

215 South Cascade Street
PO Box 496
Fergus Falls, Minnesota 56538-0496
218 739-8200
www.otpc.com (web site)



September 15, 2025

Ms. Sasha Bergman
Executive Secretary
Minnesota Public Utilities Commission
121 7th Place East
Suite 350
St. Paul, MN 55101-2147

**RE: In the Matter of a Commission Review of Utility Performance Incentives
for Energy Conservation
Docket No. E,G999/CI-08-133
Reply Comments**

Dear Ms. Bergman:

Otter Tail Power Company (Otter Tail Power or the Company) hereby submits to the Minnesota Public Utilities Commission (Commission) its Reply Comments in response to the Comments filed August 13, 2025, in the above-referenced matter.

Reply Comments

Otter Tail Power appreciates the recommendations filed by other utilities as all parties work together to update the performance incentive to a mechanism that is not only balanced but also recognizes the complexities that come with the changing ECO landscape. Otter Tail Power is confident that the resulting performance incentive mechanism will address the inclusion of Efficient Fuel Switching (EFS) and Load Management programs as well as the changes in generation and avoided costs used for cost benefit analysis for the unique mix of electric utilities that are providing cost effective Energy Conservation and Optimization (ECO) programs. Otter Tail Power continues to support its original August 13, 2025, recommendations, but will address certain aspects of recommendations made by Xcel Energy and Minnesota Power that Otter Tail Power would also support.

Response to Minnesota Power

Minnesota Power recommended that the circular nature of including the financial incentive as a cost that impacts the calculation of the financial incentive be removed, but recommended keeping the financial incentive as a portion of costs used in the calculation of individual program performance. Otter Tail Power thanks Minnesota Power for bringing attention to this

topic. The circular reference is cumbersome and causes the recalculation of every program within the ECO portfolio when a small change might occur to any measure within any Program. The Company has experienced circumstances where a change in a Commercial measure led to the calculation of all cost benefit ratios having to be rerun, with the results of some residential programs resulting in net benefits being reduced by less than \$0.50. These small changes lead to excessive administrative work by ensuring the changes flow through to every table and every narrative reference within the Annual Update. The Company believes there is higher value in including the financial incentive as a total cost to be included in the overall portfolio benefit cost ratios instead of on an individual program level.

Response to Xcel Energy

Xcel Energy proposes to include a new metric within the energy efficiency financial incentive calculation. This metric would be based upon demand reduction instead of first-year energy savings. It is Otter Tail Power's understanding that this demand component would be in addition to the first-year energy savings component and not a replacement and not a 50/50 split of net benefits between energy and demand reduction performance. In other words, this demand component can only help electric utilities achieve a higher performance percentage of net benefits and not reduce the percentage for not meeting certain demand benchmarks. With this understanding, Otter Tail Power supports this addition to the financial incentive mechanism. While the Company is not experiencing the same level of reductions in marginal energy cost, it does recognize that programs and avoided costs are evolving and the way in which we measure success should also evolve.

Xcel Energy recommends that EFS have its own spending cap separate from the energy efficiency program portfolio spending cap. Otter Tail Power supports this separation as it follows the same logic as having a separate net benefits financial incentive calculation. In the same bullet point edits on page 25, Xcel Energy recommends that the Load Management expenditures be removed from the expenditure cap, but that Minnesota Cost Test net benefits produced from Load Management programs would remain a part of the financial incentive calculation. Otter Tail Power would like to see Load Management net benefits and expenditures remain as inputs within both the net benefits financial incentive calculation as well as the expenditure cap calculation.

Conclusion

Otter Tail Power appreciates the recommendations made by the other utilities and feels that the electric utilities are in alignment with the goals of a future performance incentive. The Company's recommendations for first-year savings, low-income spending, and EFS remain what was presented in its original August comments. Along with those recommendations, Otter Tail Power supports three additional recommendations made by other electric utilities: the addition of a demand savings component, allowing EFS to have its own separate spending cap, and to remove the circular reference of the financial incentive within the calculation of the financial incentive and cost benefit ratios.

Otter Tail Power appreciates the opportunity to comment on the proposals of other utilities and looks forward to continued conversations with all parties on the ongoing development of the utility performance incentive mechanism. If you have any questions regarding this filing, please contact me at 218-739-8639 or at jgrenier@otpc.com.

