

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

Katie Sieben	Chair
Joseph Sullivan	Vice-Chair
Hwikwon Ham	Commissioner
Audrey Partridge	Commissioner
John Tuma	Commissioner

In the Matter of the Application of Otter Tail
Power Co. for Authority to Increase Rates for
Electric Service in Minnesota

Docket No. E-017/GR-25-359

Initial Comments of the Citizens Utility Board of Minnesota

The Citizens Utility Board of Minnesota (“CUB”) respectfully submits the following initial comments pursuant to the Minnesota Public Utilities Commission’s (“Commission”) Notice of Comment Period on Completeness and Procedures issued on November 4, 2025 in the above-referenced docket.

I. INTRODUCTION

On October 31, 2025, Otter Tail Power Company (“Otter Tail” or the “Company”) filed an application requesting to raise rates for electricity service by \$44.8 million, or 17.69 percent above present revenues.¹ Otter Tail estimates its proposal will increase average residential bills by approximately \$18 per month or \$216 each year.² If the Commission suspends the proposed rate increase pursuant to Minn. Stat. § 216B.16, Subd. 2, the Company requests authority to implement interim rates totaling \$31.8 million, or 12.62 percent above present revenues, beginning January 1, 2026.³ The interim increase for residential customers is slightly higher at 14.06 percent, and is anticipated to result in an average monthly bill impact of \$13.15.⁴

On November 4, 2025, the Commission issued a notice seeking input on the matter.⁵ For the reasons discussed below, CUB respectfully recommends that the Commission (1) suspend final rates and refer Otter Tail’s proposed rate increase to the Court of Administrative Hearings for a contested case proceeding; (2) reduce interim rates based on a finding of exigent circumstances related to present and continuing harms inflicted on customers as a result of the federal government shutdown; (3)

¹ *In the Matter of the Application of Otter Tail Power Company for Authority to Increase Rates for Electric Service in Minnesota*, Docket No. E-017/GR-25-359, Notice of Change in Rates and Interim Rate Petition, Filing Letter at 1 (Oct. 31, 2025) (hereinafter “Notice of Change in Rates and Interim Rate Petition”).

² Notice of Change in Rates and Interim Rate Petition, Notice of Change in Rates at 1.

³ *Id.* at 2.

⁴ *Id.*, Interim Supporting Schedules and Workpapers, Part F., Sch. 1; Proposed Notices at 1.

⁵ *In the Matter of the Application of Otter Tail Power Company for Authority to Increase Rates for Electric Service in Minnesota*, Docket No. E-017/GR-25-359, Notice of Comment Period on Completeness and Procedures (Nov. 4, 2025).

approve CUB's petition to intervene in the contested case; and (4) require Otter Tail to electronically notify its customers of the proposed rate increase.

II. ANALYSIS

A. The Commission should suspend implementation of the proposed rate schedule and refer the matter to the Court of Administrative Hearings.

Minnesota Statute § 216B.16 provides that proposed rates may become effective upon 60 days' notice unless the Commission suspends their operation to allow for proper review and an evaluation of reasonableness.⁶ If all significant issues are not resolved to the Commission's satisfaction during this suspension, it must refer the matter to the Court of Administrative Hearings for a contested case proceeding.⁷ A final decision on the proposed rate increase must be made within ten months of the initial filing date unless the Commission finds it will have insufficient time to make a determination due to other pending cases involving changes in general rates.⁸ In such circumstances, the Commission is authorized to extend the suspension period by an additional 90 days.⁹

Given the complexity and scale of Otter Tail's proposed rate increase, CUB respectfully requests the Commission suspend rates and refer the matter to the Court of Administrative Hearings to permit adequate development of the record. Because several general rate cases are being considered coincidentally with the Company's,¹⁰ we recommend the Commission extend the statutory suspension period by an additional 90 days. We also recommend the Commission accept Otter Tail's voluntary agreement to a further extension, such that a final determination in the proceeding will be made on or before February 23, 2027.¹¹

B. The Commission should make a finding that exigent circumstances exist and reduce interim rates.

Utilities are generally permitted to charge interim rates during the pendency of a rate case proceeding based on the statutory formulas set forth in Minn. Stat. § 216B.16, Subd. 3. If, however, the Commission finds that exigent circumstances exist, it is permitted to deviate from these statutory methods and develop an alternative framework for the setting of such rates.¹² Although not defined by statute or Commission rule, the Minnesota Supreme Court has characterized "exigent

⁶ Minn. Stat. § 216B.16, Subds. 1, 2(a).

