tail Power Company

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OTTER TAIL POWER COMPANY  
RENEWABLE RESOURCE COST RECOVERY RIDER  
SEPTEMBER 30, 2019 REPLY COMMENT ATTACHMENTS

<i>Revised Attachment 1</i>	Summary of Revenue Requirements
<i>Revised Attachment 2</i>	Renewable Resource Cost Recovery Rider Tracker Report
<i>Revised Attachment 4</i>	Merricourt Revenue Requirements Calculation
<i>Revised Attachment 5</i>	Rate Design
<i>Revised Attachment 6</i>	Customer Notice
<i>Revised Attachment 7</i>	Renewable Resource Cost Recovery Rider, Electric Rate Schedule 13.04



Otter Tail Power Company  
Renewable Resource Adjustment Recovery Rider

Summary of Revenue Requirements

Line No.	Revenue Requirements	Nov 2019 - Oct 2020
1	Production Tax Credits	\$5,265,493
2	Merricourt Wind Project	\$7,338,274
3	Carrying Cost	0
4	True Up	(97,428)
5	Total	<u>\$12,506,339</u>

Otter Tail Power Company  
 MN Renewable Resource Rider

LineNo	TRACKER SUMMARY Requirements Compared to Billet	11/1/2018		12/1/2018		YE	1/1/2019		2/1/2019		3/1/2019		4/1/2019		5/1/2019		6/1/2019		7/1/2019		8/1/2019		9/1/2019		10/1/2019		11/1/2019		12/1/2019		1/1/2020		2/1/2020		3/1/2020		4/1/2020		5/1/2020		6/1/2020		7/1/2020		8/1/2020		9/1/2020		10/1/2020		Recovery Period								
		Actual	Actual	Actual	Actual		Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual											
1	PTCs	438,784	438,869	3,067,299	438,784	438,784	438,784	438,784	438,784	438,784	438,784	438,784	438,784	438,784	438,784	438,784	438,784	438,784	438,784	438,784	438,784	438,784	438,784	438,784	438,784	438,784	438,784	438,784	438,784	438,784	438,784	438,784	438,784	438,784	438,784	438,784	438,784	438,784	438,784	438,784	438,784	438,784	438,784	438,784	438,784	438,784	438,784	438,784	438,784	438,784	438,784	5,265,493							
2	Merricourt	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0						
3	Total Revenue Requirements	438,784	438,869	3,067,299	438,784	438,784	438,784	438,784	438,784	438,784	438,784	438,784	438,784	438,784	438,784	438,784	438,784	438,784	438,784	438,784	438,784	438,784	438,784	438,784	438,784	438,784	438,784	438,784	438,784	438,784	438,784	438,784	438,784	438,784	438,784	438,784	438,784	438,784	438,784	438,784	438,784	438,784	438,784	438,784	438,784	438,784	438,784	438,784	438,784	438,784	438,784	438,784	5,265,493						
4																																																											
5	Billed (forecast MWh x adj factor)	480,952	496,620	2,208,173	602,911	613,777	519,315	472,200	448,516	438,830	463,302	474,440	459,887	445,221	5,915,250	1,012,064	1,095,084	0	1,196,290	1,150,740	1,109,023	1,033,999	963,682	954,528	1,005,277	1,026,627	994,999	964,028	964,028	12,556,339																													
6	Renewable Energy Certificate Sales																																																										
7	Monthly Revenue Difference	(42,148)	(58,051)	861,125	(164,127)	(174,993)	(79,531)	(33,416)	(9,732)	(46)	(24,518)	(35,856)	(21,103)	(6,437)	(649,758)	(433,354)	(518,289)	(1,499,202)	(51,864)	(6,114)	35,603	110,627	180,944	190,098	139,349	117,999	149,628	180,600	97,428																														
8	Carrying Charge	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0					
9	Cumulative Difference	510,162	452,131		289,005	113,011	33,480	64	(9,668)	(9,714)	(34,231)	(69,888)	(90,991)	(97,428)	(649,758)	(530,782)	(1,047,071)		(1,098,736)	(1,104,848)	(1,069,245)	(958,618)	(777,674)	(587,575)	(448,227)	(330,227)	(180,600)	0	97,428																														
10																																																											
11	Carrying Charge Calculation	0	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0						
12	Cumulative Carrying Charge	0	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0							
13	Carrying cost	7.5056%	7.5056%		7.5056%	7.5056%	7.5056%	7.5056%	7.5056%	7.5056%	7.5056%	7.5056%	7.5056%	7.5056%	7.5056%	7.5056%	7.5056%	7.5056%	7.5056%	7.5056%	7.5056%	7.5056%	7.5056%	7.5056%	7.5056%	7.5056%	7.5056%	7.5056%	7.5056%	7.5056%	7.5056%	7.5056%	7.5056%	7.5056%	7.5056%	7.5056%	7.5056%	7.5056%	7.5056%	7.5056%	7.5056%	7.5056%	7.5056%	7.5056%	7.5056%	7.5056%	7.5056%	7.5056%	7.5056%	7.5056%	7.5056%	7.5056%	7.5056%	7.5056%					
14																																																											
15	Forecasted Sales (MWh)		238,461,000		252,005,381	242,850,556	233,472,300	217,588,981	202,459,254	200,486,170	211,886,355	216,755,282	210,106,374	203,405,895	2,429,057,548	216,907,528	234,700,421	2,642,204,495	256,391,127	246,628,751	237,887,962	221,608,580	206,538,132	204,576,261	215,452,976	220,028,664	213,249,984	206,611,976	2,680,382,360																														

