

September 3, 2020

William Seuffert
Executive Secretary
Minnesota Public Utilities Commission
121 7th Place East, Suite 350
St. Paul, Minnesota, 55101-2147

RE: **Supplemental Comments of the Minnesota Department of Commerce, Division of Energy Resources**
Docket No. E017/M-18-748

Dear Mr. Seuffert:

Attached please find the Supplemental Comments of Minnesota Department of Commerce, Division of Energy Resources (Department) in response to the August 26, 2020 Notice of Supplemental Comment Period issued by the Minnesota Public Utilities Commission (Commission), In the Matter of the Petition of Otter Tail Power Company (OTP or the Company) for Approval of a Transmission Cost Recovery Rider Annual Adjustment.

Based on our review of OTP's August 24, 2020 Reply Comments, the Department recommends that the Commission **approve the Company's proposal with modifications**, as discussed in greater detail herein. The Department is available to answer any questions the Commission may have.

Sincerely,

/s/ MARK A. JOHNSON
Financial Analyst Coordinator

MAJ/ar
Attachment



Before the Minnesota Public Utilities Commission

Comments of the Minnesota Department of Commerce
Division of Energy Resources

Docket No. E017/M-18-748

I. BACKGROUND

The Minnesota Department of Commerce (Department) provides a brief background here, with more detailed background information provided in our August 14, 2020 Response to Reply Comments.

On November 30, 2018, Otter Tail Power Company (OTP or the Company) filed the instant petition in its 2016 Transmission Cost Recovery Rider (TCRR) as an “Annual Update and Supplemental Filing.” The Company claimed to have calculated its Minnesota jurisdictional revenue requirement figures with and without the Big Stone Area Transmission (BSAT) Projects to account for the Minnesota Supreme Court’s then-forthcoming decision.¹

The Minnesota Public Utilities Commission (Commission) re-docketed the petition as OTP’s requested approval of its sixth annual update to OTP’s TCRR in Docket No. E017/M-18-748 (Petition or 2018 TCRR).

On April 1, 2019, the Department filed Comments.

On April 10, 2019, OTP requested and was granted a time extension until after the Minnesota Supreme Court made its decision.

On August 14, 2020, the Department filed our Response to Reply Comments, noting that OTP’s reply comments expanded its initial petition by including three new projects and related annual revenue requirements that were not included in the Company’s initial filing on November 30, 2018. In addition, OTP’s reply comments included updates to billings, revenues, and expenses with actual data through March 2020 and forecasts through December 2021. The Department also noted that OTP’s reply comments did not address several of the issues raised by the Department in its April 1, 2019 comments. The Department recommended that the Commission:

- require OTP to remove from its TCRR in this proceeding the costs of the Lake Norden Area Transmission Improvements, the Rugby 41.6 kV Breaker Station, and the Granville Junction Breaker Station transmission projects and their related revenue requirements and tracker balances, if the Commission agrees with the Department’s conclusions and recommendations in Docket No. E017/M-19-530 (19-530);

¹ OTP’s representation that its proposal claimed to show revenue requirements “without BSAT Projects” is inaccurate since OTP includes charges for Northern States Power, d/b/a Xcel Energy’s (Xcel) share of costs of the BSAT lines.

- if, despite the Department's objections in 19-530, the Commission allows OTP to include the Lake Norden Area Transmission Improvements, the Rugby 41.6 kV Breaker Station, and the Granville Junction Breaker Station transmission projects in its TCRR:
 - require OTP to include any related wholesale transmission revenues or net credits associated with these projects in its TCRR; and
 - include a downward adjustment to rate base of \$95,354 regarding the timing of property taxes to be reflected in OTP's proposed 2021 annual revenue requirements.
- deny OTP's proposal to apply carrying charges equal to its overall rate of return to its TCRR tracker balance;
- require OTP to begin amortizing and refunding its excess ADIT balances in its revenue requirement calculations in its TCRR; and
- require OTP to provide in its initial filing in its next rate case a full and complete justification for assigning any transmission projects to an affiliate as defined under Minn. Stat. §216B.48.

In addition, given the harm to OTP's ratepayers caused by the Company's choices regarding its TCRR, the Department recommended that the Commission consider cancelling OTP's TCRR and requiring OTP to include all of its transmission assets and their related MISO Schedule revenues and expenses in base rates in a general rate case proceeding.