⁷ *Id.* at Subd. 2(b).

⁸ *Id.* at Subd. 2(f).

⁹ *Id.*

¹⁰ See generally *In the Matter of the Application of Xcel Energy for Authority to Increase Rates for Electric Service in Minnesota*, Docket No. E-002/GR-24-320 (filed Nov. 1, 2024; final order expected by July 31, 2026); *In the Matter of the Application of Xcel Energy for Authority to Increase Rates for Gas Service in Minnesota*, Docket No. G-002/GR-25-356 (filed Oct. 31, 2025); *In the Matter of the Application of Greater Minnesota Gas, Inc. for Authority to Increase Rates for Gas Service in the State of Minnesota*, Docket No. G-022/GR-24-350 (filed Nov. 1, 2024; pending release of final order); *In the Matter of the Application of Dakota Electric Association for Authority to Increase Rates for Electric Service in Minnesota*, Docket No. E-111/GR-24-400 (filed Dec. 30, 2024; awaiting hearing and final order).

¹¹ Notice of Change in Rates at 2.

¹² Minn. Stat. § 216B.16, Subd. 3(b).

circumstances” as “demand[ing] unusual or immediate action” which “may allow people to circumvent usual procedures.”¹³ In the context of setting interim rates, the Commission is accorded judicial deference in determining whether an exigency exists, and whether adjustments to the statutory formulas must be made to account for cost and non-cost factors pertinent to the setting of just and reasonable rates.¹⁴

i. The shutdown of the federal government warrants a finding of exigent circumstances.

By law, the Commission must consider “ability to pay” when setting utility rates, including interim charges.¹⁵ As CUB has explained in other contexts, customers’ ability to pay for utility services is impacted not only by the price of electricity, but also by factors such as income, household size, nondiscretionary expenditures, and the availability of assistance resources.¹⁶ Since the beginning of October, the shutdown of the federal government has inflicted significant and continuing harms on federal workers, income-limited households, and other residential and business customers throughout Otter Tail’s service territory. Even as Congress advances efforts to reopen the government, millions of Americans will continue to suffer the effects of the longest shutdown in history.¹⁷ These economic and financial consequences warrant a finding of exigent circumstances as they threaten customers’ ability to pay for utility services both now and in the future.

For over a month, 1.4 million federal employees have gone without a paycheck as a result of being furloughed or forced to work without pay.¹⁸ The Minnesota Association of Professional Employees (“MAPE”) estimates approximately 18,000 Minnesotans working for the federal government have been furloughed or reassigned, worked without pay, or threatened with termination because of the shutdown.¹⁹ Many of these workers have had to turn to food shelves and loans to pay their bills and put food on the table.²⁰ Even after the shutdown eventually ends, the Trump administration has indicated its intent to withhold backpay for up to 750,000 employees.²¹ Federal contractors, which are facing similar employment challenges, are also unlikely to receive any compensation during the shutdown or backpay after its conclusion.²²

¹³ *In re Minn. Power for Auth. to Increase Rates for Elec. Serv. in Minn.*, 838 N.W.2d, 747, 757 (Minn. 2013) (citing *Blacks Law Dictionary* 227 (9th ed. 2009)).

¹⁴ *Id.* at 755, 759-761.

¹⁵ Minn. Stat. § 216B.16, Subd. 15.

¹⁶ See, e.g., *In the Matter of the Application of Xcel Energy for Authority to Increase Rates for Electric Service in Minnesota*, Docket No. E-002/GR-24-320, CUB Ex. ___, Direct Testimony of Annie Levenson-Falk at 5-6 (Aug. 22, 2025).

¹⁷ Manu Raju et al., *Senate Advances Deal to Reopen Government After Centrist Democrats Strike Major Deal to End Shutdown*, CNN (Nov. 9, 2025).