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MN PUC Approved 06/23/2018	
Rate Calculation - November 2019 - October 2019	
Revenue Requirements	\$5,265,493
Carrying Charge	0
Req Balance True Up	620,326
Total Revenue Requirements	\$5,885,819
Projected sales in kWh	2,689,025,665
Average Rate	\$0.00219

Rate Calculation - November 2019 - October 2020	
Revenue Requirements	\$12,603,786
Carrying Charge	0
Req Balance True Up	(97,428)
Total Revenue Requirements	\$12,506,358
Projected sales in kWh	2,680,382,360
Average Rate	\$0.00467

**Otter Tail Power Company**  
**Minnesota Renewable Resource Rider**  
**Merricourt Wind Farm**

Line	2018 Dec-18	1/1/2019	2/1/2019	3/1/2019	4/1/2019	5/1/2019	6/1/2019	7/1/2019	8/1/2019	9/1/2019	10/1/2019	11/1/2019	12/1/2019	2019 YE
		Actual Jan-19	Actual Feb-19	Actual Mar-19	Actual Apr-19	Actual May-19	Projected Jun-19	Projected Jul-19	Projected Aug-19	Projected Sep-19	Projected Oct-19	Projected Nov-19	Projected Dec-19	
<b>RATE BASE</b>														
1	0.00													
2	0.00	0	0	0	0	0	0	0	0	0	0	0	0	
3	0.00													
4	0.00	0	0	0	0	0	0	0	0	0	0	0	0	
<b>CWIP Calculation:</b>														
5	0.00													
6	4,202,840	4,254,873	4,286,513	4,408,593	4,464,496	4,509,037	4,609,563	4,762,565	53,881,085	57,241,966	61,602,030	66,978,693	75,268,693	
7	47,041	58,324	134,464	56,886	40,836	99,245	160,000	48,982,118	3,190,000	4,050,000	5,020,000	8,320,000	12,110,000	
8	(24,164)	(54,660)	(40,766)	(30,600)	(27,635)	(29,626)	(38,718)	(39,432)	(157,951)	(40,000)	(20,000)	(30,000)	(30,000)	
9	-													
10	29,155	27,976	28,382	29,617	31,340	30,908	31,721	175,834	328,832	350,064	376,663			
11	4,254,873	4,286,513	4,408,593	4,464,496	4,509,037	4,609,563	4,762,565	53,881,085	57,241,966	61,602,030	66,978,693	75,268,693	87,348,693	
12		1.000000	1.000000	1.000000	1.000000	1.000000	1.000000	1.000000	1.000000	1.000000	1.000000	0.920548	0.835616	
13	0.00	0	0	0	0	0	0	0	0	0	0	0	0	
14	0.00	0	0	0	0	0	0	0	0	0	0	0	0	
15	0.00	0	0	0	0	0	0	0	0	0	0	0	0	
16	0.00	0	0	0	0	0	0	0	0	0	0	0	0	
17	0.00	0	0	0	0	0	0	0	0	0	0	0	0	
18	0.00	0	0	0	0	0	0	0	0	0	0	0	0	
19	0.00	0	0	0	0	0	0	0	0	0	0	0	0	
20	0.00	0	0	0	0	0	0	0	0	0	0	0	0	
21	4,254,873	4,286,513	4,408,593	4,464,496	4,509,037	4,609,563	4,762,565	53,881,085	57,241,966	61,602,030	66,978,693	75,268,693	87,348,693	0.00
22	4,254,873	4,286,513	4,408,593	4,464,496	4,509,037	4,609,563	4,762,565	53,881,085	57,241,966	61,602,030	66,978,693	75,268,693	87,348,693	
