

October 23, 2023

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

RE: **Response to Otter Tail Power Company Reply Comments of the Minnesota Department of Commerce, Division of Energy Resources**  
Docket No. E017/M-20-181

Dear Mr. Seuffert:

Attached is the Department of Commerce's (Department) response to Otter Tail's September 19, 2023 reply comments and information provided by Otter Tail as requested by the Department in its August 25, 2023 comments. The Department appreciates Otter Tail's responses to the Department's request for additional supporting information of its proposed rates. The Department recommends the Commission **approve** Otter Tail's proposed modifications to the Time-of-Day (TOD) pilot rates for its Electric Vehicle Direct Fast Charging General Service.

Sincerely,

/s/Andy Bahn  
Rates Analyst Coordinator

AB/ar  
Attachment



## Before the Minnesota Public Utilities Commission

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### Comments of the Minnesota Department of Commerce Division of Energy Resources

Docket No. E017/M-20-181

#### I. Background

On January 31, 2020, Otter Tail Power Company (Otter Tail or the Company) filed a proposal for an electric vehicle (EV) charging pilot program for direct current fast charging service (EV pilot).

The Commission approved Otter Tail Power's EV Pilot in its October 27, 2020, *Order Approving Pilot Program, Granting Deferred Accounting, And Setting Additional Requirements*. In this Order, the Commission approved Otter Tail's EV Pilot Rate Schedules for company and third-party owned direct current fast charging service (DCFC) charging stations.

On May 26, 2023, Otter Tail filed a request with the Commission to modify the EV Pilot rate schedules. Specifically, Otter Tail requested the Commission approve the following proposals related to its EV DCFC, Section 10.07 rate schedule:

- A. updated customer and facility charges for the third-party provider rate,
- B. updated energy/demand \$/kWh rate for both third-party provider and company provider rates,
- C. change the company provider customer connection fee to a \$/kWh fee,
- D. remove rider costs from the customer's charging bill for both third-party provider and company provider rates,
- E. combine the connection fee and energy/demand \$/kWh charges together along with any necessary taxes when displaying pricing to customers for the company provider rate, and
- F. other miscellaneous administrative tariff changes.

On August 25, 2023, the Department filed comments requesting Otter Tail provide more analysis and support for its proposed increases in the EV Pilot rates and changes to the time-of-day (TOD) time periods in its reply comments.

On September 19, 2023, Otter Tail filed reply comments responding to the requests from the Department for more analysis and support for each of the topics identified by the Department in its comments.

**II. DEPARTMENT RESPONSE TO OTTER TAIL REPLY COMMENTS**

In its initial comments, the Department expressed support for Otter Tail’s proposal to modify EV Pilot rates by combining the energy, renewable energy credit, cost of fuel rider charges and taxes to be displayed to customers in one \$/kWh rate. The Department agreed with Otter Tail that this would reduce the complexity of charging rates and improve the customer charging experience. However, the Department also noted the proposed rate increases need to be justified and supported with cost-of-service information, which was not substantively provided in Otter Tail’s initial filing. Therefore, the Department requested Otter Tail provide more analysis and support in its reply comments for its proposed increases in the EV Pilot rates and for changes to the TOD time periods. Below, the Department responds to Otter Tail’s additional analysis and support for proposals related to its EV DCFC, Section 10.07 rate schedule.<sup>1</sup>

**A. UPDATED CUSTOMER AND FACILITY CHARGES FOR THE THIRD-PARTY PROVIDER RATES?**

The current and proposed customer and facility charges for third-party provider rates are shown in Table 1.

**Table 1: Third-Party Provider Customer and Facility**

	Current rate	Proposed rate	Increase	(%) Increase
<b>Customer Charge (Per Month)</b>				
Secondary	\$50	\$102	\$52	104.00%
Primary	\$110	\$273	\$163	148.18%
<b>Facility Charge (/Mo./Ann. Max kW)</b>				
Secondary Less than 500 kW	\$0.78	\$0.82	NA	NA
Secondary 500 kW to 1000 kW	NA	\$0.68	NA	NA
Primary Less than 1000 kW	\$0.25	\$0.47	\$0.22	88.00%

In its reply comments, Otter Tail provided its previous and current Marginal Cost Study. Otter Tail explained the proposed customer charges are consistent with the Company’s Large General Service – Time of Day rates, approved in its most recent rate case.<sup>2</sup> Because it has increased the size of the potential charging station, Otter tail explained the third-party rates went from General Service cost category to the size of the Large General Service customer. Otter Tail adjusted the customer charges to be consistent with the Company’s other approved customer charge level for Large General Service customers.

