

September 11, 2014

Burl W. Haar  
Executive Secretary  
Minnesota Public Utilities Commission  
121 7<sup>th</sup> Place East, Suite 350  
St. Paul, Minnesota 55101-2147

RE: **Comments of the Division of Energy Resources of the Minnesota Department of Commerce**  
Docket No. E017/M-03-30

Dear Dr. Haar:

Attached are the Comments of the Division of Energy Resources of the Minnesota Department of Commerce (Department) in the following matter:

    Otter Tail Power Company's compliance report in Docket No. E017/M-03-30.

The initial docket was filed on January 8, 2003. The Company's compliance report was filed on July 31, 2014. The petitioner is:

    Stuart Tommerdahl  
    Manager, Regulatory Administration  
    Otter Tail Power Company  
    215 South Cascade Street  
    PO Box 496  
    Fergus Falls, Minnesota 56538-0496

The Department recommends that the Minnesota Public Utilities Commission approve the compliance report and the new annual true-up debit (increase in rates) of 0.8 mills per kWh. The Department is available to answer any questions the Commission may have.

Sincerely,

/s/ DALE V. LUSTI  
Financial Analyst

DVL/ja  
Attachment

**BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION**

**COMMENTS OF THE  
MINNESOTA DEPARTMENT OF COMMERCE  
DIVISION OF ENERGY RESOURCES**

**DOCKET No. E017/M-03-30**

**I. BACKGROUND**

On December 23, 2002, in Docket No. G,E999/AA-01-838, the Minnesota Public Utilities Commission (Commission) ordered Otter Tail Power Company (OTP, Otter Tail or the Company) to file a Fuel Clause Adjustment (FCA) true-up proposal by January 8, 2003, i.e., within 90 days of the hearing date. This requirement was based on data that had consistently shown that OTP had been over-collecting fuel costs for a number of years.

At the January 22, 2004 Commission meeting in Docket No. E017/M-03-30 (the 03-30 docket), the Department of Commerce (Department) and the Company jointly recommended that the Commission direct Otter Tail to supplement its filing with an “annual true-up” alternative to allow for comparison. It was further recommended that the supplemental filing consider implementation issues and the underlying issue as to whether it is appropriate to have a true-up.

On February 18, 2004, the Commission issued an Order in the 03-30 docket with the following requirement:

Within 60 days of the date the Department of Commerce files its initial comments in Docket E,G999/AA-03-1264, Otter Tail Power Company shall make a supplemental filing in this docket containing at least the following items:

- a. An annual true-up mechanism for its automatic fuel clause adjustment;
- b. An analysis and discussion of the current need for a fuel clause true-up; and
- c. An analysis and discussion of any implementation issues likely to arise with either the annual or monthly true-up.

On April 27, 2004, the Company submitted a supplemental filing and petition seeking approval of:

- an annual FCA true-up mechanism;
- a change in application date of the current FCA from a mid-month basis to a calendar month basis;
- a change to tariff language to reflect the annual true-up rate and the change in the application of the monthly rate;
- a variance of Minnesota Rules 7825.2500; and
- a proposed effective date of August 1, 2004 for the annual true-up.

On December 27, 2004, the Commission approved Otter Tail's proposed annual FCA true-up effective August 1, 2005.

On July 28, 2005, the Company submitted a petition seeking approval to delay implementation of its annual true-up for 2005, from the August 1, 2005 date to at least year-end 2005, provided that the Commission has ruled on Midcontinent Independent System Operator (MISO) costs in Docket No. E017/M-05-284.

The Company's request to delay implementation of its annual true-up for 2005 was based on the following reasons:

- MISO Day 2 market activity and Docket No. E017/M-05-284. MISO costs included in Otter Tail's FCA are subject to final determination by the Commission and subject to possible refund;
- During the last three months of the true-up period (July 2004 thru June 2005), the Company experienced an under-recovery of approximately \$3.5 million. For comparison purposes, the first nine months of the period resulted in essentially a zero over-under recovery. The under-recovery in the last three months may be an indication of the instability of costs in recent months. Some of the costs may have been caused by the MISO market start-up and some by another event;
- Also during the MISO start-up period, Otter Tail had one of its major baseload generating plants (Big Stone) out of service for seven weeks for a scheduled overhaul, forcing the Company to make additional purchases in the early months of the MISO market.