23														
24	0.00	2,779,595	2,779,595	2,779,595	2,779,595	2,779,595	2,779,595	2,779,595	2,779,595	2,779,595	2,779,595	2,779,595	2,779,595	33,355,138
25														
26		208,625	208,625	208,625	208,625	208,625	208,625	208,625	208,625	208,625	208,625	208,625	208,625	2,503,497
27														
28		137,319	137,319	137,319	137,319	137,319	137,319	137,319	137,319	137,319	137,319	137,319	137,319	1,647,827
29														
<b>EXPENSES</b>														
30														
31														
32														0.00
33														0.00
34														0.00
35	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
36	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
37														
38														
39		137,319	137,319	137,319	137,319	137,319	137,319	137,319	137,319	137,319	137,319	137,319	137,319	1,647,827
40	0	0	0	0	0	0	0	0	0	0	0	0	0	0
41	0	0	0	0	0	0	0	0	0	0	0	0	0	0
42	0	0	0	0	0	0	0	0	0	0	0	0	0	0
43														
44		137,319	137,319	137,319	137,319	137,319	137,319	137,319	137,319	137,319	137,319	137,319	137,319	1,647,827
45		192,707	192,707	192,707	192,707	192,707	192,707	192,707	192,707	192,707	192,707	192,707	192,707	2,312,480
46														
47														
48		55,388	55,388	55,388	55,388	55,388	55,388	55,388	55,388	55,388	55,388	55,388	55,388	664,653
49		0	0	0	0	0	0	0	0	0	0	0	0	0
50		0	0	0	0	0	0	0	0	0	0	0	0	0
51		0	0	0	0	0	0	0	0	0	0	0	0	0
52		0	0	0	0	0	0	0	0	0	0	0	0	0
53		55,388	55,388	55,388	55,388	55,388	55,388	55,388	55,388	55,388	55,388	55,388	55,388	664,653
54														
55														
<b>REVENUE REQUIREMENTS</b>														
56														
57		55,388	55,388	55,388	55,388	55,388	55,388	55,388	55,388	55,388	55,388	55,388	55,388	664,653
58		208,625	208,625	208,625	208,625	208,625	208,625	208,625	208,625	208,625	208,625	208,625	208,625	2,503,497
59														
60		264,013	264,013	264,013	264,013	264,013	264,013	264,013	264,013	264,013	264,013	264,013	264,013	3,168,151
61														
62		139,926	139,926	139,926	139,926	139,926	139,926	139,926	139,926	139,926	139,926	139,926	139,926	<u>1,679,111</u>

**SUPPORTING INFORMATION / DATA**

Line	MN Capstructure with allowed ROE per order.			Effective Tax Rate		Fed Portion	State Portion
1	Capital Structure			28.74%		18.94%	9.80%
2	Ratio	Cost	WA Cost	Tax conversion factor			
3	47.50%	5.40%	2.57%	1.40335			
4	0.00%	0.00%	0.00%	MN share - E2 factor			
5	52.50%	9.41%	4.94%	52.99973%			
6	100.00%		7.51%				