¹⁸ Aaron Till & Fredrick Hernandez, *Who Is Missing Paychecks in the 2025 Shutdown—When and Where?*, BIPARTISAN POLICY CTR. (Oct. 14, 2025).

¹⁹ MINN. ASSOC. OF PROF'L EMPS., *Government Shutdown Update*, <https://mape.org/news/government-shutdown-update> (Oct. 15, 2025).

²⁰ See, e.g., Lisa Desjardins et al., *PBS NEWS HOUR, As Federal Workers Miss Paychecks During Shutdown, Many Turn to Food Banks for Relief* (Oct. 24, 2025).

²¹ Tony Romm, *White House Signals It May Try to Deny Back Pay to Furloughed Federal Workers*, NEW YORK TIMES (Oct. 7, 2025); Megan Cerullo, *Here's What Federal Workers Should Know About Getting Retroactive Pay*, CBS NEWS (updated Oct. 27, 2025).

²² Matt Egan, *'I Don't Know How I'm Going to Feed My Kids': Shutdown Hits Federal Contractors Hard*, CNN (Oct. 7, 2025).

Numerous programs and services reliant on these federal workers have languished during the shutdown. For example, MAPE has indicated that over 15,000 Minnesotans are awaiting disability determinations or for their claims to be assigned to adjudicators.²³ These decisions—and the assistance households are waiting for—are expected to be delayed by weeks or months.²⁴

Further exacerbating the issue, Congress' failure to enact any appropriations bill or continuing resolution before the 2026 fiscal year has also decimated assistance resources meant to aid income-limited households around the country. The Low-Income Home Energy Assistance Program ("LIHEAP") has been unable to provide funding to help more than six million households afford basic utility services.²⁵ In Minnesota, more than 125,000 households relied on LIHEAP during the 2025 fiscal year, which prevented over 35,000 disconnections and provided heating fuel or furnace repairs to more than 17,000 households.²⁶ After the end of the shutdown, it is expected to take at least four weeks for state benefit amounts to be calculated, which could be further extended as a result of the federal government's termination of the entire LIHEAP staff earlier this year.²⁷ Uncertainty regarding the availability of energy assistance resources will likely continue well into the future given the Trump administration's stated intent to eliminate LIHEAP funding.²⁸ Although it is not clear whether these threats will come to fruition, the reopening of the federal government will not immediately resolve mounting energy affordability concerns or mitigate future crises related to assistance availability.

Food benefits available through the Supplemental Nutrition Assistance Program ("SNAP") were also delayed for the first time in history at the beginning of November.²⁹ More than 440,000 Minnesotans rely on SNAP, including 72,000 seniors, 52,000 adults with disabilities, and over 150,000 children.³⁰ The federal government has challenged legal orders to disburse these funds, raising questions about the continued availability of SNAP.³¹ Food assistance benefits under the Minnesota Family Investment

²³ MINN. ASSOC. OF PROF'L EMP'S., *Government Shutdown Update*, <https://mape.org/news/government-shutdown-update> (Oct. 15, 2025).

²⁴ *Id.*

²⁵ MINN. DEP'T OF COMMERCE, *Energy Assistance Program* (last updated Nov. 3, 2025) (explaining that "EAP is still waiting for federal funding for this program year" and that while applications are being accepted, "[b]enefits will be delayed due to the government shutdown"); NAT'L ENERGY ASSISTANCE DIRECTORS ASSOC., *President's FY 2026 Budget Eliminates Federal Funding for LIHEAP*, <https://neada.org/wp-content/uploads/2025/05/Presidents-FY-26-Budget-LIHEAP-1-1.pdf> (last accessed Nov. 4, 2025) (noting that LIHEAP provides \$4 billion in assistance dollars to about 6 million households every year).

²⁶ MINN. DEP'T OF COMMERCE, *Energy Assistance Program Dashboard*, <https://mn.gov/commerce/energy/policy-data-reports/energy-assistance-dashboard/> (last updated Nov. 10, 2025).