Finally, the Department recommended that OTP provide the following:

- explain whether any of the project costs included in its TCRR are over their respective cost caps;
- provide its excess ADIT balance as of December 31, 2017 for its TCRR along with its proposed amortization period using the ARAM.

On August 24, 2020, OTP filed its most recent Reply Comments.

On August 26, 2020, the Commission issued a Notice of Supplemental Comment Period (Notice). The Commission's Notice identified the following issues as being open for comment:

- Did Otter Tail provide the information requested by the Minnesota Department of Commerce (Department) in the Department's August 14, 2020 response comments?
- What are the Department's final recommendations?
- Are there other issues or concerns related to this matter?

The Department appreciates the opportunity to respond and provides its responses below.

II. RESPONSE TO OTTER TAIL POWER'S AUGUST 24, 2020 REPLY COMMENTS

Otter Tail responded to several issues, and the Department responds below:

- Adjustment for property taxes,
- Cost caps,
- Excess Accumulated Deferred Income Taxes,
- Carrying charge,
- Response to issues in Docket No. E017/M-19-530,
- OTP's need to comply with MN Stat. §216B.48, and
- OTP's TCRR.

A. ADJUSTMENT FOR PROPERTY TAXES

On pages 18-19 of the Department's August 14, 2020 Response to Reply Comments, we noted the need to make the same adjustment to rate base as required in setting base rates to reflect that OTP does not pay property taxes until the year after the test year (e.g. 2021 property taxes are not paid until 2022). The only projects to which this adjustment would apply are the three new projects that the Department concludes should not be included in the TCRR, as discussed below and in the Department's July 6, 2020 Comments in Docket No. E017/M-19-530 (Docket 19-530).

Thus, if the Commission agrees that the new projects in Docket 19-530 do not meet the requirements to warrant extraordinary rate treatment through a rider, then no adjustment for property taxes is needed to the TCRR. If, however, the Commission allows OTP to charge Minnesota ratepayers for the costs of the new projects in Docket 19-530, an adjustment would be needed. The Department estimated the rate base adjustment to be \$95,354, based on data from the Company's most recent rate case, Docket No. E017/GR-15-1033.

In its August 24, 2020 Reply Comments, OTP argues that the costs of the new projects in Docket 19-530 should be charged to its Minnesota ratepayers and accepted the minor reduction in rate base, noting that the adjustment has no effect on Minnesota rates.

The Department responds below to OTP's arguments regarding the issues in Docket 19-530.

B. COST CAPS

The Department discussed on page 11 of our August 14, 2020 Response to Reply Comments the Commission's determination that "TCR project cost recovery through the rider should be limited to the amount of the initial cost estimates at the time the projects are approved as eligible projects." To hold utilities financially accountable for the costs they incur for a project, the Commission does not allow utilities to recover costs higher than the initial estimates in the rider; instead the Commission allows utilities a chance to seek recovery of excluded costs "on a prospective basis in a subsequent rate case" noting that requests to charge ratepayers for more than the amount of the initial estimate "may be brought for Commission review only if unforeseen or extraordinary circumstances arise on a project."

Since OTP did not address this issue in its comments regarding the costs of three new projects that the Company proposed to charge to Minnesota ratepayers in Docket 19-530, the Department requested that OTP provide this information.

The Company stated on page 3 of its August 24, 2020 Reply Comments that “The New Projects are not located in Minnesota and were not subject to Minnesota certificate of need proceedings.” Instead, OTP referred to proceedings before the North Dakota Public Service Commission (ND PSC) and the South Dakota Public Utilities Commission (SD PUC).

If the Commission determines, contrary to the Department’s recommendation, that the projects meet the Minnesota statutory qualifications for recovery from Minnesota ratepayers through a special rider, the Department notes that the costs for the new projects that OTP proposes to charge through the rider to Minnesota ratepayers appear to be overstated, based on OTP’s data. For example:

- The plant balance for Rugby is also overstated, by approximately \$0.7 million:
 - OTP indicated on page 4 of its August 24, 2020 Reply Comments that total Company cost of Rugby is \$0.4 million;
 - OTP’s August 24, 2020 Reply Comments used a plant balance of \$1,115,701;
 - the difference between these two rate base amounts is over \$700,000.