Otter Tail Power Company Minnesota Renewable Resource Rider Merricourt Wind Farm														
	1/1/2020	2/1/2020	3/1/2020	4/1/2020	5/1/2020	6/1/2020	7/1/2020	8/1/2020	9/1/2020	10/1/2020	11/1/2020	12/1/2020	2020 YE	
	Projected Jan-20	Projected Feb-20	Projected Mar-20	Projected Apr-20	Projected May-20	Projected Jun-20	Projected Jul-20	Projected Aug-20	Projected Sep-20	Projected Oct-20	Projected Nov-20	Projected Dec-20		
1	<b>RATE BASE</b>													
2	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	257,468,693	266,477,557		
3	0	0	0	0	0	0	0	0	0	0	-	(858,229)		
4	0	0	0	0	0	0	0	0	0	0	257,468,693	265,619,328		
5	<b>CWIP Calculation:</b>													
6	87,348,693	90,348,693	100,428,693	104,428,693	120,228,692.54	140,178,692.54	158,178,692.54	181,348,692.54	209,498,692.54	237,698,693	253,098,693	0		
7	3,030,000	10,110,000	4,030,000	15,840,000	19,990,000.00	18,040,000.00	23,210,000.00	28,190,000.00	28,240,000	15,435,000	4,390,000	9,018,864		
8	(30,000)	(30,000)	(30,000)	(40,000)	(40,000)	(40,000)	(40,000)	(40,000)	(40,000)	(35,000)	(20,000)	(10,000)		
9											(257,468,693)	(9,008,864)		
10														
11	90,348,693	100,428,693	104,428,693	120,228,693	140,178,693	158,178,693	181,348,693	209,498,693	237,698,693	253,098,693	-	-		
12	0.750685	0.673973	0.589041	0.506849	0.421918	0.339726	0.254795	0.169863	0.087671	0.002740	0.920548	0.835616		
13	0	0	0	0	0	0	0	0	0	0	(7,258,054)	(13,867,458)		
14	0	0	0	0	0	0	0	0	0	0	(7,659,098)	(14,670,480)		
15	0	0	0	0	0	0	0	0	0	0	0	0		
16	0	0	0	0	0	0	0	0	0	0	971,178	1,616,692		
17	0	0	0	0	0	0	0	0	0	0	0	0		
18	0	0	0	0	0	0	0	0	0	0	0	0		
19	0	0	0	0	0	0	0	0	0	0	0	0		
20	0	0	0	0	0	0	0	0	0	0	0	0		
21	90,348,693	100,428,693	104,428,693	120,228,693	140,178,693	158,178,693	181,348,693	209,498,693	237,698,693	253,098,693	251,181,816	253,368,562		
22	90,348,693	100,428,693	104,428,693	120,228,693	140,178,693	158,178,693	181,348,693	209,498,693	237,698,693	253,098,693	250,780,773	252,565,539		
23														
24	14,021,385	14,021,385	14,021,385	14,021,385	14,021,385	14,021,385	14,021,385	14,021,385	14,021,385	14,021,385	14,021,385	14,021,385	168,256,615	
25														
26	1,052,387	1,052,387	1,052,387	1,052,387	1,052,387	1,052,387	1,052,387	1,052,387	1,052,387	1,052,387	1,052,387	1,052,387	12,628,639	
27														
28	692,691	692,691	692,691	692,691	692,691	692,691	692,691	692,691	692,691	692,691	692,691	692,691	8,312,297	
29														
30	<b>EXPENSES</b>													
31	<i>O&amp;M and Depreciation</i>													
32												370,575	370,575	741,150
33												58,296	58,296	116,591
34												58,271	61,567	119,837
35	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	858,228.98	858,228.98	
36	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	487,141.39	1,348,666.20	1,835,807.59	
37														
38	<b>Income before Taxes</b>													
39	692,691	692,691	692,691	692,691	692,691	692,691	692,691	692,691	692,691	692,691	692,691	692,691	8,312,297	
40	0	0	0	0	0	0	0	0	0	0	(1,055,000)	(772,500)	(1,827,500)	
41	0	0	0	0	0	0	0	0	0	0	0	0	0	
42	0	0	0	0	0	0	0	0	0	0	0	0	0	
43	<b>Less: Section 199 Deduction</b>													
44	692,691	692,691	692,691	692,691	692,691	692,691	692,691	692,691	692,691	692,691	(362,309)	(79,809)	6,484,797	
45	972,089	972,089	972,089	972,089	972,089	972,089	972,089	972,089	972,089	972,089	(508,446)	(111,999)	11,060,545	
46														
47	<b>Income Taxes</b>													
48	279,398	279,398	279,398	279,398	279,398	279,398	279,398	279,398	279,398	279,398	(146,138)	(32,191)	2,615,651	
49	0	0	0	0	0	0	0	0	0	0	0	0	0	
50	0	0	0	0	0	0	0	0	0	0	(1,055,000)	(772,500)	(1,827,500)	
51	0	0	0	0	0	0	0	0	0	0	0	0	0	
52	0	0	0	0	0	0	0	0	0	0	0	0	0	
53	279,398	279,398	279,398	279,398	279,398	279,398	279,398	279,398	279,398	279,398	(1,201,138)	(804,691)	788,151	
54														
55														
56	<b>REVENUE REQUIREMENTS</b>													
57	279,398	279,398	279,398	279,398	279,398	279,398	279,398	279,398	279,398	279,398	(713,996)	543,975	2,623,958	
58	1,052,387	1,052,387	1,052,387	1,052,387	1,052,387	1,052,387	1,052,387	1,052,387	1,052,387	1,052,387	1,052,387	1,052,387	12,628,639	
59														
60	1,331,785	1,331,785	1,331,785	1,331,785	1,331,785	1,331,785	1,331,785	1,331,785	1,331,785	1,331,785	338,390	1,596,362	15,252,597	
61														
62	705,842	705,842	705,842	705,842	705,842	705,842	705,842	705,842	705,842	705,842	179,346	846,068	<u>8,083,835</u>	