Sincerely,

/S/ Jason Grenier
Jason Grenier
Manager, Retail Energy Solutions

kde
Enclosures
By electronic filing
c: Service Lists

CERTIFICATE OF SERVICE

**RE: In the Matter of a Commission Review of Utility Performance
Incentives for Energy Conservation
Docket No. E,G999/CI-08-133**

I, Khris Ekstrom, hereby certify that I have this day served a copy of the following, or a summary thereof, on Sasha Bergman 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 **15th** day of **September, 2025**.

/s/ KHRIS EKSTROM

Khris Ekstrom
Regulatory Filing Coordinator
Otter Tail Power Company
215 South Cascade Street
Fergus Falls MN 56537
(218) 739-8334

#	First Name	Last Name	Email	Organization	Agency	Address	Delivery Method	Alternate Delivery Method	View Trade Secret	Service List Name
14	Jason	Grenier	jgrenier@otpc.com	Otter Tail Power Company		215 South Cascade Street Fergus Falls MN, 56537 United States	Electronic Service		No	8-133Official
15	Jeffrey	Haase	jhaase@grenergy.com	Great River Energy		12300 Elm Creek Blvd Maple Grove MN, 55369 United States	Electronic Service		No	8-133Official
16	Tiana	Heger	theher@mnpower.com	Minnesota Power		30 W. Superior Street Duluth MN, 55802 United States	Electronic Service		No	8-133Official
17	Joe	Hoffman	ja.hoffman@smmpa.org	SMMPA		500 First Ave SW Rochester MN, 55902-3303 United States	Electronic Service		No	8-133Official
18	Tina	Koecher	tkoecher@mnpower.com	Minnesota Power		30 W Superior St Duluth MN, 55802-2093 United States	Electronic Service		No	8-133Official
19	Discovery	Manager	discoverymanager@mnpower.com	Minnesota Power		30 W Superior St Duluth MN, 55802 United States	Electronic Service		No	8-133Official
20	Christine	Marquis	regulatory.records@xcelenergy.com	Xcel Energy		414 Nicollet Mall MN1180-07-MCA Minneapolis MN, 55401 United States	Electronic Service		No	8-133Official
21	Andrew	Moratzka	andrew.moratzka@stoel.com	Stoel Rives LLP		33 South Sixth St Ste 4200 Minneapolis MN, 55402 United States	Electronic Service		No	8-133Official
22	Samantha	Norris	samanthanorris@alliantenergy.com	Interstate Power and Light Company		200 1st Street SE PO Box 351 Cedar Rapids IA, 52406-0351 United States	Electronic Service		No	8-133Official
23	James	Phillippo	james.phillippo@wecenergygroup.com	Minnesota Energy Resources Corporation (HOLDING)		PO Box 19001 Green Bay WI, 54307-9001 United States	Electronic Service		No	8-133Official
24	Lisa	Pickard	lseverson@minnkota.com	Minnkota Power Cooperative		5301 32nd Ave S Grand Forks ND, 58201 United States	Electronic Service		No	8-133Official
25	Scott	Reimer	reimer@federatedrea.coop	Federated Rural Electric Assoc.		77100 US Highway 71 PO Box 69 Jackson MN, 56143 United States	Electronic Service		No	8-133Official
26	Generic Notice	Residential Utilities Division	residential.utilities@ag.state.mn.us		Office of the Attorney General - Residential	1400 BRM Tower 445 Minnesota St	Electronic Service		Yes	8-133Official

#	First Name	Last Name	Email	Organization	Agency	Address	Delivery Method	Alternate Delivery Method	View Trade Secret	Service List Name
					Utilities Division	St. Paul MN, 55101-2131 United States				
27	Michael	Sachse	michael.sachse@opower.com	OPOWER		1515 N. Courthouse Rd, 8th Floor Arlington VA, 22201 United States	Electronic Service		No	8-133Official
28	Bruce	Sayler	bruces@connexusenergy.com	Connexus Energy		14601 Ramsey Boulevard Ransey MN, 55303 United States	Electronic Service		No	8-133Official
29	Jeffrey	Springer	jeff.springer@dairylandpower.com	Dairyland Power Cooperative		3200 East Ave S La Crosse WI, 54601 United States	Electronic Service		No	8-133Official
30	Grey	Staples	gstaples@mendotagroup.com	The Mendota Group LLC		1830 Fargo Lane Mendota Heights MN, 55118 United States	Electronic Service		No	8-133Official
31	Analeisha	Vang	avang@mnpower.com			30 W Superior St Duluth MN, 55802-2093 United States	Electronic Service		No	8-133Official
32	Ethan	Warner	ethan.warner@centerpointenergy.com	CenterPoint Energy		505 Nicollet Mall Minneapolis MN, 55402 United States	Electronic Service		No	8-133Official