- The plant balance for Granville is overstated by over \$0.4 million:
 - OTP indicated on page 4 of its August 24, 2020 Reply Comments that total Company cost of Granville is \$0.2 million;
 - OTP’s August 24, 2020 Reply Comments used a plant balance of \$618,956;
 - the difference between these two rate base amounts is over \$400,000.

Thus, even if the Commission were to determine that the projects in 19-530 meet the requirements in Minnesota statutes to allow extraordinary cost recovery in a rider, OTP’s proposed revenue requirements for these projects are excessive.

C. EXCESS ACCUMULATED DEFERRED INCOME TAXES

The Department requested further information about OTP’s accumulated deferred income taxes (ADIT) and excess ADIT. OTP referred to its extension request for this information, but neither that information nor OTP’s August 24, 2020 Reply Comments addressed the new projects included in OTP’s May 7, 2020 Reply Comments. Nonetheless, the Department confirmed that OTP used the correct tax conversion factor for the new projects, and thus this aspect of the calculation is correct, in case the Commission makes a finding that the new projects qualify under Minnesota statutes for extraordinary rider rate treatment.

D. CARRYING CHARGE

As indicated on page 17 of the Department's August 14, 2020 Response to Reply Comments, OTP proposes to charge its ratepayers nearly one-half million dollars (\$472,015) in 2020 alone for carrying charges. Further carrying costs would be charged to ratepayers under OTP's proposal since the Company proposes to charge ratepayers carrying charges on the second half of the true-up.

As the Department discussed, our recommendation not to allow OTP to charge a carrying charge is based on the determination in the Commission's March 10, 2014 Order in Docket No. E017/M-13-103, which stated in part that "Otter Tail shall not add a carrying charge to the tracker balance for the TCR rider and the Renewable Resource Cost Recovery Rider effective with the date of this Order."

OTP argues that the circumstances in this proceeding are different and warrant allowing the Company to surcharge its customers for interest. Given the clear directive in the Commission's Order noted above, along with the fact that OTP is requesting that the Commission make a contradictory determination retroactively, the Department recommends that, if the Commission allows OTP to charge its ratepayers a carrying charge, that charge should be allowed only on a going-forward basis and at an amount no higher than OTP's cost of short-term debt, which the Commission has allowed on trackers to recover costs of conservation improvement programs.

E. RESPONSE TO ISSUES IN DOCKET NO. E017/M-19-530

OTP argues that the costs of the new projects should be charge to Minnesota ratepayers in its TCRR rather than through a rate case. In addition to the overstated plant balances noted above, the Department discussed each of these new projects separately, starting on page 3 of our July 6, 2020 Comments in Docket 19-530, concluding that none of these projects meet the requirements in Minnesota Statutes for extraordinary ratemaking through the rider rather than base rates. The Department stands by that analysis, which is summarized here:

The Lake Norden project is 47 miles of new 115-kilovolt transmission line and associated upgrades to three existing substations, to accommodate increased demand at the Agropur cheese plant in Lake Norden, located in eastern South Dakota.

Ordinarily, utilities recover costs of projects in the first general rate case after the facilities are "used and useful" in providing service to ratepayers. An exception to this ratemaking treatment is in Minnesota Statute §216B.16, subd. 7b, which states:

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 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.** [emphasis added]

The Department identified the following requirements for eligibility to be recovered in a rider, prior to a rate case – whether the project:

- has “Minnesota jurisdictional costs net of associated revenues,”
- is for “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 the state,” and
- has been “determined by the Midcontinent Independent System Operator to benefit the utility or integrated transmission system.”

The Department concluded the following:

The Department agrees with Otter Tail that the project has been approved by the regulatory commission of the state in which the new transmission facilities are to be constructed, evidently to the extent that approval is required by the laws of the state of South Dakota. Regarding any benefit to the integrated transmission system or Otter Tail’s Minnesota customers, the Department notes that MISO found “no adverse system impact caused by the project” but did not indicate that there would be any benefit to the system as a whole or to Minnesota customers. Instead, MISO’s determination said that the proposed facility “can reliably serve the new load” in South Dakota.

The lack of benefit to Minnesota customers is consistent with the purpose of the project being to serve increased load from a single large industrial customer in South Dakota. Based on this information, the Department concludes that MISO has not determined by that the Lake Norden Project benefits Otter Tail’s Minnesota utility or integrated transmission system. Therefore, the project does not meet the requirements of Minn. Stat. §216B.16, subd. 7b to be eligible for TCR recovery.