²⁷ Damali Ramirez, *Get the Facts: Despite Shutdown Deal, LIHEAP Funds Are Still Delayed. Here's Why*, WCVB-5 (last updated Nov. 10, 2025); Brad Plumer, *Entire Staff is Fired at Office that Helps Poorer Americans Pay for Heating*, NEW YORK TIMES (Apr. 2, 2025).

²⁸ EXECUTIVE OFFICE OF THE PRESIDENT, *Recommendations on Discretionary Funding Levels for Fiscal Year 2026* at 9, <https://www.whitehouse.gov/wp-content/uploads/2025/05/Fiscal-Year-2026-Discretionary-Budget-Request.pdf> (May 2, 2025); see also NAT'L ENERGY ASSISTANCE DIRECTORS ASSOC., *President's FY 2026 Budget Eliminates Federal Funding for LIHEAP*, <https://neada.org/wp-content/uploads/2025/05/Presidents-FY-26-Budget-LIHEAP-1-1.pdf> (last accessed Jul. 11, 2025).

²⁹ Adriana Gomez Licon, *Trump Administration Posts Notice that No Federal Food Aid Will Go Out Nov. 1*, ASSOC. PRESS (Oct. 26, 2025); Zach Rodvold, *Food Banks: Without SNAP, We Can't Handle the Demand*, MINN. REFORMER (Nov. 3, 2025).

³⁰ MINN. DEP'T OF CHILDREN, YOUTH, & FAMILIES, *Why SNAP Matters for Minnesota* (last accessed Oct. 27, 2025).

³¹ David Lieb et al., *Supreme Court Issues Emergency Order to Block Full SNAP Food Aid Payments*, ASSOC. PRESS (Nov. 7, 2025); Ian Thomas, *Trump Administration Demands That States 'Undo' Full SNAP Benefit Payments*, CNBC (Nov. 9, 2025).

Program (“MFIP”)—specifically designed to help families with children meet their basic needs—were similarly delayed.³²

Minnesotans will also begin to see elevated insurance premiums during the 2026 fiscal year. Congress has been unable to reach agreement on the extension of federal tax credits available through the Affordable Care Act.³³ Even without accounting for these subsidies, Minnesotans’ health insurance premiums are set to rise by 22 percent in 2026.³⁴ If federal tax credits are eventually eliminated, premiums for lower-income, middle class, and older Minnesotans would likely more than double.³⁵

In addition to residential impacts, the government shutdown is hurting the broader economy, with the Congressional Budget Office estimating the United States will face unrecouped GDP losses of between \$7 and \$14 billion.³⁶ The Small Business Administration has similarly indicated that the loss of federal loan programs has kept local Minnesota businesses from accessing \$18 million each week.³⁷

Taken individually, these various factors might not rise to the level of exigency. When considered in the aggregate, however, they have a debilitating impact on the economy and customers’ ability to pay for electricity service. We therefore respectfully request the Commission to make a finding that exigent circumstances exist.

ii. The Commission should reduce interim rates.

With a finding of exigent circumstances, the Commission is authorized to depart from the statutory formula for determining interim rates and develop an alternative framework that balances utility and ratepayer interests.³⁸ In recent proceedings, the Commission reduced interim rates after finding the COVID-19 pandemic constituted an exigency that eroded the purchasing power of Minnesota households.³⁹ The federal government shutdown has produced similar hardships that severely limit residential and business customers’ ability to pay for utility service. After the government reopens, it will take time to resume federal programs and disburse assistance resources.

As proposed, the Company’s request to implement residential interim rates that are 14.06 percent above present revenues would pose a substantial challenge for households dealing with the consequences of the government shutdown.⁴⁰ CUB respectfully recommends that the Commission

³² MINN. DEP’T OF CHILDREN, YOUTH, & FAMILIES, *Federal Shutdown Information* (last updated Nov. 7, 2025).

³³ See, e.g., Selena Simmons-Duffin, *What’s Behind the Health Care Fight that Led to the Government Shutdown*, NPR (Oct. 2, 2025); Manu Raju et al., *Senat Advances Deal to Reopen Government After Centrist Democrats Strike Major Deal to End Shutdown*, CNN (Nov. 9, 2025).

