

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

October 20, 2025



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

**PUBLIC DOCUMENT – NOT PUBLIC
(OR PRIVILEGED) DATA HAS BEEN EXCISED**

**RE: In the Matter of Otter Tail Power Company's Petition for a Proposed Energy
Storage System Pilot at the University of Minnesota Morris
Docket No. E017/M-25-325
Reply Comments**

Dear Ms. Bergman:

Otter Tail Power Company (Otter Tail Power) hereby submits to the Minnesota Public Utilities Commission (Commission) its Reply Comments in the above-referenced matter.

Otter Tail Power has taken reasonable efforts to maintain the secrecy of the information marked as PROTECTED DATA in Table 1, which derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use (the "Protected Data"). The Protected Data is therefore "trade secret information" and "nonpublic data" under Minn. Stat. § 13.37.

We have electronically filed this document with the Commission and copies have been served on all parties on the attached service list. A Certificate of Service is also enclosed.

Please contact me at 218-739-8639 or jgrenier@otpc.com if you have any questions regarding this filing.

Sincerely,

/s/ JASON GRENIER
Jason Grenier, Manager
Retail Energy Solutions

kde
Enclosures
By electronic filing
c: Service List

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

**In the Matter of Otter Tail Power
Company's Petition for a Proposed
Energy Storage System Pilot at the
University of Minnesota Morris**

Docket No. E017/M-25-325

REPLY COMMENTS

I. INTRODUCTION

On August 21, 2025, Otter Tail Power (the Company) filed a petition with the Minnesota Public Utilities Commission (Commission) requesting approval of a proposed battery energy storage system (BESS) pilot at the University of Minnesota Morris (UMN-Morris). The following items were requested by the Company's petition:

1. Approve the purchase and construction of a 1 MW / 4-6 MWh duration battery energy storage pilot project, with placement on the University of Minnesota Morris campus.
2. Allow the Company cost recovery for all reasonable and prudent project costs, as estimated in Appendix B of this filing, less any applicable tax credits or credits back to the University for a portion of the contribution to the project, with all costs being recovered through the Company's Renewable Resource Cost Recovery Rider (RRCR).
3. Allow the Company to modify its RRCR tariff sheet, Section 13.04 to include the recovery of energy storage pilot project costs, shown in Appendix C.
4. Otter Tail Power shall provide updates and reports to the Commission on the battery pilot project.

On October 9, 2025, the Minnesota Department of Commerce (Department) issued comments regarding the Company's proposal. These Reply Comments address issues and concerns discussed within the Department's comments.

II. OTTER TAIL RESPONSES

Otter Tail Power appreciates the Department's thorough review of the Company's petition. The Company believes the two parties are in close alignment on the issues discussed in the Department's comments.

- A. The Department recommends Commission approval of the proposed 1MW/4-6 MWh BESS pilot project and found the Company's petition satisfies all statutory requirements and is in the public interest. The Department recommendation for approval is dependent on the Commission requiring a post selection compliance filing summarizing the selection scoring, the chosen technology, key commercial terms, warranties, and delivery schedule. The Department also recommends the Company gain Commission approval prior to any material changes to the project's size, cost, or schedule. (DOC Comments, p 2).

Otter Tail Power believes these requests are reasonable recommendations and upon Commission approval, the Company will file a post selection compliance filing, detailing the items requested by the Department. The Company will also gain Commission approval prior to project advancement if there are material changes in the project's size, cost, or schedule.

- B. The Department recommends the Company recover BESS project costs through the RRCR. The Department requested the Company provide reply comments regarding the specifics of the financial arrangement with UMN-Morris, including a description of the exact amount of UMN-Morris's contribution and the calculation for the compensation payment in the post-selection compliance filing. (DOC Comments, p 5).

As shown in the Company's initial filing, in Appendix B, UMN-Morris has committed an initial \$1,640,000 to the BESS project. Appendix B shows the detailed items UMN-Morris plans to contribute towards. Since the Company's initial filing, UMN-Morris and the Company have agreed that the amount compensated to UMN-Morris will be \$500,000. The \$500,000 compensation is less than half of the estimated \$1,014,000 the UMN-Morris will contribute to items the Company could capitalize if doing the project alone. These capital items are directly tied to the construction or operation of the battery. A detailed list of these items has been included in Table 1:

Table 1:
[PROTECTED DATA BEGINS...