The Department’s July 6, 2020 Comments in 19-530 indicated that MISO determined that both the Rugby and Granville Projects were installed “to enhance reliability in the local area.” Specifically they are “being built to enhance reliability on the 41.6 kV system in North Dakota by adding sectionalizing capability, reducing exposure, and adding operational flexibility.”

The Department concluded that, since the purpose of these projects are to enhance reliability in the local area rather than in Minnesota or in Otter Tail’s integrated transmission system, there are no Minnesota jurisdictional costs or benefits from the projects that would warrant extraordinary ratemaking through the TCR rider.

On July 21, 2020, OTP filed Reply Comments, which stated that the only requirement for extraordinary cost recovery through a rider is merely for MISO to find any benefit to a utility of a transmission project.

However, MISO does not determine jurisdictional cost allocations of transmission projects; such determinations are made in a general rate case. (Even if that were MISO's responsibility, MISO's determinations would assign the cost responsibilities outside of Minnesota.) Until OTP's next rate case, the costs of these new projects should not be charged to Minnesota ratepayers in the TCRR.

F. OTP'S NEED TO COMPLY WITH MN STAT. §216B.48

The Department stated on page 19 of our August 14, 2020 Response to Reply Comments that the Minnesota Supreme Court allowed OTP to exclude the revenues from certain transmission projects in its TCRR between rate cases, but "did not decide that a utility could 'assign' net proceeds from an asset away from ratepayers to an unregulated affiliate, without written approval from the Commission." The Department also noted that Minnesota's Affiliated-Interest Statute §216B.48 subd 1(9) defines an affiliate as "every part of a corporation in which an operating division is a public utility."

To address OTP's need to comply with this statute, the Department recommended that the Commission require OTP to provide in its initial filing in its next rate case a full and complete justification for assigning any transmission projects to such an affiliate.

OTP's August 24, 2020 Reply Comments appear to try to argue that the Minnesota Court of Appeals and the Minnesota Supreme Court decided that OTP need not comply with Minnesota's Affiliated-Interest statute. But the Minnesota Supreme Court merely decided that OTP could keep for its shareholders through the TCRR between rate cases the revenues from the BSAT facilities and expressly decided not to determine how rates should be set in the Company's next rate case.

Moreover, the Court of Appeals did not decide that OTP need not comply with Minnesota's Affiliated-Interest Statute. Thus, the Department concludes that OTP must still comply with Minnesota Statute §216B.48 in its next rate case.

OTP's compliance with Minnesota Statute §216B.48 is key to the question of jurisdiction over OTP's rates. Minnesota Statute §216B.48, subd. 3 requires Commission approval of any "contract or arrangement, including any general or continuing arrangement, providing for the furnishing of management, supervisory, construction, engineering, accounting, legal, financial, or similar services, and no contract or arrangement for the purchase, sale, lease, or exchange of any property, right, or thing, or for the furnishing of any service, property, right, or thing" between a public utility and "any affiliated interest as defined in subdivision 1, clauses (1) to (8), or any arrangement between a public utility and an affiliated interest as defined in subdivision 1, clause (9), made or entered into after August 1, 1993."

Thus, under Minnesota Statutes, OTP's proposal to "assign" a transmission asset to another part of its corporation is a transaction with an affiliated interest.

OTP never sought approval for such its transaction, even though subd. 1 of Minnesota Statute §216B.48 defines affiliated interests with a public utility broadly, including, in clause (9): “every part of a corporation in which an operating division is a public utility.” Thus, OTP’s proposal to assign a transmission facility to any part of OTP’s corporation requires approval from the Commission.

Further, the Commission may grant approval “only if it clearly appears and is established upon investigation that it is reasonable and consistent with the public interest.” The burden of proof is on Otter Tail to show that its proposal is in the public interest. The Department concludes that OTP has not made such a showing and should be required to do so to comply with Minnesota statutes.

Only if OTP can make such a showing prior to or within its next rate case would the Commission lose jurisdiction over OTP’s retail rates in base rates related to the BSAT lines. Until such time, the Commission retains full jurisdiction over OTP’s retail rates, where the Commission must continue to fully recognize – as the all-in method does² – both the costs and revenues authorized by FERC.