The Department has reviewed Otter Tail’s marginal cost studies and recognizes the customer charge for Large General Service customers was approved in Otter Tail’s most recent rate case. Therefore, the Department recommends the Commission approve Otter Tail’s updated customer and facility charges for the third-party provider rate, because it is consistent with what the Commission approved in Otter Tail’s most recent rate case.

<sup>1</sup> Otter Tail Initial Filing, May 26, 2023, Attachment 1.

<sup>2</sup> Docket No. E017-GR-20-719

**B. UPDATED ENERGY/DEMAND \$/KWH RATES FOR BOTH THIRD-PARTY PROVIDER AND COMPANY-PROVIDER RATES?**

In its initial comments, the Department noted a concern for the lack of uniformity in the percentage increases in energy/demand \$/kWh rates for TOD time periods. The Department requested Otter Tail provide an explanation for this lack of uniformity.

In its reply comments, Otter Tail explained its proposal aggregates all costs including mandatory riders and other costs into a per kWh charge with a goal of bill simplification for third-party vendors. The \$/kWh energy/demand rates for both company and third-party providers rates are shown in Table 2 and include the fuel costs in the current rates for a fairer comparison with the proposed energy/demand \$/kWh rate change.

<b>Table 2: Energy/Demand Charge per kWh for third-Party and Company</b>							
	Current	Removed	Current	Proposed rate	DOC Calculation		Actual
	rate	Fuel General Service	Price with Included Fuel		Increase	(%) Increase	(%) Increase
<b>Energy/Demand Charge per kWh (Summer)</b>							
3rd-party Secondary On-Peak	\$0.1338	\$0.02605	\$0.15988	\$0.1776	\$0.0438	32.73%	11.10%
3rd-party Secondary Mid-Peak	\$0.0449	\$0.02605	\$0.07094	\$0.0568	\$0.0120	26.62%	-19.88%
3rd-party Secondary Off-Peak	\$0.0009	\$0.02605	\$0.02692	\$0.0284	\$0.0276	3167.82%	5.61%
<b>Energy/Demand Charge per kWh (Winter)</b>							
3rd-party Primary On-Peak	\$0.1285	\$0.02605	\$0.15451	\$0.1715	\$0.0430	33.50%	10.99%
3rd-Party Primary Mid-Peak	\$0.0422	\$0.02605	\$0.06822	\$0.0554	\$0.0132	31.28%	-18.85%
3rd-Party Primary Off-Peak	\$0.0008	\$0.02605	\$0.02687	\$0.0278	\$0.0270	3295.12%	3.61%
Company On-Peak	\$0.1338	\$0.02605	\$0.15988	\$0.1954	\$0.0616	46.00%	22.21%
Company Mid-Peak	\$0.0490	\$0.02605	\$0.07504	\$0.0625	\$0.0135	27.62%	-16.68%
Customer Off-Peak	\$0.0009	\$0.02605	\$0.02692	\$0.0313	\$0.0304	3494.25%	16.16%
<b>Energy/Demand Charge per kWh (Winter)</b>							
3rd-party Secondary On-Peak	\$0.0710	\$0.02605	\$0.09703	\$0.1379	\$0.0669	94.28%	42.12%
3rd-party Secondary Mid-Peak	\$0.0244	\$0.02605	\$0.05040	\$0.0738	\$0.0494	202.87%	46.33%
3rd-party Secondary Off-Peak	\$0.0059	\$0.02605	\$0.03196	\$0.0500	\$0.0441	745.35%	56.32%
3rd-Party Primary On-Peak	\$0.0686	\$0.02605	\$0.09460	\$0.1329	\$0.0643	93.84%	40.47%
3rd-Party Primary Mid-Peak	\$0.0230	\$0.02605	\$0.04902	\$0.0714	\$0.0484	210.80%	45.63%
3rd-Party Primary Off-Peak	\$0.0051	\$0.02605	\$0.03110	\$0.0486	\$0.0435	861.58%	56.14%
Customer On-Peak	\$0.0710	\$0.02605	\$0.09703	\$0.1517	\$0.0807	113.71%	56.33%
Customer Mid-Peak	\$0.0244	\$0.02605	\$0.05040	\$0.0811	\$0.0568	233.14%	60.95%
Customer Off-Peak	\$0.0059	\$0.02605	\$0.03196	\$0.0550	\$0.0491	829.95%	71.96%

The Department appreciates Otter Tail’s clarification of the proposed rates and the inclusion of the fuel costs within them. When considering the fuel costs in the proposed rates, the actual percentage increases in rates are more uniform and reasonable. Therefore, the Department recommends the Commission approve Otter Tail’s updated energy/demand \$/kWh rate for both third-party provider and company provider rates.