On September 30, 2005, the Commission approved Otter Tail's proposal to delay implementation of its annual true-up for 2005, and Ordered that Otter Tail file its 2005 true-up by December 31, 2005.

On December 21, 2005, the Company submitted a petition seeking approval to extend implementation of its annual true-up for 2005, from the December 31, 2005 date to August 1, 2006, again citing issues related to MISO.

On March 20, 2006, via its consent calendar, the Commission approved Otter Tail's proposed extension.

On July 20, 2006, the Company submitted a petition seeking approval to implement its true-up starting with bills dated August 2, 2006. Otter Tail's request was based on the 24 months of July 2004-June 2006, to be collected over a 12-month period. The petition identified an under-recovery of \$4,202,535 over the 24-month period. The proposed true-up factor to be recovered over the next 12-month period was 2.2 mills per kWh.

On July 31, 2006, the Department filed comments recommending that OTP withdraw its request to implement the true-up until it identified and excluded MISO-related costs that it asserted should be handled in another docket. Further, the Department recommended that OTP should either exclude non-recoverable costs related to the April 2005 through June 2005 \$3.5 million under recovery, or explain why these costs should be allowed to be recovered.

On August 2, 2006, OTP implemented the true-up charge.

The Commission's September 28, 2006 Order permitted OTP to continue the FCA true-up mechanism authorized on December 27, 2004 and implemented on August 2, 2006. The Order required OTP to file within 30 days a detailed explanation supporting the true-up charge.

On October 30, 2006, the Company submitted a compliance report that included the requested supporting documentation as well as proposed true-up procedures.

The Commission's December 27, 2006 Order approved OTP's compliance report and proposed true-up procedures. The procedures applicable to future annual true-up filings were as follows:

1. The over/under amount is determined for the period July 1 through June 30 (same time period as covered by Annual Automatic Adjustment or AAA reports).
2. The amount of over/under recovery is divided by kWh sales subject to FCA for the same historical 12 months to develop a rate. The annual true-up rate will be based on historical costs and sales, unless a material change to sales is known to occur in the period to which the true-up rate is to be applied, in which case the known change will be considered in the true-up rate calculation.

3. Notice of implementation of the new annual true-up is to be filed by September 1.
4. The rate would be applied to customers' bills beginning September 1, subject to regulatory review.
5. Otter Tail will work with Commission staff on the notification to customers of the change in timing and rate.
6. Documentation to include with filing:
  - a. Bill impact by customer class;
  - b. Documentation supporting all calculations;
  - c. Sales forecast covering the time period that the true-up will be collected/refunded;
  - d. Notation of unusual costs such as plant outages, market start-up, unusual increased or decreased sales; and
  - e. Any additional documentation requirements resulting from the final Order in the MISO Day 2 docket (E-017/05-284) that may pertain to an annual true-up calculation.
7. Any over recovery resulting from the true-up will be refunded.

On January 16, 2007, the Company submitted a proposal to reduce the true-up rate for the months of February through July 2007 from \$0.0022 per kWh to \$0.0005 per kWh.

The Commission's March 22, 2007 Order approved OTP's reduced true-up rate for the months of February through July of 2007.

On August 31, 2007, the Company submitted a proposal to implement a true-up *refund* of \$0.0004 per kWh, a decrease of \$0.0009 per kWh from the prior true up, ( $\$0.0005 - (-\$0.0004) = \$0.0009$ ).

The Commission's October 26, 2007 Order approved OTP's true-up refund beginning September 4, 2007.

On July 31, 2008, the Company submitted a compliance report and proposal to implement a true-up refund of \$0.0006 per kWh, a decrease of \$0.0002 per kWh from the prior amount. The Commission's September 4, 2009 Order approved OTP's true-up refund beginning September 2, 2008.

