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December 31, 2014



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

**RE: In the Matter of the 2011-2012 Annual Automatic Adjustment Reports for All Electric Utilities  
Docket No. E999/AA-12-757  
Otter Tail Power Company Additional Initial Comments**

Dear Dr. Haar:

Otter Tail Power Company hereby submits to the Minnesota Public Utilities Commission its Additional Initial Comments in the above described matter.

Otter Tail has electronically filed this document with the Commission and is serving a copy on all persons on the official service list for this docket. A Certificate of Service is also enclosed.

If you have any questions regarding this filing, please contact me at 218-739-8279 or at [stommerdahl@otpc.com](mailto:stommerdahl@otpc.com).

Sincerely,

*/s/ STUART TOMMERDAHL*  
Stuart Tommerdahl  
Manager, Regulatory Administration

wao  
Enclosures  
By electronic filing  
c: Service List

STATE OF MINNESOTA  
BEFORE THE  
MINNESOTA PUBLIC UTILITIES COMMISSION

In the Matter of the 2011-2012 Annual  
Automatic Adjustment Reports for All  
Electric Utilities

Docket No. E999/AA-12-757

**OTTER TAIL POWER COMPANY  
ADDITIONAL INITIAL COMMENTS**

**I. INTRODUCTION**

On November 19, 2014, the Minnesota Public Utilities Commission (“Commission”) filed a Notice of Additional Comment Period in the above captioned Docket. Otter Tail Power Company (“Otter Tail”) submits these Additional Initial Comments to address the following questions raised by the Commission in their November 19 Notice:

**Topic/s Open for Comment:**

- Should the Commission accept the electric utilities 2011-2012 annual automatic adjustment reports?
- How should the Commission address the parties’ comments and recommendations on modifications to the electric utilities’ fuel clause adjustment mechanisms?
- Should the Commission adopt all of the other recommendations in the Department’s June 5, 2013 review of the 2011-2012 annual automatic adjustment reports?
- Any other issues parties consider appropriate.

**II. RESPONSES TO TOPICS OPEN FOR COMMENT**

**Should the Commission accept the electric utilities 2011-2012 annual automatic adjustment reports?**

Otter Tail has complied with all of its reporting requirements for the 2011-2012 annual automatic adjustment report (“AAA”) and requests approval of its 2011-2012 AAA report.

**How should the Commission address the parties' comments and recommendations on modifications to the electric utilities' fuel clause adjustment mechanisms?**

In this Docket, the Minnesota Department of Commerce, Division of Energy Resources (“Department”) recommended an alternative mechanism for fuel and purchased energy cost recovery (“fuel clause”) for the Investor Owned Utilities (“IOUs”) in Section IV of its June 5, 2013 Initial Comments. Otter Tail continues to believe the current fuel clause mechanism is an effective mechanism to address costs that are subject to significant variability, and therefore it fulfills the intent and purpose for which it was originally designed. Otter Tail believes plant performance and plant availability are important components to keeping energy costs low for its customers. In Reply Comments issued by Otter Tail on September 20, 2013, Otter Tail outlined numerous aspects of Otter Tail’s operations that reflect Otter Tail’s focus on achieving above average plant performance and plant availability. Specifically, Otter Tail pointed out the following items which demonstrate Otter Tail’s commitment in this area, including:

- A company mission statement which fosters an environment focused on serving our customers electricity needs in a reliable manner: “Our mission is to produce and deliver electricity as reliably, economically, and environmentally responsibly as possible . . . ”
- A company-wide Key Performance Indicator (“KPI”) (One of only 5 Company-wide KPIs) related to Equivalent Plant Availability. Also, plant-specific Equivalent Plant Availability KPI’s are established which drive plant operation and management decision-making including maintenance decisions.
- OTP Accountability as plant operator to the other joint owners of Big Stone and Coyote generating plants whose oversight and interests align with OTP’s in keeping plant availability levels high and energy costs low for our respective customers.
- A demonstrated history of consistent performance for OTP’s generation facilities at levels above industry average GADS data for plants of similar size and type.

During the November 2013 to February 2014 time-frame, the Department coordinated an exchange of information between all interested parties including; the Department, the IOUs, the Office of the Attorney General, the Minnesota Chamber of Commerce and the Minnesota Large Industrial Group. This exchange centered on exploring alternative mechanisms for fuel clause recovery. While different ideas were advanced by the various parties during this information exchange, Otter Tail notes that no clear consensus was identified for an alternative mechanism.

While Otter Tail believes the current fuel clause mechanism continues to serve the purpose and intent for which it was originally established, should the Commission desire to further evaluate changes to the fuel clause mechanism, Otter Tail recommends that further evaluation should be addressed in a separate Docket instead of within this or any other Annual Automatic Adjustment (“AAA”) report Docket.

**Should the Commission adopt all of the other recommendations in the Department’s June 5, 2013 review of the 2011-2012 annual automatic adjustment reports?**

Otter Tail supports acceptance of all other recommendations which specifically apply to Otter Tail as outlined by the Department in their June 5, 2013 Initial Comments. For those items which the Department had questions or requested additional information from Otter Tail,

Otter Tail believes it has provided that information in subsequent Reply Comments.

Otter Tail does not recommend adoption of the Department’s alternative fuel clause mechanism outlined in Section IV of the Department’s June 5, 2013 Initial Comments.

**Any other issues parties consider appropriate?**

Otter Tail does not have any other issues to address at this time.

**III. CONCLUSION**

Otter Tail appreciates the opportunity to provide these Additional Comments in this Docket and recommends Commission approval of Otter Tail’s 2011-2102 AAA Report.

Dated: December 31, 2014

Respectfully submitted,

OTTER TAIL POWER COMPANY

By: /s/ STUART TOMMERDAHL  
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## CERTIFICATE OF SERVICE

**RE: In the Matter of the 2011-2012 Annual Automatic Adjustment Reports for All  
Electric Utilities  
Docket No. E999/AA-12-757**

I, Wendi A. Olson, hereby certify that I have this day served a copy of the following, or a summary thereof, on Dr. Burl W. Haar 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  
Additional Initial Comments**

Dated this **31st** day of **December 2014**.

/s/ WENDIA. OLSON

Wendi A. Olson  
Regulatory Filing Coordinator  
Otter Tail Power Company  
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Fergus Falls MN 56537  
(218) 739-8699

Minnesota Docket No. E999/AA-12-757  
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