**SUPPORTING INFORMATION / DATA**

Line	MN Capstructure with allowed ROE per order.			Capital Structure		Fed Portion		State Portion	
	Ratio	Cost	WA Cost						
1	47.50%	5.40%	2.57%	Effective Tax Rate	28.74%	18.94%	9.80%		
2	0.00%	0.00%	0.00%	Tax conversion factor	1.40335				
3	52.50%	9.41%	4.94%						
4	100.00%		7.51%	MN share - E2 factor	52.99973%				

Otter Tail Power Company  
 Renewable Resource Adjustment Recovery Rider  
 Class Allocation and Current Rate Design

Line No.	Total Minnesota Revenue Requirements \$12,506,339 November 1, 2019 - October 31, 2020						
1	Total Minnesota Revenue Requirements						
2		Weighting	LGS		All others		Total
3	MN E2*	80.4%	56.856%	\$5,716,905	43.1442%	\$4,338,191	\$10,055,096
4	MN D1*	19.6%	52.669%	\$1,291,043	47.3311%	\$1,160,199	\$2,451,242
5	Minnesota			\$7,007,949		\$5,498,390	\$12,506,339
6			LGS		All others		
7		Rate	billing units**	Revenue	Rate	billing units**	Revenue
8	kWh billing	\$0.00350	1,633,427,955	\$5,716,905	\$0.00525	1,046,954,405	\$5,498,390
9	kW billing	\$0.464	2,781,693	\$1,290,706	n/a	n/a	n/a
10	Minnesota			\$7,007,611			\$5,498,390
11						<b>Total Minnesota revenue</b>	<b>\$12,506,001</b>
* Class factors are consistent with E017-GR-15-1033 General Rate Case							
** Nov 2019 - Oct 2020 projected rider recovery period.							

Percent of Revenue Method as required by ordering paragraph 7 in Docket E017/M-09-1484

Line No.	Class	(A)	(B)	(C)
		<b>% of Revenue*</b>		
1	Residential			24.59%
2	Farms			1.68%
3	General Service			16.22%
4	Large General Service			49.98%
5	Irrigation			0.19%
6	Outdoor Lighting			1.52%
7	OPA			0.76%
8	Controlled Service Water Heating			0.86%
9	Controlled Service Interruptible			3.46%
10	Controlled Service Deferred			0.76%
11	Total			100.00%
*Column H, Rows 1-10, from Schedule 2, Page 1 of 1 in Docket No. E017/GR-15-1033				
12	LGS (Column (A), row 4)			49.98%
13	All Other (Column (A), rows 1-3 and 5-10)			50.02%
14	Total (lines 12 +13)			100.00%
		Revenue Requirement	Billing Units	Rate
15	LGS	\$6,249,919	1,633,427,955	\$0.00383
16	All Other	\$6,256,082	1,046,954,405	\$0.00598
		<b>\$12,506,001</b>		

## Customers Notice

The Minnesota Public Utilities Commission has approved an adjustment to the Renewable Resource Cost Recovery Rider that is part of the Resource Adjustment on your monthly electric service statement. This rider recovers costs associated with owning and operating renewable generation resources. The table below shows the prior and new rates, beginning November 1, 2019, for all classes of customers.