On July 31, 2009, the Company submitted a compliance report and proposal to implement a true-up refund of \$0.0001 per kWh, an increase of \$0.0005 per kWh from the prior amount. The Commission's September 14, 2009 Order approved OTP's true-up refund beginning September 1, 2009.

On July 30, 2010, the Company submitted a compliance report and proposal to implement a true-up increase in rates of \$0.0003 per kWh, an increase of \$0.0004 per kWh from the prior amount. The Commission's October 15, 2010 Order approved OTP's true-up increase in rates beginning September 1, 2010.

On August 1, 2011, the Company submitted a compliance report and proposal to implement a true-up increase in rates of \$0.0005 per kWh, an increase of \$0.0002 per kWh from the prior amount. The Commission's December 16, 2011 Order approved OTP's true-up increase in rates beginning September 1, 2011.

On July 31, 2012, the Company submitted a compliance report and proposal to implement the same true-up increase in rates of \$0.0005 per kWh, as in the previous year. The Commission's October 9, 2012 Order approved OTP's true-up increase in rates beginning September 1, 2012.

On July 31, 2013, the Company submitted a compliance report and proposal to implement a true-up refund of \$0.0002 per kWh, a decrease of \$0.0007 per kWh from the amount in the prior year. The Commission's October 18, 2013 Order approved OTP's true-up refund in rates beginning September 1, 2013.

## **II. SUMMARY OF OTTER TAIL'S REQUEST**

On July 31, 2014, the Company submitted a petition seeking approval to implement its new annual true-up starting with bills dated September 1, 2014. Otter Tail's request was based on the 12 months of July 1, 2013 through June 30, 2014, to be collected over a 12-month period. The petition identified a net over-recovery of \$1,831,116. The proposed true-up factor to be collected over the next 12-month period is an increase in rates of 0.8 mills per kWh or \$0.0008 per kWh. This amount is an increase of \$0.001 per kWh, the largest one-year increase in the true-up since its inception.

## **III. DEPARTMENT ANALYSIS**

### **A. SIZE OF TRUE-UP**

Since both the size of the true-up and the one-year change in the true-up are the largest since the inception of the annual true-up, the Department investigated the cause of the increase. As indicated in Attachment A, OTP's response to the Department's discovery indicates that the colder weather and higher energy costs, coupled with higher sales on which a \$0.0002 per kWh refund from the prior year was attached, resulted in a significant under-recovery. The Department's Attachment B confirms OTP's calculations. Because the company was able to support its proposed rate increase, the Department does not oppose the request.

*B. OTP'S RATE CALCULATION*

The Commission's December 27, 2006 Order provides specific true-up procedures applicable to the Company's annual true-up filings. Therefore, the Department addresses whether the Company complied with each of the true-up procedures.

1. The Department confirmed that the under-recovery amount of \$1,831,116 was for the period July 1, 2013 through June 30, 2014.
2. The Department confirmed that the proposed true-up credit of \$0.8 mills/kWh was the result of dividing the amount of net under-recovery of actual costs of \$1,831,116 by 2,263,800,059 which was the actual Minnesota kWh sales during the period July 2013 through June 2014.
3. On July 31, 2014, the Company filed a notice of implementation of its new annual true-up, which was prior to the suggested September 1 date.
4. The Company advised the Commission that it would implement the new true-up rate on September 1, 2014, consistent with the Commission's procedure.
5. The Department agrees with the Company that the change in timing and rate issue was a one-time occurrence, and is no longer applicable.
6. The Department reviewed and concurs that the following documentation was in fact submitted with the filing in compliance with the December 27, 2006 Order:
  - a) Exhibit 2, Page 1 of 4 to the Petition contains dollar amounts by customer class, and Exhibit 4 contains the bill impacts on a typical (average) customer within each of the classes;
  - b) Exhibit 1 and Exhibit 3, Pages 1-24 to the Petition provide the requested supporting calculations;
  - c) Exhibit 2, Page 1 of 4 to the Petition contains the requested sales forecast;
  - d) Exhibit 2, Pages 2-3 to the Petition contains the requested plant outages and unusual costs by month for the period June 2013 through June 2014; and
  - e) Exhibit 2, Page 4 to the Petition contains the Company's statement that there were no additional requirements in the true-up due to the final Order in Docket No. E017/M-05-284.
7. At the time of the 2014 filing, the Company did not know the amount of any true-up difference for the period ending August 2014; thus the amount will be reported in the 2015 annual filing, and included in the true-up, if appropriate.

