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December 14, 2016

Mr. Daniel P. Wolf
Executive Secretary
Minnesota Public Utilities Commission
121 7th Place East, Suite 350
St. Paul, MN 55101-2147



**Re: In the Matter of Otter Tail Power Company's Petition for Approval of a Variance to the Customer Service Rules Governing Billing Errors
Docket No. E017/M-16-
Initial Filing**

Dear Mr. Wolf:

Enclosed for filing, please find the Petition of Otter Tail Power Company (Otter Tail) requesting approval of a variance to Minnesota Rule 7820.3800 and a one-time modification to the terms of Otter Tail's Billing Adjustments – Overbilled tariff language contained in its Tariff Book.

Prior to submitting this Petition, Otter Tail has informally provided a brief summary of this filing to the Commission's Consumer Affairs Office and Minnesota Department of Commerce, as outlined in the March 29, 2010 Order in Minnesota Docket No. E017/M-09-1302. Otter Tail will inform the customer of this filing and instructions on how to access and/or participate in the docketing process.

Otter Tail has electronically filed this document with the Commission. In compliance with Minn. Rule 7829.1300, subp. 2, Otter Tail is serving a copy of this filing on the Department of Commerce – Division of Energy Resources and Office of Attorney General – Antitrust & Utilities Division. A Summary of the filing has been served on all persons on Otter Tail's general service list. A Certificate of Service is also enclosed.

Should you have any questions regarding this filing, please contact me at (218) 739-8799 or sfedje@otpc.com.

Respectfully,

/s/ SVETLANA A. FEDJE
Svetlana A. Fedje
Pricing Analyst

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Enclosures
By electronic filing
c: Service List

An Equal Opportunity Employer

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

In the Matter of Otter Tail Power Company's
Petition for Approval of a Variance to the
Customer Service Rules Governing Billing
Errors

Docket No. E017/M-16-

SUMMARY OF FILING

Pursuant to Minn. Rules part 7829.3200, Otter Tail Power Company petitions the Minnesota Public Utilities Commission for approval of a variance to the Minn. Rules 7820.3800 and a one-time modification to Otter Tail's Billing Adjustments – Overbilled section 4.09 of its General Rules and Regulations.

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

In the Matter of Otter Tail Power Company's
Petition for Approval of a Variance to the
Customer Service Rules Governing Billing
Errors

Docket No. E017/M-16-

PETITION OF OTTER TAIL POWER COMPANY

I. INTRODUCTION

Pursuant to Minn. Rules 7829.3200, Otter Tail Power Company (Otter Tail or the Company), respectfully requests the Minnesota Public Utilities Commission (Commission) approve a variance to the Minn. Rules 7820.3800 (Billing Errors Rule) and a one-time modification to Otter Tail's Billing Adjustments – Overbilled section 4.09 of its General Rules and Regulations (Billing Adjustment tariff), approving a refund to a customer for an overcharge during the billing period November 1993 – December 2015 due to the incorrect billing frequency.

II. SUMMARY OF FILING

Pursuant to Minn. Rules 7829.1300, subp. 1, a one-paragraph summary of the Petition is included with this filing.

III. SERVICE ON OTHER PARTIES

Pursuant to Minn. Stat. § 216.17, subd. 3, and Minn. Rules 7829.1300, subp. 2, Otter Tail has served a copy of this filing on the Minnesota Department of Commerce, Division of Energy Resources and the Office of Attorney General, Antitrust and Utilities Division. A summary of the filing prepared in accordance with Minn. Rules 7829.1300, subp. 1 was served on all parties on the attached general service list.

IV. GENERAL FILING INFORMATION

Pursuant to Minn. Rules 7829.1300, subp. 3, Otter Tail provides the following general information:

**A. Name, Address, and Telephone Number of Utility.
(Minn. Rules 7829.1300, subp. 3(A))**

Otter Tail Power Company
215 South Cascade Street
P. O. Box 496
Fergus Falls, MN 56538-0496
(218) 739-8200

**B. Name, Address, and Telephone Number of Utility Attorney.
(Minn. Rules 7829.1300, subp. 3(B))**

Bruce Gerhardson
Otter Tail Power Company
215 South Cascade Street
P. O. Box 496
Fergus Falls, MN 56538-0496
(218) 739-8475

**C. Date of Filing.
(Minn. Rules 7829.1300, subp. 3(C))**

This Petition is being filed on December 14, 2016. The Company requests approval of the proposed variance to Minn. Rules 7820.3800 and one-time modification to the Billing Error Tariff provisions in its Tariff Book to be effective immediately upon issuance of the Commission's Order granting our Petition.