³⁴ Erica Zurek, *Minnesota Health Insurance Premiums Will Rise Sharply in 2026*, MPR NEWS (Oct. 1, 2025).

³⁵ Alex Leeds Matthews & Tami Luhby, *Who Will Get Hardest by ACA Premium Increases in Four Charts*, CNN (Nov. 7, 2025).

³⁶ U.S. CONG. BUDGET OFF., *A Quantitative Analysis of the Effects of the Government Shutdown on the Economy Under Three Scenarios, as of October 29, 2025* (Oct. 29, 2025).

³⁷ U.S. SMALL BUS. ADMIN., *SBA Releases State-Level Analysis of Shutdown Impact on Small Business Lending* (Oct. 21, 2025).

³⁸ Minn. Stat. § 216B.16, Subd. 3(b); *In re Minn. Power*, 838 N.W.2d at 754-58, 761-62.

³⁹ See, e.g., *In the Matter of the Application by Minnesota Power for Authority to Increase Rates for Electric Service in Minnesota*, Docket No. E-015/GR-21-335, Order Setting Interim Rates at 4 (Dec. 30, 2021); *In the Matter of the Application of Northern States Power Company d/b/a Xcel Energy for Authority to Increase Rates for Electric Service in the State of Minnesota*, Docket No. E-002/GR-21-630, Order Setting Interim Rates at 7 (Dec. 23, 2021).

⁴⁰ Notice of Change in Rates and Interim Rate Petition, Notice of Change in Rates, Interim Supporting Schedules and Workpapers, Part F., Sch. 1; Proposed Notices at 1.

set an interim rate schedule that is, at most, 50 percent of the Company's request. Even this adjusted interim increase could impose a hardship on customers throughout Otter Tail's service territory. Should the Commission or other stakeholders believe a further reduction is warranted, we would support that decision.

C. The Commission should approve CUB's petition to intervene in the contested case proceeding.

Until the matter is referred to the Court of Administrative Hearings for a contested case, the Commission retains authority over petitions to intervene submitted by prospective parties.⁴¹ Pursuant to Minnesota Rules 7829.0800 and 7829.2400, Subp. 6, CUB hereby petitions to intervene in the contested case proceeding associated with this matter, with all the rights of a party.

CUB is well positioned to assist the Commission in its evaluation of the reasonableness of Otter Tail's proposed rate increase by identifying issues and contributing to the development of a robust record. As a 501(c)(3) nonprofit organization that advocates on behalf of residential utility customers in Minnesota, CUB has two primary functions. First, CUB serves as a resource to residential Minnesotans. We interact directly with utility customers to help them better understand how they use and pay for energy. We aid households in navigating assistance programs and direct them to resources that can reduce the financial costs and environmental impacts of their energy use. We provide guidance to households throughout the state, including in Otter Tail's service territory. Second, CUB acts as a voice for residential Minnesotans before regulatory and legislative bodies on energy-related issues. In this capacity, we endeavor to build out the record before the Commission and Legislature so that ratepayers' interests can be appropriately balanced against those of utilities and other stakeholders. CUB's advocacy is informed by our direct engagement with everyday Minnesotans. We have consulted with hundreds of residential consumers that are struggling to pay their bills or who are at risk of having their utility services disconnected. These consumer experiences are reflected in the positions we take and can inform regulatory decision-making.

CUB's staff and outside consultants have extensive experience evaluating the economic considerations inherent in rate case proceedings, including utilities' authorized rate of return, the rate recovery of lobbying and dues expenses, and the potential impact of rate increases on members of the residential class. CUB intends to evaluate and provide testimony on the reasonableness of these various expenses, as well as on Otter Tail's treatment of late payment fees and other customer charges. This list is preliminary. CUB may discover additional issues or choose not to weigh in on a given topic. We reserve the right to raise and address additional issues through appropriate means. If CUB ultimately does not provide testimony on an issue, it is not an indication of our assent or opposition to the positions taken by Otter Tail or any other party to the case.

⁴¹ Minn. R. 7829.2400, Subp. 6; *see also* Minn. R. 1400.5100, Subp. 7 (defining "party" for the purposes of a contested case hearing as "each person named as a party by the agency in the notice of and order for hearing, or persons granted permission to intervene pursuant to part 1400.6200").