#### **IV. DEPARTMENT RECOMMENDATION**

The Department recommends that the Commission approve OTP's compliance report and the annual true-up credit of 0.8 mills per kWh to be refunded over the 12-month period beginning September 1, 2014.

/ja



OTTER TAIL POWER COMPANY  
Docket No: E017-M-03-30

Response to: Minnesota Department of Commerce  
Analyst: Dale V. Lusti  
Date Received: 08/18/2014  
Date Due: 08/28/2014  
Date of Response: 08/28/2014  
Responding Witness: Stuart Tommerdahl, Manager Regulatory Administration, 218 739-8279

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Information Request:

Reference: July 31, 2014 Filing as well as those of previous years

The Department notes the true-up factor (a collection of \$0.0008) proposed to be implemented on September 1, 2014 appears to be the largest in the history of Otter Tail's true-ups.

Please identify what may have caused the large under-collection to occur in the past year. For example, did Otter Tail not have sufficient capacity on its system to serve the winter-peaking load? Please explain.

Attachments: 1

Attachment 1 MN True-up calculation 2006-2013 - IR Response.pdf

Response:

As explained in greater detail below, weather conditions were the primary cause for under-collection during the True-up Period. The under-collection was not caused by insufficient capacity. At all times, Otter Tail had sufficient capacity to meet its resource adequacy requirements.

The true-up amount (the over- or under-collection in any year) is influenced by a combination of variations in sales volumes and variations in energy costs. When the FCA rate is set, it is based on historic sales volumes and historic energy costs. Moving forward, however, because sales volumes and energy costs change, over-collections and under-collections occur as the rate (set on older information) is applied to current sales to cover current costs. Over the course of a year, over-collections in some months are generally off-set to some extent by under-collections in other months. These monthly over- and under-collections result in an aggregate annual over- or under-collection amount for the year. This aggregate over- or under-collection amount is what is used for the true up.

Public  
Response to Information Request MN-DOC-001  
Page 2 of 2

The winter of 2013/2014 was one of the coldest winters our region has experienced in the last 20 years due to the “polar vortex” weather pattern which existed across the upper Midwest. The following table compares actual temperatures across Otter Tail’s service territory compared to 20 year averages from December 2013 thru April 2014.

	Actual Average Temp	20 Year Average Temp	Deviation from Average
December 2013	3.1	14.9	-11.8
January 2014	3.9	8.9	-4.9
February 2014	3.3	13.9	-10.6
March 2014	20.9	26.2	-5.3
April 2014	37.8	42.0	-4.1

The colder weather resulted in increased sales to customers beginning in December 2013. Correspondingly, increased energy costs were incurred. To help illustrate further, Attachment 1 to this information request is a copy of Exhibit 1 to the original filing, updated to include additional calculations in columns I through M which help quantify the approximate monthly over/(under) collection for each month from July 2013 to June 2014. Note that in December of 2013, an estimated \$1.86 million under recovery amount developed as noted in Column M. As the cold continued to persist well into the spring, the mechanics of the FCA mechanism never really “caught up” the under-collection within the reporting period.

