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October 9, 2024



Mr. Will Seuffert  
Executive Secretary  
Minnesota Public Utilities Commission  
121 7<sup>th</sup> 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 Approval of the Annual Update to its Electric Utility Infrastructure Rider, Rate Schedule 13.11  
Docket No. E017/M-24-186  
Response Letter**

Dear Mr. Seuffert:

Otter Tail Power Company (Otter Tail, the Company) hereby submits to the Minnesota Public Utilities Commission (Commission) its Response to the Department of Commerce, Division of Energy Resources (Department’s) recommendations in the above-referenced matter.

This document contains information regarding ongoing contractual negotiations with a vendor, 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. This information therefore is (1) “trade secret information”, as defined in Minn. Stat. § 13.37, subd. 1(b); (2) is classified as nonpublic data pursuant to Minn. Stat. § 13.37, subd. 2; (3) is also not public data, as defined in Minn. Stat. § 13.02, subd. 8a; and (4) is protected data under Minn. R. 7829.0100, subp. 19a(A).

The Initial Filing in the above-referenced docket presented details regarding two possible approaches for the Demand Response (DR) project implementation. The base case for the DR project includes the replacement of all 40,000 load control switches at a total project cost of **[PROTECTED DATA BEGINS... ...PROTECTED DATA ENDS]**. Otter Tail has a strong history of working toward least cost options for customers while maintaining reliability, which is why the Company worked with the vendor to try to find a new cost-saving approach to implementing the DR project without sacrificing reliability. Otter Tail’s preferred approach, if possible, is to replace 26,000 of the 40,000 load switches and use the switches in the Advanced Metering Infrastructure (AMI) meters to control load for the remaining 14,000, which would reduce the DR project cost to **[PROTECTED DATA BEGINS... ...PROTECTED DATA ENDS]**. This new possible approach has not yet been fully vetted by either Otter Tail or the vendor. This means that while Otter Tail is hopeful that this solution might work – it is still entirely hypothetical. If testing/use case shows that this possible solution is not viable, Otter Tail will move forward with the full deployment of all 40,000 load control switches at the higher cost.

In the Letter submitted by the Department on October 3, 2024, the Department recommended the Commission approve a soft cap of **[PROTECTED DATA BEGINS...  
...PROTECTED DATA ENDS]** on a Total Company basis for Otter Tail's DR project. The Department further recommended that Otter Tail request recovery for cost overruns in the next rate case following completion of the DR project.

As noted above, Otter Tail is evaluating an alternative solution to replace approximately 26,000 of the 40,000 load control switches and use the functionality in the AMI meters for water heating controlled service. However, the use of the AMI meters for this functionality and frequency of potential cycling is still being evaluated. If the Company learns that it cannot effectively use the functionality of the AMI meters for water heating controlled service, it must replace all of the load control switches in accordance with the base case scenario, and the increased project cost will be necessary to provide reliable load control service to customers. Otter Tail informed the Commission about this potential cost saving plan in the spirit of full transparency, even though the Company is not yet sure if it can actually make the alternative plan work. Otter Tail should not be penalized for attempting to find a less expensive, but equally reliable, option to serve our customers. Holding the Company to a cap, even a soft cap, that is only possible if a hypothetical solution actually works, penalizes the Company if its proposed alternative turns out not to be feasible. For this reason, Otter Tail proposes the Commission place the Department's **[PROTECTED DATA BEGINS...  
...PROTECTED DATA ENDS]** recommended soft cap on hold until the Company's next EUIC filing, at which time Otter Tail can provide an update on the vetting process for the alternative and whether a decision has been made regarding the feasibility of the proposed alternative to save customers costs will actually work. If the testing of the proposed alternative plan has been successful and the Company has committed to the alternative plan, the Company would agree to a soft cap at **[PROTECTED DATA BEGINS...  
...PROTECTED DATA ENDS]**. In the meantime, the soft cap should be set at **[PROTECTED DATA BEGINS...  
...PROTECTED DATA ENDS]**.

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 218-739-8042 or [pfoster@otpc.com](mailto:pfoster@otpc.com) if you have any questions regarding this filing.

Sincerely,

*/s/ PAULA FOSTER*  
Paula Foster  
Supervisor Rates Analyst  
Regulatory Economics

lcd  
Enclosures  
By electronic filing  
c: Service List

## CERTIFICATE OF SERVICE

**RE: In the Matter of Otter Tail Power Company's Petition for Approval of the Annual Update to its Electric Utility Infrastructure Rider, Rate Schedule 13.11  
Docket No. E017/M-24-186**

I, Laura Dewey, hereby certify that I have this day served a copy of the following, or a summary thereof, on Will Seuffert 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  
Response Letter**

Dated this 9<sup>th</sup> day of **October, 2024**.

/s/ LAURA DEWEY

Laura Dewey  
Regulatory Filing Coordinator  
Otter Tail Power Company  
215 South Cascade Street  
Fergus Falls MN 56537  
(218) 739-8604

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Ray	Choquette	rchoquette@agp.com	Ag Processing Inc.	12700 West Dodge Road PO Box 2047 Omaha, NE 68103-2047	Electronic Service	No	OFF_SL_24-186_M-24-186
Generic Notice	Commerce Attorneys	commerce.attorneys@ag.state.mn.us	Office of the Attorney General-DOC	445 Minnesota Street Suite 1400  St. Paul, MN 55101	Electronic Service	Yes	OFF_SL_24-186_M-24-186
Lauren	Donofrio	ldonofrio@otpc.com	Otter Tail Power Company	215 South Cascade Street  Fergus Falls, MN 56538-0496	Electronic Service	Yes	OFF_SL_24-186_M-24-186
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Emily	Ketelsen	eketelsen@otpc.com	Otter Tail Power Company	215 South Cascade Street  Fergus Falls, MN 56537	Electronic Service	Yes	OFF_SL_24-186_M-24-186

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Kavita	Maini	kmains@wi.rr.com	KM Energy Consulting, LLC	961 N Lost Woods Rd Oconomowoc, WI 53066	Electronic Service	No	OFF_SL_24-186_M-24-186
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Generic Notice	Regulatory	regulatory_filing_coordinators@otpc.com	Otter Tail Power Company	215 S. Cascade Street Fergus Falls, MN 56537	Electronic Service	Yes	OFF_SL_24-186_M-24-186
Generic Notice	Residential Utilities Division	residential.utilities@ag.state.mn.us	Office of the Attorney General-RUD	1400 BRM Tower 445 Minnesota St St. Paul, MN 551012131	Electronic Service	Yes	OFF_SL_24-186_M-24-186
Will	Seuffert	Will.Seuffert@state.mn.us	Public Utilities Commission	121 7th PI E Ste 350 Saint Paul, MN 55101	Electronic Service	Yes	OFF_SL_24-186_M-24-186
Cary	Stephenson	cStephenson@otpc.com	Otter Tail Power Company	215 South Cascade Street Fergus Falls, MN 56537	Electronic Service	No	OFF_SL_24-186_M-24-186
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