...PROTECTED DATA ENDS]

The Company and UMN-Morris prefer a known compensation amount instead of the complication and unpredictability of calculating tax credits and possible income tax impacts after project completion. The reimbursement to UMN-Morris will be a one-time payment once the project is commissioned. As stated in the initial filing, any funds UMN-Morris receives will be used to fund future campus energy research projects. The Company still plans to pass all investment tax credits through the RRCR to customers.

- C. The Department recommends a comprehensive reporting requirement to ensure the Commission and other stakeholders are fully informed of the Project's progress, performance, and operational learnings. (DOC Comments, p 6).

The Company agrees with the Department's recommendation for comprehensive reporting in the areas of Financial Reporting, Research and Learnings, and Risk Mitigation. The BESS project is the first significant battery storage project for the Company and UMN-Morris and it will be important to keep stakeholders informed of the operational merits of the selected technology. Since this is a large research project for the UMN-Morris, they have requirements to publish their findings and highlight their learnings from the BESS project.

III. CONCLUSION

Otter Tail Power Company appreciates the Department of Commerce's thoughtful review and constructive recommendations regarding the proposed battery energy storage system (BESS) pilot project at the University of Minnesota Morris. The Company is encouraged by the Department's support and alignment on key aspects of the project,

including approval of the pilot, cost recovery through the RRCR, and the importance of transparent reporting. OTP is committed to fulfilling the Department's conditions, including submitting a post-selection compliance filing and seeking Commission approval for any material changes. The collaborative effort between OTP and UMN-Morris represents a meaningful step toward advancing energy storage technologies and supporting innovative research in Minnesota. The Company looks forward to working with the Commission and stakeholders to ensure the successful implementation and evaluation of this pilot project.

Otter Tail Power requests the Commission to:

1. Approve the purchase and construction of a 1MW / 4-6 MWh duration BESS pilot project, with placement on the University of Minnesota Morris campus.
2. Allow the Company cost recovery for all reasonable and prudent project costs, as estimated in Appendix B of the Company's initial filing, including compensation back to the University for a portion of its contribution to the project, less any applicable tax credits, with all costs being recovered through the Company's Renewable Resource Cost Recovery Rider.
3. Allow the Company to modify its Renewable Resource Cost Recovery Rider tariff sheet, Section 13.04, to include the recovery of energy storage pilot project costs.
4. Otter Tail Power shall provide updates and reports on the following BESS pilot project information:

Information	Timing	Timing Notes
Construction and schedule updates	Quarterly	Beginning upon Commission approval until the pilot project is in service.
Financial Reporting and <ul style="list-style-type: none"> • Capital and maintenance expenditures • Cost and credits applied to RRCR Operational performance data, including: <ul style="list-style-type: none"> • Round-Trip Efficiency • Maximum Ramp Rate (Charge & Discharge Rates) • Derated Capacity • Highest and lowest temperature of battery operation. 	Annually	Beginning one year after the pilot project is in service and continuing for 10 years.
Investment Tax Credit information and calculations		Provided with future cost recovery filings.
Research and Learning Report	Non-recurring	Lessons learned by project, cold weather performance, interaction with UMN-Morris generation, challenges and successes.
Risk Mitigation Report	Non-recurring	Safety incidents, equipment failures, or maintenance issues.