Other Tail Power Company True-up for kWh subject to FCA  
 Docket E017/M-03-30  
 Calculation of Annual True-up - July 2013 through June 2014

Monthly Analysis

Line No.	(A) Month	(B) FCA Revenue FCA Calculation Source: (\$242,055)	(C) True-up Rate \$0.0005	(D) Subtract Last Year's True-up (O) / (F)	(E) Net FCA Revenue (B) - (D) (\$324,059)	(F) MN kWh Sales Subject to COE FCA Calculation 164,008,554	(G) Total System Energy Cost FCA Calculation \$7,515,150	(H) Total System Sales FCA Calculation 327,838,019	(I) Base COE Rev (F) * Base Cost \$3,798,830	(J) MN Cost (F) / (H) * (G) \$3,829,718	(K) Avg rate (G) / (H) \$0.02335	(L) FCA & COE Rev (E) + (I) \$3,474,671.27	(M) (under)/over collection (J) - (L) (\$354,847)
1	Jul-13												
2	Aug-13	\$183,184	\$0.0005	\$84,132	\$99,051	168,264,951	\$7,510,321	322,294,353	\$3,897,521.06	\$3,921,024	\$0.02330	\$3,996,572.10	\$75,548
3	Sep-13	(\$4,939)	(\$0.0002)	(\$34,160)	\$29,221	170,799,713	\$6,376,288	334,847,989	\$3,956,233.75	\$3,252,425	\$0.01904	\$3,985,455.09	\$733,030
4	Oct-13	(\$6,210)	(\$0.0002)	(\$31,263)	\$25,053	156,313,809	\$7,055,944	307,992,771	\$3,620,686.76	\$3,581,063	\$0.02291	\$3,645,749.70	\$64,687
5	Nov-13	(\$415,884)	(\$0.0002)	(\$37,432)	(\$378,452)	187,160,553	\$8,634,705	383,072,284	\$4,335,199.89	\$4,218,724	\$0.02254	\$3,956,748.15	(\$281,976)
6	Dec-13	(\$507,846)	(\$0.0002)	(\$41,232)	(\$466,614)	206,161,462	\$13,170,243	440,220,452	\$4,775,817.94	\$6,167,811	\$0.02992	\$4,308,704.17	(\$1,869,107)
7	Jan-14	(\$158,859)	(\$0.0002)	(\$47,845)	(\$111,014)	239,225,081	\$11,901,987	517,245,284	\$5,541,170.55	\$5,504,649	\$0.02301	\$5,430,156.93	(\$74,492)
8	Feb-14	\$709,942	(\$0.0002)	(\$45,727)	\$755,669	228,635,561	\$12,082,316	489,675,847	\$5,295,895.50	\$5,841,379	\$0.02467	\$6,051,554.88	\$410,176
9	Mar-14	\$672,502	(\$0.0002)	(\$40,753)	\$613,255	203,763,989	\$13,596,282	435,798,763	\$4,719,785.28	\$6,357,137	\$0.03120	\$5,333,040.23	(\$1,024,097)
10	Apr-14	\$90,693	(\$0.0002)	(\$39,513)	\$130,206	197,565,461	\$7,375,402	409,245,261	\$4,576,208.77	\$3,560,517	\$0.01802	\$4,706,414.83	\$1,145,898
11	May-14	\$753,669	(\$0.0002)	(\$34,519)	\$788,189	172,596,249	\$10,007,786	346,741,321	\$3,997,846.92	\$4,952,973	\$0.02870	\$4,786,035.58	(\$166,937)
12	Jun-14	\$243,192	(\$0.0002)	(\$33,861)	\$277,053	189,304,676	\$8,863,803	325,543,407	\$3,921,604.21	\$4,609,779	\$0.02723	\$4,198,657.08	(\$411,122)
13	Totals	\$1,217,391		(\$220,169)	\$1,437,559	2,263,800,059	\$114,090,227	4,636,515,781	\$52,436,401	\$55,597,200		\$53,873,960	(\$1,723,240)
14						2,263,800,059							
15						\$1,437,559							
16						\$52,436,401							
17						\$53,873,960							
18						\$55,705,076							
19						(\$1,831,116)							
20						\$0							
21						(\$1,831,116)							
22													
23													

Base cost = \$0.023163

- Recovery from base cost: \$0.023163 x MN kWh sales subject to FCA
- Total adjusted recovery: Sum of recovery from FCA and recovery from base cost
- Actual energy cost: MN kWh sales subject to COE / total sys sales x total sys energy cost
- Over/under recovery: total adjusted recovery - actual energy cost
- % over/under recovery: over/under recovery / actual energy cost
- Over/Under Collection: MN kWh sales subject to COE:

If Other Tail over collects (over recovery) or under refunds the prior period's true-up, the amount due the customer is included in the calculation of the next year's true-up. Other Tail under collects the previous period's true-up so there is no adjustment to the calculation.