Class	Prior Rate	November 1, 2019 Rate
Large General Service	\$0.21738 per kW	\$0.46400 per kW
Large General Service	\$0.00164 per kWh	\$0.00350 per kWh
All Other Service	\$0.00244 per kWh	\$0.00525 per kWh

For more information contact Customer Service at 800-257-4044 or place an inquiry from our website at [www.otpco.com](http://www.otpco.com).

*Revised Attachment 7*

**Tariff Sheet - Section 13.09  
Renewable Resource Cost Recovery Rider  
Redline and Clean**



Fergus Falls, Minnesota

**RENEWABLE RESOURCE COST RECOVERY RIDER**

DESCRIPTION	RATE CODE
Large General Service – Demand Charge	MRRAD
Large General Service – Energy Charge	MRRAE
All Other Service	MRRA

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

**APPLICATION OF RIDER:** This rider is applicable to electric service under all of the Company’s Retail Rate Schedules.

**COST RECOVERY FACTOR:** There shall be included on each Minnesota Customer’s monthly bill a Renewable Resource Cost Recovery charge, which shall be calculated before any applicable municipal payment adjustments and sales taxes as provided in the General Rules and Regulations for the Company’s electric service. The following charges are applicable in addition to all charges for service being taken under the Company’s standard rate schedules and will be included in the Resource Adjustment line item on the Customer’s bill.

**RATE:**

RENEWABLE RESOURCE COST RECOVERY		
Energy Charge per kWh:	kWh	kW
Large General Service (a)	0. <del>350</del> <sup>4</sup> ¢/kWh	\$0. <del>464</del> <sup>217</sup>
All Other Service	0. <del>525</del> <sup>24</sup> ¢/kWh	N/A

(a) Rate schedules 10.04 Large General Service, 10.05 Large General Service – Time of Day, 14.02 Real Time Pricing Rider and 14.03 Large General Service Rider.

**DETERMINATION OF DEMAND CHARGE (LARGE GENERAL SERVICE CLASS ONLY):** The Demand charge shall be based on the maximum kW Demand as adjusted for Excess Reactive Demand measured during any period of the month for which the bill is rendered. The Excess Reactive Demand shall be calculated based on the applicable rate schedule under which the Customer is taking service.





Fergus Falls, Minnesota

**RENEWABLE RESOURCE COST RECOVERY RIDER**

DESCRIPTION	RATE CODE
Large General Service – Demand Charge	MRRAD
Large General Service – Energy Charge	MRRAE
All Other Service	MRRA

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

**APPLICATION OF RIDER:** This rider is applicable to electric service under all of the Company’s Retail Rate Schedules.

**COST RECOVERY FACTOR:** There shall be included on each Minnesota Customer’s monthly bill a Renewable Resource Cost Recovery charge, which shall be calculated before any applicable municipal payment adjustments and sales taxes as provided in the General Rules and Regulations for the Company’s electric service. The following charges are applicable in addition to all charges for service being taken under the Company’s standard rate schedules and will be included in the Resource Adjustment line item on the Customer’s bill.

**RATE:**

RENEWABLE RESOURCE COST RECOVERY			
<b>Energy Charge per kWh:</b>		kWh	kW
<b>Large General Service (a)</b>	0.350	¢/kWh	\$0.464
<b>All Other Service</b>	0.525	¢/kWh	N/A
(a) Rate schedules 10.04 Large General Service, 10.05 Large General Service – Time of Day, 14.02 Real Time Pricing Rider and 14.03 Large General Service Rider.			

**R  
R**

**DETERMINATION OF DEMAND CHARGE (LARGE GENERAL SERVICE CLASS ONLY):**

The Demand charge shall be based on the maximum kW Demand as adjusted for Excess Reactive Demand measured during any period of the month for which the bill is rendered. The Excess Reactive Demand shall be calculated based on the applicable rate schedule under which the Customer is taking service.