As the United States Supreme Court has ruled in various proceedings, including *Hughes v. Talen Energy Marketing, LLC*, 136 S.Ct. 1288 (2016), the Federal Energy Regulatory Commission (FERC) has jurisdiction over wholesale rates, but states retain authority over retail rates:

The Federal Power Act (FPA) authorizes the Federal Energy Regulatory Commission (FERC) to regulate “the sale of electric energy at wholesale in interstate commerce,” including both wholesale electricity rates and any rule or practice “affecting” such rates. 16 U. S. C. §§824(b), 824d(a), 824e(a). But it places beyond FERC’s power, leaving to the States alone, the regulation of “any other sale”—i.e., any retail sale—of electricity. §824(b).

In particular, states such as Minnesota that have not deregulated or “unbundled” generation of the vertically integrated utilities retain jurisdiction over rates to recover costs of the vertically integrated system of generation, transmission and distribution facilities.

It is obvious that a federal order claiming jurisdiction over all retail transmissions would have even greater implications for the States’ regulation of retail sales—a state regulatory power recognized by the same statutory provision that authorizes FERC’s transmission jurisdiction. See 16 U. S. C. § 824(b) (giving FERC jurisdiction over “transmission of electric energy,” but recognizing state jurisdiction over “any ... sale of electric energy” other than “sale of electric energy at wholesale”).

N.Y. v. FERC, 535 U.S. 1, 28 (2002).

² The Department provided schematics in Attachment 2 to its April 1, 2019 Comments in this proceeding demonstrating how Minnesota ratemaking includes all FERC-authorized costs and revenues. It is only OTP that omits some FERC-authorized revenues from its proposed rates.

Moreover, the U.S. Supreme Court recognized in the Hughes-Talen case that states such as Maryland that unbundled and lost jurisdiction over retail rates regarding generation and transmission may remedy concerns over retail rates for transmission facilities by re-regulating electric generation:

Our holding is limited: We reject Maryland’s program only because it disregards an interstate wholesale rate required by FERC.^[3] We therefore need not and do not address the permissibility of various other measures States might employ to encourage development of new or clean generation, including tax incentives, land grants, direct subsidies, construction of state-owned generation facilities, **or re-regulation of the energy sector**. Nothing in this opinion should be read to foreclose Maryland and other States from encouraging production of new or clean generation through measures “untethered to a generator’s wholesale market participation.” Brief for Respondents 40. So long as a State does not condition payment of funds on capacity clearing the auction, the State’s program would not suffer from the fatal defect that renders Maryland’s program unacceptable.

Hughes v. Talen Energy Mktg., LLC 578 U.S. ____ (2016) (Emphasis added).

Thus, due to the significant effect on jurisdiction over retail rates, OTP must first comply with Minnesota Statute §216B.48 subd. 3 by meeting its burden of proof to show that its affiliated-interest transaction is reasonable and consistent with the public interest.

Finally, given the decision by the Minnesota Supreme Court regarding the TCRR and the rates set in OTP’s prior rate case, the Department agrees with OTP that the Commission need not decide in this proceeding the future ratemaking in OTP’s next rate case. However, given OTP’s reluctance to comply with Minnesota Statute §216B.48, it is evidently necessary for the Commission to order the Company to make the showing required in subd. 3.

G. OTP’s TCRR

As noted above, the Department recognizes that the Minnesota Supreme Court allowed OTP to choose between rate cases whether or not to credit ratepayers with net revenues from BSAT projects. The Company has chosen to keep the revenues for its shareholders for now, with significant bill impacts for its customers resulting from the Company’s choice.

³ The Department notes that the decision by the United States Supreme Court in Hughes v. Talen Energy Mktg concerned significantly different circumstances than apply to OTP. In addition to applying to a state that chose to unbundle its electric utilities, Maryland interfered with FERC’s jurisdiction by *attempting to set the wholesale electric capacity rate for an unregulated generation provider*. By contrast, Minnesota’s ratemaking fully recognizes all FERC-authorized rates, for both costs and revenues.

For example, as noted in the Department’s August 14, 2020 Response to Reply Comments, the monthly bill impact for a residential customer using, on average, about 1,000 kWh per month would be \$7.32 per month,⁴ or about \$88 per year compared to the current TCRR, with inclusion of only half of the December 2020 tracker balance at this time. Including the entire true-up would increase Residential customers’ bills by \$10.84 per month or over \$130 per year.