Previous True-up Amount to be collected (Sep 2012 - Aug 2013) was: (\$1,116,842)  
 Amount collected (Sep 2012 - Aug 2013) was: \$1,054,284  
 OTP undercollected: (\$62,558)

- Current approved True-up Amt - over/under collection \$487,024
- Amount collected (refunded) to-date (Sept 2013 - June 2014): (\$386,305)
- Net Balance remaining (a) + (b) \$10,719
- Estimated collections (refunds) to be received (Jul and Aug 2014) (\$65,455)
- Projected balance yet to be refunded \$44,264

OtterTail Power Company  
FCA Analysis

in the 2014 Compliance Report

Line No.	Description	6/13 and 7/13 Average Cost per kWh Sales for 9/13 Bill (a)	7/13 and 8/13 Average Cost per kWh Sales for 10/13 Bill (b)	8/13 and 9/13 Average Cost per kWh Sales for 11/13 Bill (c)	9/13 and 10/13 Average Cost per kWh Sales for 12/13 Bill (d)
1	Total Cost of Fuel 1/	\$ 14,399,592	\$ 15,025,471	\$ 13,886,609	\$ 13,432,232
2	Total kWh Sales (Less Inter-System Sales) 1/	617040273	644132372	657142352	642840770
3	Average Cost per kWh 2/	\$ 0.0233	\$ 0.0233	\$ 0.0211	\$ 0.0209
4	Base Cost 3/	\$ 0.0232	\$ 0.0232	\$ 0.0232	\$ 0.0232
5	Annual True-Up Factor 3/	\$ (0.00020)	\$ (0.00020)	\$ (0.00020)	\$ (0.00020)
6	Energy Adjustment per kWh 4/	\$ (0.00003)	\$ (0.00004)	\$ (0.00223)	\$ (0.00247)
7	MN kWh Sales in Billing Month 3/	170,999,713	156,313,809	187,160,553	206,161,462
8	Calculated FCA Revenue 5/	\$ (4,523)	\$ (5,677)	\$ (417,590)	\$ (508,783)
9	Actual FCA Revenue Collected 3/	\$ (4,939)	\$ (6,210)	\$ (415,884)	\$ (507,846)
10	Differential in Actual vs. Calculated Rev. 6/	\$ (416)	\$ (533)	\$ 1,706	\$ 937
11	Last Year's True-up Revenue 1/ and 7/	\$ (34,200)	\$ (31,263)	\$ (37,432)	\$ (41,232)
12	Monthly FCA Factor per kWh w/o True-Up 8/	\$ 0.00017	\$ 0.00016	\$ (0.00203)	\$ (0.00227)

- 1/ Exhibit 3 to the Filing.
- 2/ Lines (1) / (2).
- 3/ Exhibit 1 to the Filing.
- 4/ Lines (3) - (4) + (5).
- 5/ Lines (6) X (7).
- 6/ Lines (9) - (8).
- 7/ Lines (5) X (7).
- 8/ Lines (3) - (4).