*C. CHANGE TO THE COMPANY PROVIDER CUSTOMER CONNECTION FEE TO A \$/KWH FEE?*

The current and proposed EV connection fees are shown in Table 3.

<b>EV Connection Fees</b>	<b>Current (per connection)</b>	<b>Proposed (\$/kWh)</b>	<b>Increase</b>	<b>(%) Increase</b>
DC Level 2 Chargers	\$3.00	\$0.11586	NA	NA
DCFC 100 kW or Less	\$6.00	\$0.17551	NA	NA
DCFC More than 100 kW	\$8.00	\$0.17724	NA	NA

In its initial comments, the Department requested Otter Tail provide support for the proposed \$/kWh and its conversion from the connection fee and the calculation it had used to determine the proposed \$/kWh rate. In its reply comments, Otter Tail explained it would continue to collect the same revenue requirement from its proposed volumetric fee as it currently does through the fixed fee. Otter Tail explained further the calculation involves dividing the current connection fee charge by the estimated average kWh usage in a single charge as shown in Table 4.

<b>EV Connection Fees</b>	<b>Current (per connection)</b>	<b>Assumed Average kWh per connection</b>	<b>Proposed (\$/kWh)</b>
DC Level 2 Chargers	\$3.00	25.9	\$0.11586
DCFC 100 kW or Less	\$6.00	34.2	\$0.17551
DCFC More than 100 kW	\$8.00	45.1	\$0.17724

According to Otter Tail, it estimated average kWh based on a single 50 kW DCFC site with supporting level 2 charges. The Department finds Otter Tail’s explanation for how it calculated the proposed \$/kWh rate for connection charges to be reasonable. The Department recommends the Commission approve Otter Tail’s proposal to change the company provider customer connection fee to a \$/kWh fee as shown in tables 3 and 4 above, because Otter Tail’s methodology for converting the per connection fee to a \$/kWh rate is reasonable.

*D. REMOVE RIDER COSTS FROM THE CUSTOMER’S CHARGING BILL FOR BOTH THIRD-PARTY PROVIDER AND COMPANY-PROVIDER RATES?*

In its initial comments, the Department supported Otter Tail’s proposal to remove rider costs from the customer’s charging bill for both third-party provider and company-provider rates to improve charging access and customer charging experiences and reduce the complexity of charging rates. To further understand the costs associated with the rider, the Department requested Otter Tail provide a breakdown of the estimate for the total rider costs. In its reply comments, Otter Tail estimated the total projected rider losses would be \$4,956.40, which is less than the Company’s conservative estimate of \$6,000 of loss rider revenue. Otter Tail estimated it will take several years before reaching the \$6,000 level of rider costs. Otter Tail provided a list of each of the riders used to determine a total cost per kWh as shown in Table 5.

<b>Table 5: Rider Costs</b>			
Riders Impacted:	\$/kWh	Total (\$/kWh)	Rider Impact
Conservation Improvement Program	\$0.00803	\$0.04714	\$844.27
Renewable Resource Adjustment	\$0.00295		\$310.16
Transmission Cost Recovery Rider	\$0.00262		\$275.46
EITE	\$0.00039		\$41.00
Energy Adjustment Rider	\$0.02812		\$2,956.54
Uplift (converted from per month rate)	\$0.00167		\$175.07
EUIC (converted from per month rate)	\$0.00337		\$354.01
			<b>Total:</b>

The Department appreciates Otter Tail’s breakdown of the riders impacted and the forecasted amounts uncollected for each rider. As mentioned in the initial comments, to reduce the complexity of charging rates and improve the customer charging experience, the Department supports removing rider costs from the customer’s charging bill. Therefore, the Department recommends the Commission approve Otter Tail’s proposal to remove rider costs from the customer’s charging bill for both third-party provider and company-provider rates.

