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July 31, 2023

Will Seuffert
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 the Annual Forecasted Rates for its Energy Adjustment Rider,
Rate Schedule Section 13.01
Docket No. E017/AA-23-181
Reply Comments**

Dear Mr. Seuffert:

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

If you have any questions regarding this filing, please contact me at 218-739-8282 or at cbyrnes@otpco.com.

Sincerely,

/s/ CHRISTOPHER BYRNES
Christopher Byrnes
Supervisor, Regulatory Analysis
Regulatory Economics

vjm
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 Approval of
the Annual Forecasted Rates for its
Energy Adjustment Rider, Rate
Schedule Section 13.01**

Docket No. E017/AA-23-181

REPLY COMMENTS

I. INTRODUCTION

On May 1, 2023, Otter Tail Power Company (Otter Tail) petitioned the Minnesota Public Utilities Commission (Commission) for approval of its 2024 forecasted Energy Adjustment Rider (EAR) rates (May 2023 Filing) in response to decisions rendered by the Commission in Docket No. E999/CI-03-802 and where applicable, in compliance with annual reporting requirements pursuant to Minn. R. 7825.2800 to 7825.2840 governing Automatic Adjustment of Charges and prior Otter Tail Fuel Clause Adjustment (FCA) forecast dockets.

On June 30, 2023, the Minnesota Department of Commerce, Division of Energy Resources (Department) filed Comments in the above captioned docket recommending the Commission approve Otter Tail’s proposed 2024 net system FCA costs and associated rates. Otter Tail appreciates the Department’s thorough and thoughtful analysis of Otter Tail’s May 2023 Filing.

Otter Tail would like to note that since the May 2023 filing, 2024 forward natural gas pricing forecasts have been falling and Locational Marginal Price (LMP) forecasts have been rising. Compared to the forward energy pricing used in Otter Tail’s May 2023 Filing,¹ the Peak and the Off-Peak OTP.OTP load zone LMPs increased on average approximately \$5.55/MWh (14% increase) per month and \$2.48/MWh (8% increase) per month, respectively.² The Ventura Hub decreased on average approximately \$0.18/MMBtu (4% decrease) per month.³ Otter Tail’s “refresh” of its 2024 FCA forecast and associated rates for 2024 did not produce a material change of more than five percent; and, therefore, Otter Tail will continue to use its May 2023 filing forecast. Otter Tail will keep the Commission apprised if forward market energy prices are suspected to have a significant impact on Otter Tail’s 2024 forecast and associated rates.

¹ Forward natural gas and LMP pricing in Otter Tail’s May 2023 filing is from February 10, 2023.

² Based on forward LMP pricing from July 3, 2023.

³ Based on forward natural gas pricing from June 30, 2023.

II. OTTER TAIL RESPONSES

Otter Tail provides responses to the following comments raised by the Department in its Comments filed on June 30, 2023:

“Based on our review, the Department recommends the Commission accept Otter Tail’s Petition as complying with the FCA forecast reporting requirements. However, consistent with Xcel’s plan to meet with other parties and file the Lessons Learned Report in 2023, perhaps OTP should be required to do the same, or alternatively, file joint comments with the other Minnesota utilities.”

Otter Tail anticipates filing a Lessons Learned Report by August 15, 2023, in Docket No. E999-CI-03-802. In this filing Otter Tail will provide its perspective of the FCA process since implementation and associated lessons learned.

The MISO 2023/2024 Planning Resource Auction (PRA) revenues Otter Tail received in May 2023 were \$329,908. As discussed in the May 2023 filing, the PRA revenues are immaterial representing under a quarter percentage point change. Otter Tail proposes they be included in the 2023 annual FCA True-Up filing.

III. REQUEST

Otter Tail appreciates the Department’s thorough and thoughtful analysis of Otter Tail’s May 2023 Filing. No material changes have occurred that warrant updating Otter Tail’s forecasted rates for 2024. Otter Tail supports the Department’s recommendations as listed in Section III of their June 30, 2023 Comments, and requests the Commission approve Otter Tail’s 2024 FCA forecast and associated rates submitted in its May 2023 filing.

Dated: July 31, 2023

Respectfully submitted,
OTTER TAIL POWER COMPANY

By: /s/ Christopher Byrnes
Christopher Byrnes
Supervisor, Regulatory Analysis
Regulatory Economics
Otter Tail Power Company
215 S. Cascade Street
Fergus Falls, MN 56537
(218) 739-8282

CERTIFICATE OF SERVICE

**RE: In the Matter of Otter Tail Power Company's Petition for Approval of the Annual Forecasted Rates for its Energy Adjustment Rider, Rate Schedule Section 13.01
Docket No. E017/AA-23-181**

I, Valerie Moxness 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
Reply Comments**

Dated this 31st day of July, 2023.

/S/ Valerie Moxness
Valerie Moxness
Regulatory Filing Coordinator
Otter Tail Power Company
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(218) 739-8346

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