CUB regularly contributes to proceedings before both the Commission and the Court of Administrative Hearings. We have participated or intervened in dockets involving rate setting, utility programs and offerings, the affordability of electricity service, and a multitude of related issues. Our intervention in the current proceeding would enable us to contribute to the development of a robust record for the Commission's consideration and help ensure the rates ultimately charged by Otter Tail are just, reasonable, and consistent with the public interest.

For these reasons, CUB respectfully requests that the Commission grant its petition to intervene as a party in the instant proceeding.

D. The Commission should require Otter Tail to notify its customers of the proposed rate increase via email.

Utilities seeking a general rate increase are required to notify ratepayers of the proposed change.⁴² Otter Tail proposes to serve this notice on its customers by including a bill insert that provides information on the proposed rate increase.⁴³ If the Commission chooses to suspend implementation of final rates pursuant to Minn. Stat. § 216B.16, Subd. 2, the Company will also explain interim rates and their impact on customers.⁴⁴

In addition to this bill insert and required newspaper publications,⁴⁵ CUB believes Otter Tail should provide electronic notice to ratepayers. After filing its most recent electric rate case in Docket No. E-002/GR-24-320, Northern States Power Company sent an email to its customers with live links to webpages containing information on its rate proposal and details about how to submit a public comment to the Commission. We have seen an elevated level of public engagement in that proceeding, which we believe was at least partially the result of this electronic communication. Providing proper notice of the proposed change in rates is essential to ensuring customers are given a fair chance to engage with the proceeding and provide public comments. We believe delivering such notice via email will help ensure customers are afforded a reasonable opportunity to make their voices heard.

We therefore respectfully request that the Commission order Otter Tail to develop and send a similar email. This communication should minimally include (1) a description of the proposed rate increase and its impacts on utility bills; (2) a description of interim rates and associated bill impacts; (3) the primary drivers of the rate change, including the proposed increase to the utility's return on equity; (4) information about how to file a public comment; and (5) live links to the Commission's webpage on how to submit a public comment, Otter Tail's webpage on the rate request, and the Commission's webpage on general rate cases and/or the Company's specific proposal.⁴⁶

⁴² Minn. R. 7829.2400, Subp. 3.

⁴³ Notice of Change in Rates and Interim Rate Petition, Notice of Change in Rates at 6.

⁴⁴ *Id.*

⁴⁵ Minn. R. 7829.2400, Subp. 3.

⁴⁶ See Minn. Pub. Util. Comm., *Commenting in a PUC Docket*, <https://mn.gov/puc/get-involved/public-comments/> (last accessed Nov. 8, 2025); Otter Tail Power Co., *Minnesota Rate Case*, <https://www.otpc.com/pricing/minnesota/minnesota-rate-case/> (last accessed Nov. 8, 2025); Minn. Pub. Util. Comm., *General Rate Cases*, <https://mn.gov/puc/activities/financial-analysis/general->

III. CONCLUSION

CUB appreciates the opportunity to provide comments on this matter. We respectfully recommend that the Commission (1) suspend final rates and refer Otter Tail's proposed rate increase to the Court of Administrative Hearings for a contested case proceeding; (2) make a finding that exigent circumstances exist and reduce interim rates by at least 50 percent; (3) grant CUB's petition for intervention; and (4) require Otter Tail to electronically notify its customers of the rate increase via email.

Sincerely,

November 10, 2025

/s/ Brian Edstrom

Brian Edstrom, Senior Regulatory Advocate
Citizens Utility Board of Minnesota
332 Minnesota St., Suite W1360
Saint Paul, MN 55101
651-300-4701, ext. 6
briane@cubminnesota.org

/s/ Olivia Carroll

Olivia Carroll, Regulatory Advocate
Citizens Utility Board of Minnesota
332 Minnesota St., Suite W1360
Saint Paul, MN 55101
651-300-4701, ext. 5
oliviac@cubminnesota.org

rate-case/ (last accessed Nov. 8, 2025). As of the filing of these comments, a separate Commission webpage on Otter Tail's rate case had not yet been published.