Bill impacts for Farm customers using over 2,140 kWh per month⁵ would be more than twice as high, at \$15.64 per month and over \$187 per year with only half of the true-up, and over \$23 per month and over \$278 per year if the entire true-up is included.

The Department notes that the circumstances leading to OTP’s current proposal are sufficiently troubling to warrant consideration by the Commission as to whether to continue to allow the Company to have a TCRR. Since Minnesota Statute §216B.16, subd. 7b is permissive as to whether a utility has such a rider mechanism (“the commission may approve a tariff mechanism...”), consideration as to whether to suspend the rider, on a going-forward basis, is justified.

These facts warrant such consideration:

- To date, OTP has sought no approval from the Commission of the affiliated-interest transaction under Minnesota Statute §216B.48, subd. 3;
- In OTP’s prior rate case (Docket No. E017/GR-15-1033), OTP made numerous attempts to obscure the unauthorized affiliated-interest transaction, including:
 - Failing to disclose in its testimony any information about the affiliated-interest transaction,
 - Making a reference only in a workpaper to an undefined term of “Traditional” ratemaking, requiring significant regulatory resources even to uncover the fact that OTP was proposing to keep revenues for shareholders through an unauthorized affiliated-interest transaction,
 - Referring (inaccurately) to a Commission decision as requiring the Company’s proposal, without identifying the Order or the basis for its argument,⁶
- OTP failed to honor the commitment the Company made to the Commission:
 - *In re Otter Tail Power Co.’s Petition for Approval of Transfer of Operational Control of Transmission Facilities to the Midwest Independent System Operator*, Otter Tail proposed to transfer operational control of transmission assets to the Midwest Independent Transmission System Operator,
 - OTP assured – accurately, as explained above- that the Minnesota Commission, not FERC, had jurisdiction over Otter Tail’s bundled retail rates,
 - Otter Tail also assured the Commission that the Commission would retain its authority to evaluate any proposed retail rate changes due to wholesale transmission rate changes,

⁴ OTP Reply Comments, page 6.

⁵ Source: OTP’s 8/21/2017 Compliance filing, Docket No. E017/GR-15-1033, Attachment 3A, Schedule E-2, page 1.

⁶ The August 16, 2016 Direct Testimony in Docket No. E017/GR-15-1033 of Department Witness Mr. Mark Johnson, beginning on page 30, discusses these issues in more detail.

- based in part on the Company's assurance, the Commission conditionally approved Otter Tail's request. Docket No. E-017/PA-01-1391, Order Authorizing Transfer with Conditions at 10, 12 (MPUC May 9, 2002),
- However, OTP failed to honor its commitments.

IV. DEPARTMENT'S FINAL ANALYSIS

Based on the analysis above and in our August 14, 2020 Response to Reply Comments, the Department recommends that the Commission:

- require OTP to remove from its TCRR in this proceeding the costs of the Lake Norden Area Transmission Improvements, the Rugby 41.6 kV Breaker Station, and the Granville Junction Breaker Station transmission projects and their related revenue requirements and tracker balances, if the Commission agrees with the Department's conclusions and recommendations in 19-530;
 - if, despite the Department's objections in 19-530, the Commission allows OTP to include the Lake Norden Area Transmission Improvements, the Rugby 41.6 kV Breaker Station, and the Granville Junction Breaker Station transmission projects in its TCRR:
 - require OTP to include any related wholesale transmission revenues or net credits associated with these projects in its TCRR;
 - require OTP to remove the overstated Rugby and Granville project costs;
 - include a downward adjustment to rate base of \$95,354 regarding the timing of property taxes to be reflected in OTP's proposed 2021 annual revenue requirements.
- deny OTP's proposal to apply carrying charges equal to its overall rate of return to its TCRR tracker balance, given the Commission's prior determination that no carrying charge would be allowed;
- if the Commission allows OTP to apply a carrying charge, allow such a charge on a going-forward basis only, and only at the rate of OTP's short-term debt;
- require OTP to provide in its initial filing in its next rate case a full and complete justification for assigning any transmission projects to an affiliate as defined under Minn. Stat. §216B.48; and
- consider cancelling OTP's TCRR on a going-forward basis, given the concerns listed in these comments.

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
Supplemental Comments**

Docket No. E017/M-18-748

Dated this **3rd** day of **September 2020**

/s/Sharon Ferguson

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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_18-748_M-18-748
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