*E. COMBINE THE CONNECTION FEE AND ENERGY/DEMAND \$/KWH CHARGES TOGETHER ALONG WITH ANY NECESSARY TAXES WHEN DISPLAYING PRICING TO CUSTOMERS FOR THE COMPANY PROVIDER RATE?*

In its initial comments, the Department supported combining the connection fee and the energy/demand \$/kWh rates along with necessary taxes when displaying pricing for the company provider rate. For the reasons stated in its initial comments, the Department recommends the Commission approve Otter Tail’s proposal to combine the connection fee and the energy/Demand \$/kWh charges together, along with any necessary taxes when displaying to customers the Company provider rate.

*F. OTHER MISCELLANEOUS ADMINISTRATIVE TARIFF CHANGES AS DESCRIBED IN SECTION IV. D. OF OTTER TAIL POWER’S PETITION?*

In its initial comments, the Department noted that miscellaneous administrative tariff changes described in Section IV. D. of Otter Tail’s petition<sup>3</sup> include changes to the time periods for the EV TOD pilot rates. The current and proposed time periods for EV TOD pilot rates are shown in Table 6.

<b>Table 6: EV TOU Time Periods</b>		
	Current	Proposed
<b>Summer</b>		
On-Peak M-F	1 PM - 6 PM	1 PM - 7 PM
Mid-Peak M-F	12 PM - 1 PM, 6 PM- 8 PM	11 AM - 1 PM, 7 PM - 10 PM
Mid-Peak Weekends	1 PM - 6 PM	11 AM - 10 PM
Off-Peak MF	8 PM - 12 PM	10 PM - 11 AM
Off-Peak Weekends	6 PM - 12 PM	10 PM - 11 AM
<b>Winter</b>		
On-Peak M-F	7 AM - 11 AM	7 AM - 11 AM
Mid-Peak M-F	6 AM - 7 AM, 11 AM - 9 PM	6 AM - 7 AM, 11 AM - 10 PM
Mid-Peak Weekends	7 AM - 11 AM, 5 PM - 9 PM	6 PM - 10 PM
Off-Peak MF	9 PM - 6 AM	10 PM - 6 AM
Off-Peak Weekends	11 AM - 5 PM, 9 PM-6 AM	10 PM - 6 PM

The Department requested Otter Tail provide the justification for changing the time periods for the EV Pilot TOD rates. In its reply Comments, Otter Tail updated the EV Pilot TOD periods to match Section 10.05 Large General Service tariff’s TOD schedule approved by the Commission’s February 1, 2022, order, and is detailed in the Company’s latest Minnesota General Rate Case.<sup>4</sup> The Department appreciates Otter Tail’s explanation for the changes in the proposed time periods and recognizes that the proposed time periods in Table 7 above are consistent with the TOD schedule for Large General Service approved in the Company’s latest rate case. As such, the Department recommends the

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<sup>3</sup> Otter Tail Initial Filing, May 26, 2023, Attachment 1,.  
<sup>4</sup> Docket No. E017-GR-20-719.

Commission approve Otter Tail's other miscellaneous administrative tariff changes as described in Section IV. D. of Otter Tail Power's petition.

### **III. CONCLUSIONS.**

Consistent with the Department's initial comments, the Department supports Otter Tail's proposal to modify the company provider rates by combining the energy, renewable energy credit, cost of fuel rider charges and taxes to be displayed to customers in one \$/kWh rate. The Department recommends the Commission approve Otter Tail's proposed modifications to the EV Pilot. Specifically, the Department recommends the Commission approve the following proposals from Otter Tail's petition:

- A. updated customer and facility charges for the third-party provider rate;
- B. updated energy/demand \$/kWh rate for both third-party provider and company provider rates;
- C. change to the company provider customer connection fee to a \$/kWh fee;
- D. remove rider costs from the customer's charging bill for both third-party provider and company provider rates;
- E. combine the connection fee and energy/demand \$/kWh charges together along with any necessary taxes when displaying pricing to customers for the Company Provider rate; and
- F. other miscellaneous administrative tariff changes as described in Section IV. D. of Otter Tail Power's petition.



## **CERTIFICATE OF SERVICE**

I, Sharon Ferguson, hereby certify that I have this day, served copies of the following document on the attached list of persons by electronic filing, certified mail, e-mail, or by depositing a true and correct copy thereof properly enveloped with postage paid in the United States Mail at St. Paul, Minnesota.