## CERTIFICATE OF SERVICE

RE: **In the Matter of Otter Tail Power Company's Annual Update to its Renewable Resource Cost Recovery Rider Rate, Rate Schedule 13.04**  
**Docket No. E017/M-17-279**

I, Rebecca Hasse, 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**  
**Reply Comments**

Dated this **30th** day of **September, 2019**.

/s/ Rebecca Hasse

Rebecca Hasse, Regulatory Filing Coordinator  
Otter Tail Power Company  
215 South Cascade Street  
Fergus Falls MN 56537  
(218) 739-8817

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	OFF_SL_19-411_M-19-411
Ray	Choquette	rchoquette@agp.com	Ag Processing Inc.	12700 West Dodge Road PO Box 2047 Omaha, NE 68103-2047	Electronic Service	No	OFF_SL_19-411_M-19-411
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	Yes	OFF_SL_19-411_M-19-411
James C.	Erickson	jericksonkbc@gmail.com	Kelly Bay Consulting	17 Quechee St  Superior, WI 54880-4421	Electronic Service	No	OFF_SL_19-411_M-19-411
Sharon	Ferguson	sharon.ferguson@state.mn.us	Department of Commerce	85 7th Place E Ste 280  Saint Paul, MN 551012198	Electronic Service	No	OFF_SL_19-411_M-19-411
Bruce	Gerhardson	bgerhardson@otpc.com	Otter Tail Power Company	PO Box 496 215 S Cascade St Fergus Falls, MN 565380496	Electronic Service	No	OFF_SL_19-411_M-19-411
Bryce	Haugen	bhaugen@otpc.com	Otter Tail Power Company	215 S Cascade St P.O. Box 496 Fergus Falls, MN 56538	Electronic Service	No	OFF_SL_19-411_M-19-411
Shane	Henriksen	shane.henriksen@enbridge.com	Enbridge Energy Company, Inc.	1409 Hammond Ave FL 2  Superior, WI 54880	Electronic Service	No	OFF_SL_19-411_M-19-411
James D.	Larson	james.larson@avantenergy.com	Avant Energy Services	220 S 6th St Ste 1300  Minneapolis, MN 55402	Electronic Service	No	OFF_SL_19-411_M-19-411
Douglas	Larson	dlarson@dakotaelectric.com	Dakota Electric Association	4300 220th St W  Farmington, MN 55024	Electronic Service	No	OFF_SL_19-411_M-19-411

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Kavita	Maini	kmaini@wi.rr.com	KM Energy Consulting LLC	961 N Lost Woods Rd  Oconomowoc, WI 53066	Electronic Service	No	OFF_SL_19-411_M-19-411
Darlene C	Mandelke	dmandelke@otpc.com	Otter Tail Power Company	15 S Cascade St PO Box 496 Fergus Falls, MN 56538-0496	Electronic Service	No	OFF_SL_19-411_M-19-411
Andrew	Moratzka	andrew.moratzka@stoel.com	Stoel Rives LLP	33 South Sixth St Ste 4200  Minneapolis, MN 55402	Electronic Service	No	OFF_SL_19-411_M-19-411
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	Yes	OFF_SL_19-411_M-19-411
Larry L.	Schedin	Larry@LLSResources.com	LLS Resources, LLC	332 Minnesota St, Ste W1390  St. Paul, MN 55101	Electronic Service	No	OFF_SL_19-411_M-19-411
Cary	Stephenson	cStephenson@otpc.com	Otter Tail Power Company	215 South Cascade Street  Fergus Falls, MN 56537	Electronic Service	No	OFF_SL_19-411_M-19-411
Randy	Synstelien	rsynstelien@otpc.com	Otter Tail Power Company	215 S Cascade St  Fergus Falls, MN 56537	Electronic Service	No	OFF_SL_19-411_M-19-411
Stuart	Tommerdahl	stommerdahl@otpc.com	Otter Tail Power Company	215 S Cascade St PO Box 496 Fergus Falls, MN 56537	Electronic Service	No	OFF_SL_19-411_M-19-411
Daniel P	Wolf	dan.wolf@state.mn.us	Public Utilities Commission	121 7th Place East Suite 350 St. Paul, MN 551012147	Electronic Service	Yes	OFF_SL_19-411_M-19-411