**D. Statute Controlling Schedule for Processing the Filing.
(Minn. Rules 7829.1300, subp. 3(D))**

This Petition is made pursuant to Minn. Stat. § 216B.16, subd. 1, which prescribes general timelines for rate and tariff changes, including but not limited to, a requirement of 60-day notice prior to any rate or tariff change.

Commission Rules define this filing as a "miscellaneous tariff filing" under Minn. Rules 7829.0100, subp. 11 since no determination of Otter Tail's overall revenue requirement is necessary. Minn. Rules 7829.1400, subp. 1 and 4 permits comments in

response to a miscellaneous filing to be filed within 30 days and reply comments to be filed not later than 10 days thereafter.

**E. Title of Utility Employee Responsible for Filing.
(Minn. Rules 7829.1300, subp. 3(E))**

Svetlana A. Fedje
Pricing Analyst
Otter Tail Power Company
215 South Cascade Street
P. O. Box 496
Fergus Falls, MN 56538-0496
(218) 739-8799
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F. Service List.

Pursuant to Minn. Rules 7829.0700, Otter Tail requests that the following persons be placed on the Commission's official service list for this proceeding:

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David G. Prazak
Supervisor, Pricing & Tariff Administration
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(218) 739-8595
dprazak@otpc.com

V. DESCRIPTION OF FILING

A. Background.

In December of 2015, while completing the historical analysis of lighting billing in preparation for a Minnesota rate case filing, Otter Tail employees discovered that a Customer was overcharged due to an incorrect billing frequency of the applicable rate schedule. The Customer was incorrectly billed under the Outdoor Lighting: Dusk to Dawn (Section 11.04) 745 Rate. This error resulted in Otter Tail inadvertently overbilling the Customer during the period November 1993 – December 2015. The error has been corrected by Otter Tail and is now billing properly.

When a light was originally set-up on the account, the bill amount was to be setup for billing two times per year rather than monthly. However, the account was inadvertently set to bill every month. This caused the light to bill at the biannual amount every month and therefore over billing the customer.

On October 27, 2016 Otter Tail contacted the Minnesota Consumers Affairs Office (CAO) and requested a review of the situation¹. A review was conducted by the CAO and the Department of Commerce and it was determined by both parties that Otter Tail should file a Billing Error Variance request.

The Billing Errors Rule limits the period for refunding overcharges to three years. In order to fully correct the inadvertent overcharges, Otter Tail is requesting a variance from the three-year limitation on refunds contained in the Billing Errors Rule and a one-time modification to Otter Tail's Billing Adjustments tariff.

Therefore, the Customer is due a refund for the incorrectly billed amounts. The total amount overbilled, over the said time period including interest, is \$11,950.07.

B. Company Action.

Shortly after discovery of this billing error and effective with the January 13th, 2016 readings, Otter Tail corrected the billing pattern. Otter Tail has already provided a refund to the Customer for the period within Minnesota Billing Errors Rule and our Billing Adjustment tariff. On January 13th, 2016 Otter Tail refunded the principal amount with interest totaling \$1,420.93 to the Customer.

The time period associated with this billing error exceeds the three-year timeframe identified in the Commission's Billing Errors Rule and Otter Tail's Billing Adjustments tariff. Because this timeframe has been exceeded, a variance to the Commission Billing Errors Rule and a one-time modification to our tariff provisions are required in order for Otter Tail to provide the Customer with an additional refund.

Otter Tail has calculated and provided the refund amounts in accordance with Minn. Rules 7820.3800 and calculated interest consistent with Minn. Stat. § 325E.02(b).

¹ In its communication to the CAO, Otter Tail consulted E017/M-09-1302 (Ordering paragraph 3 and Briefing papers).

Table 1 below shows the total overbilled and corresponding interest amounts owed to the Customer for the periods within and exceeding the Commission Billing Errors Rule.

Table 1			
Time Period	Principal	Interest	Total
Within Commission Rules and Tariff period: January 2013 through December 2015	\$1, 413.28	\$7.65	\$1,420.93
Exceeding Rules and Tariff Period: November 1993 – December 2012	\$8001.20	\$2,527.94	\$10,529.14
Total	\$9,414.48	\$2,535.59	\$11,950.07

C. Applicable Law.

Minn, Rules 7820.3800, subp. 1 provides the criteria for remedy of billing errors related to electric bills, and provides in relevant part:

When a customer has been overcharged or undercharged as a result of incorrect reading of the meter, incorrect application of rate schedule, incorrect connection of the meter, application of an incorrect multiplier or constant or other similar reasons [emphasis added], the amount of the overcharge shall be refunded to the customer ...