OtterTail Power Company  
FCA Analysis  
in the 2014 Compliance Report

Line No.	Description	10/13 and 11/13 Average Cost per kWh Sales for 1/14 Bill (e)	11/13 and 12/13 Average Cost per kWh Sales for 2/14 Bill (f)	12/13 and 1/14 Average Cost per kWh Sales for 3/14 Bill (g)	1/14 and 2/14 Average Cost per kWh Sales for 4/14 Bill (h)
1	Total Cost of Fuel 1/	\$ 15,690,650	\$ 21,804,949	\$ 25,072,230	\$ 23,984,303
2	Total kWh Sales (Less Inter-System Sales) 1/	691065055	823292736	957465736	1006921131
3	Average Cost per kWh 2/	\$ 0.0227	\$ 0.0265	\$ 0.0262	\$ 0.0238
4	Base Cost 3/	\$ 0.0232	\$ 0.0232	\$ 0.0232	\$ 0.0232
5	Annual True-Up Factor 3/	\$ (0.00020)	\$ (0.00020)	\$ (0.00020)	\$ (0.00020)
6	Energy Adjustment per kWh 4/	\$ (0.00066)	\$ 0.00312	\$ 0.00282	\$ 0.00046
7	MN kWh Sales in Billing Month 3/	239,225,081	228,635,561	203,763,989	197,565,461
8	Calculated FCA Revenue 5/	\$ (157,404)	\$ 713,812	\$ 575,233	\$ 90,178
9	Actual FCA Revenue Collected 3/	\$ (158,859)	\$ 709,942	\$ 572,502	\$ 90,693
10	Differential in Actual vs. Calculated Rev. 6/	\$ (1,455)	\$ (3,870)	\$ (2,731)	\$ 515
11	Last Year's True-up Revenue 1/ and 7/	\$ (47,845)	\$ (45,727)	\$ (40,753)	\$ (39,513)
12	Monthly FCA Factor per kWh w/o True-Up 8/	\$ (0.00046)	\$ 0.00332	\$ 0.00302	\$ 0.00066

- 1/ Exhibit 3 to the Filing.
- 2/ Lines (1) / (2).
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- 4/ Lines (3) - (4) + (5).
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- 7/ Lines (5) X (7).
- 8/ Lines (3) - (4).

OtterTail Power Company  
FCA Analysis  
in the 2014 Compliance Report

Line No.	Description	2/14 and 3/14 Average Cost per kWh Sales for 5/14 Bill (i)	3/14 and 4/14 Average Cost per kWh Sales for 6/14 Bill (j)	4/14 and 5/14 Average Cost per kWh Sales for 7/14 Bill (k)	5/14 and 6/14 Average Cost per kWh Sales for 8/14 Bill (l)
1	Total Cost of Fuel 1/	\$ 25,678,598	\$ 20,971,685	\$ 17,383,188	\$ 18,871,588
2	Total kWh Sales (Less Inter-System Sales) 1/	925474630	845044044	757986582	674284728
3	Average Cost per kWh 2/	\$ 0.0277	\$ 0.0248	\$ 0.0229	\$ 0.0280
4	Base Cost 3/	\$ 0.0232	\$ 0.0232	\$ 0.0232	\$ 0.0232
5	Annual True-Up Factor 3/	\$ (0.00020)	\$ (0.00020)	\$ (0.00020)	\$ (0.00020)
6	Energy Adjustment per kWh 4/	\$ 0.00438	\$ 0.00145	\$ (0.00043)	\$ 0.00462
7	MN kWh Sales in Billing Month 3/	172,596,249	169,304,676		
8	Calculated FCA Revenue 5/	\$ 756,560	\$ 246,214		
9	Actual FCA Revenue Collected 3/	\$ 753,669	\$ 243,192		
10	Differential in Actual vs. Calculated Rev. 6/	\$ (2,891)	\$ (3,022)		
11	Last Year's True-up Revenue 1/ and 7/	\$ (34,519)	\$ (33,861)		
12	Monthly FCA Factor per kWh w/o True-Up 8/	\$ 0.00458	\$ 0.00165		

- 1/ Exhibit 3 to the Filing.
- 2/ Lines (1) / (2).
- 3/ Exhibit 1 to the Filing.
- 4/ Lines (3) - (4) + (5).
- 5/ Lines (6) X (7).
- 6/ Lines (9) - (8).
- 7/ Lines (5) X (7).
- 8/ Lines (3) - (4).

## **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  
Comments**

**Docket No. E017/M-03-30**

Dated this **11<sup>th</sup>** day of **September 2014**

**/s/Sharon Ferguson**

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