**Minnesota Department of Commerce  
Response Comments**

**Docket No. E017/M-20-181**

Dated this **23<sup>rd</sup>** day of **October 2023**

**/s/Sharon Ferguson**

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Thomas	Ashley	tom@greenlots.com	Greenlots	N/A	Electronic Service	No	OFF_SL_20-181_Official Service List 20-181
Anjali	Bains	bains@fresh-energy.org	Fresh Energy	408 Saint Peter Ste 220 Saint Paul, MN 55102	Electronic Service	No	OFF_SL_20-181_Official Service List 20-181
Ray	Choquette	rchoquette@agp.com	Ag Processing Inc.	12700 West Dodge Road PO Box 2047 Omaha, NE 68103-2047	Electronic Service	No	OFF_SL_20-181_Official Service List 20-181
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_20-181_Official Service List 20-181
James C.	Erickson	jericksonkbc@gmail.com	Kelly Bay Consulting	17 Quechee St Superior, WI 54880-4421	Electronic Service	No	OFF_SL_20-181_Official Service List 20-181
Sharon	Ferguson	sharon.ferguson@state.mn.us	Department of Commerce	85 7th Place E Ste 280 Saint Paul, MN 551012198	Electronic Service	No	OFF_SL_20-181_Official Service List 20-181
Jason	Grenier	jpgrenier@otpc.com	Otter Tail Power Company	215 South Cascade Street Fergus Falls, MN 56537	Electronic Service	No	OFF_SL_20-181_Official Service List 20-181
Joe	Halso	joe.halson@sierraclub.org	Sierra Club	1536 Wynkoop St Ste 200 Denver, CO 80202	Electronic Service	No	OFF_SL_20-181_Official Service List 20-181
Adam	Heinen	aheinen@dakotaelectric.com	Dakota Electric Association	4300 220th St W Farmington, MN 55024	Electronic Service	No	OFF_SL_20-181_Official Service List 20-181
Samantha	Houston	shouston@ucsusa.org	Union of Concerned Scientists	1825 K St. NW Ste 800 Washington, DC 20006	Electronic Service	No	OFF_SL_20-181_Official Service List 20-181
Nick	Kaneski	nick.kaneski@enbridge.com	Enbridge Energy Company, Inc.	11 East Superior St Ste 125 Duluth, MN 55802	Electronic Service	No	OFF_SL_20-181_Official Service List 20-181

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
James D.	Larson	james.larson@avantenergy.com	Avant Energy Services	220 S 6th St Ste 1300  Minneapolis, MN 55402	Electronic Service	No	OFF_SL_20-181_Official Service List 20-181
Kavita	Maini	kmains@wi.rr.com	KM Energy Consulting, LLC	961 N Lost Woods Rd  Oconomowoc, WI 53066	Electronic Service	No	OFF_SL_20-181_Official Service List 20-181
Andrew	Moratzka	andrew.moratzka@stoel.com	Stoel Rives LLP	33 South Sixth St Ste 4200  Minneapolis, MN 55402	Electronic Service	No	OFF_SL_20-181_Official Service List 20-181
Mark	Nabong	mnabong@nrdc.org	Natural Resources Defense Council	20 N. Wacker Drive #1600  Chicago, IL 60606	Electronic Service	No	OFF_SL_20-181_Official Service List 20-181
David G.	Prazak	dprazak@otpc.com	Otter Tail Power Company	P.O. Box 496 215 South Cascade Street Fergus Falls, MN 565380496	Electronic Service	No	OFF_SL_20-181_Official Service List 20-181
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_20-181_Official Service List 20-181
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_20-181_Official Service List 20-181
Cary	Stephenson	cStephenson@otpc.com	Otter Tail Power Company	215 South Cascade Street  Fergus Falls, MN 56537	Electronic Service	No	OFF_SL_20-181_Official Service List 20-181
Dean	Taylor	dtaylor@pluginamerica.org	Plug In America	6380 Wilshire Blvd, Suite 1000  Los Angeles, CA 90048	Electronic Service	No	OFF_SL_20-181_Official Service List 20-181
Stuart	Tommerdahl	stommerdahl@otpc.com	Otter Tail Power Company	215 S Cascade St PO Box 496 Fergus Falls, MN 56537	Electronic Service	No	OFF_SL_20-181_Official Service List 20-181

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
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