Minn. Rules 7820.3800, subp. 2 provides the method of calculating and the time period for providing refunds associated with billing errors to customers and states in relevant part:

...the utility shall calculate the difference between the amount collected for service rendered and the amount the utility should have collected for service rendered, plus interest, for the period beginning three years before the date of discovery... If the date the error occurred can be fixed with reasonable certainty, the remedy shall be calculated on the basis of payments for service rendered after that date, but in no event for a period beginning more than three years before the discovery of an overcharge...

The nature of the error was as such, that it was difficult to find a direct rule, identifying the error. OTP asked for guidance in that matter from the Minnesota Department of Commerce, Public Utilities Rates Evaluation Department and the MN PUC Consumer affairs office staff. In this situation, the Customer was overcharged due to the wrong

billing frequency, therefore in this instance, the only part of the rule that is defined as “other similar reasons” may apply and require a variance filing.

“Other similar reasons” is one of the criteria identified in Minn. Rules 7820.3800, subp. 1 for when a billing error warrants a remedy. The Company’s Billing Adjustments tariff contains similar provisions that permit an adjustment for overcharges up to a maximum of three years from the date of discovery of the billing error.

Otter Tail is seeking a variance from Commission’s Billing Errors Rule and a one-time modification to our Billing Adjustments tariff to allow a refund of the charges billed to the customer that exceed the three-year timeframe identified in the Commission’s Billing Errors Rule and the Company’s Tariff Book.

VI. REQUEST FOR VARIANCE

In this Petition Otter Tail seeks authority to refund charges and interest associated with the over-billing to the Customer, beyond the three-year limitation contained in the Billing Errors Rule.

Otter Tail believes the circumstances of this billing error warrant that the Customer should receive a full and complete refund of the overcharges. Therefore, based upon the foregoing, Otter Tail requests a variance to the Billing Errors Rule and a one-time modification to our Billing Adjustment tariff to allow a refund of the over-billing for the period in excess of the Rule’s three-year limitation period. Minn. Rules 7829.3200 sets forth the criteria for evaluating variance requests:

- (1) Enforcement of the rule would impose an excessive burden upon the applicant or others affected by the rule.
- (2) Granting the variance would not adversely affect the public interest.
- (3) Granting the variance would not conflict with standards imposed by law.

Otter Tail believes that its request satisfies these criteria.

A. Enforcement of the Rule Would Impose an Excessive Burden on Customer.

Given the period of time at hand, strict enforcement of the rule would impose an excessive and unreasonable burden on the Customer by limiting the refund for the total over-billed amount.

B. Granting the Variance Does Not Adversely Affect the Public Interest.

Granting the waiver as requested does not adversely affect the public interest.

C. Granting the Variance would not Conflict with Standards Imposed by Law.

Otter Tail is not aware of any conflict with any standards imposed by law. Indeed, the rules expressly contemplate waivers under circumstances like those presented here. The Commission has, on several occasions, granted variances to the limitation on refunds for over-billings.

VII. CONCLUSION

For the foregoing reasons, Otter Tail respectfully requests that the Commission grant a variance to the Billing Errors Rule and a one-time modification to our Billing Adjustments tariff as requested herein.

Dated: December 14, 2016

Respectfully submitted,

OTTER TAIL POWER COMPANY

By: /s/ SVETLANA A. FEDJE

Svetlana A. Fedje

Pricing Analyst

Otter Tail Power Company

215 South Cascade Street, P. O. Box 496

Fergus Falls, MN 56538-0496

(218) 739-8799

CERTIFICATE OF SERVICE

**RE: In the Matter of Otter Tail Power Company's Petition for Approval of a
Variance to the Customer Service Rules Governing Billing Errors
Docket No. E017/M-16-**

I, Kim Ward, hereby certify that I have this day served a copy of the following, or a summary thereof, on Daniel P. Wolf 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
Initial Filing**

Dated this **14th** day of **December, 2016**.

/s/ Kim Ward
Kim Ward, Regulatory Filing Coordinator
Otter Tail Power Company
215 South Cascade Street
Fergus Falls MN 56537
(218) 739-8268

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Julia	Anderson	Julia.Anderson@ag.state.mn.us	Office of the Attorney General-DOC	1800 BRM Tower 445 Minnesota St St. Paul, MN 551012134	Electronic Service	No	GEN_SL_Otter Tail Power Company_2016 Billing Errors Variance
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