Dated: October 20, 2025

Respectfully submitted,

By: /s/ JASON GRENIER

Jason Grenier

Manager

Retail Energy Solutions

Otter Tail Power Company

215 S. Cascade Street

Fergus Falls, MN 56537

(218) 739-8639

jgrenier@otpc.com

CERTIFICATE OF SERVICE

RE: In the Matter of Otter Tail Power Company's Petition for a Proposed Energy Storage System Pilot at the University of Minnesota Morris Docket No. E017/M-25-325

I, Khris Ekstrom, hereby certify that I have this day served a copy of the following, or a summary thereof, on Mike Bull 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 **20th** day of **October, 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
1	Sasha	Bergman	sasha.bergman@state.mn.us		Public Utilities Commission		Electronic Service		Yes	M-25-325
2	Mike	Bull	mike.bull@state.mn.us		Public Utilities Commission	121 7th Place East, Suite 350 St. Paul MN, 55101 United States	Electronic Service		Yes	M-25-325
3	Ray	Choquette	rchoquette@agp.com	Ag Processing Inc.		12700 West Dodge Road PO Box 2047 Omaha NE, 68103-2047 United States	Electronic Service		No	M-25-325
4	Generic	Commerce Attorneys	commerce.attorneys@ag.state.mn.us		Office of the Attorney General - Department of Commerce	445 Minnesota Street Suite 1400 St. Paul MN, 55101 United States	Electronic Service		Yes	M-25-325
5	Lauren	Donofrio	ldonofrio@otpc.com	Otter Tail Power Company		215 South Cascade Street Fergus Falls MN, 56538-0496 United States	Electronic Service		Yes	M-25-325
6	Sharon	Ferguson	sharon.ferguson@state.mn.us		Department of Commerce	85 7th Place E Ste 280 Saint Paul MN, 55101-2198 United States	Electronic Service		No	M-25-325
7	Jessica	Fyhrie	jfyhrie@otpc.com	Otter Tail Power Company		PO Box 496 Fergus Falls MN, 56538-0496 United States	Electronic Service		No	M-25-325
8	Amber	Grenier	agrenier@otpc.com	Otter Tail Power Company		215 S. Cascade St. Fergus Falls MN, 56537 United States	Electronic Service		No	M-25-325
9	Jason	Grenier	jgrenier@otpc.com	Otter Tail Power Company		215 South Cascade Street Fergus Falls MN, 56537 United States	Electronic Service		Yes	M-25-325
10	Adam	Heinen	aheinen@dakotaelectric.com	Dakota Electric Association		4300 220th St W Farmington MN, 55024 United States	Electronic Service		No	M-25-325
11	Nick	Kaneski	nick.kaneski@enbridge.com	Enbridge Energy Company, Inc.		11 East Superior St Ste 125 Duluth MN, 55802 United States	Electronic Service		No	M-25-325
12	James D.	Larson	james.larson@avantenergy.com	Avant Energy Services		220 S 6th St Ste 1300 Minneapolis MN, 55402 United States	Electronic Service		No	M-25-325
13	Kavita	Maini	kmains@wi.rr.com	KM Energy Consulting, LLC		961 N Lost Woods Rd Oconomowoc WI, 53066 United States	Electronic Service		No	M-25-325
14	Andrew	Moratzka	andrew.moratzka@stoel.com	Stoel Rives LLP		33 South Sixth St Ste 4200 Minneapolis	Electronic Service		No	M-25-325

#	First Name	Last Name	Email	Organization	Agency	Address	Delivery Method	Alternate Delivery Method	View Trade Secret	Service List Name
						MN, 55402 United States				
15	Matthew	Olsen	molsen@otpc.com	Otter Tail Power Company		215 South Cascade Street Fergus Falls MN, 56537 United States	Electronic Service		No	M-25-325
16	Generic Notice	Regulatory	regulatory_filing_coordinators@otpc.com	Otter Tail Power Company		215 S. Cascade Street Fergus Falls MN, 56537 United States	Electronic Service		No	M-25-325
17	Generic Notice	Residential Utilities Division	residential.utilities@ag.state.mn.us		Office of the Attorney General - Residential Utilities Division	1400 BRM Tower 445 Minnesota St St. Paul MN, 55101-2131 United States	Electronic Service		Yes	M-25-325
18	Cary	Stephenson	cstephenson@otpc.com	Otter Tail Power Company		215 South Cascade Street Fergus Falls MN, 56537 United States	Electronic Service		No	M-25-325
19	Stuart	Tommerdahl	stommerdahl@otpc.com	Otter Tail Power Company		215 S Cascade St PO Box 496 Fergus Falls MN, 56537 United States	Electronic Service		No	M-25-325