

March 19, 2021

PUBLIC DOCUMENT

Will Seuffert
Executive Secretary
Minnesota Public Utilities Commission
121 7th Place East, Suite 350
Saint Paul, Minnesota 55101-2147

RE: **PUBLIC Comments of the Minnesota Commerce Department, Division of Energy Resources**
Docket No. E017/M-21-99

Dear Mr. Seuffert:

Attached are the **PUBLIC** Comments of the Minnesota Commerce Department, Division of Energy Resources (Department), in the following matter:

Petition by Otter Tail Power Company for Renewal of an Energy-Intensive, Trade-Exposed Customer Rate and Annual Update

The Petition was filed on February 1 by:

Darlene Mandelke
Rates Analyst, Regulatory Administration
Otter Tail Power Company 215 South Cascade St.
Fergus Falls, MN 56538-0496

The Department will provide its final recommendations to the Minnesota Public Utilities Commission (Commission) after the Company files its Reply Comments. The Department is available to answer any questions that the Commission may have in this matter.

Sincerely,

/s/ JOHN KUNDERT
Financial Analyst

SACHIN SHAH
Rates Analyst

JK/SS/ja
Attachment



Before the Minnesota Public Utilities Commission

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

Docket No. E017/M-21-99

I. INTRODUCTION

On February 1, 2021, Otter Tail Power Company (OTP or the Company) petitioned the Minnesota Public Utilities Commission (Commission) for approval of its renewal of customer eligibility, updated baseline and annual update to the Energy-Intensive, Trade-Exposed (EITE) Rider Surcharge Rate under Otter Tail's Rate Schedule 13.09.

The Petition was prompted by the requirement included in the EITE tariff that customers receiving the EITE discount update their eligibility every four years. The Commission initially approved OTP's EITE Rider in November 2017.¹ The Company is requesting an effective date of November 1, 2021.

A. FILING COMPONENTS

On February 1, 2021, the Company petitioned the Commission to renew the existing EITE offering. OTP included nine attachments in addition to the filing.²

On February 2, 2021, Cass Forest Products Inc.; Norbord, Inc.; and Potlatch Corporation (collectively, OTP-EITE Customers) submitted comments in support of OTP's 2021 Petition.

Separately, the OTP-EITE Customers filed:

- the expert report of Mark Rasmussen, of Mason, Bruce & Girard Inc., along with an Affidavit.
- the Affidavit of Michael Birkeland, of Minnesota Forest Industries and the Minnesota Timber Producers Association, along with an economic study entitled "2020 Economic Contribution of Minnesota Agriculture and Forestry" dated September 2020 included as Attachment A to Mr. Birkeland's affidavit.
- the Affidavit of Wade Semeliss of PotlatchDeltic Corporation.

¹ See Commission "ORDER APPROVING EITE RATE AND ESTABLISHING COST-RECOVERY PROCEEDING" dated November 17, 2017 in Docket No. E017/M-17-257.

² Those attachments were: Attachment 1 – Baseline kWh; 2 – Summary of Revenue Requirements; 3 – EITE Tracker Summary; 4 – Rate Design; 5 – 2020 Annual Sales to and Revenue from EITE Customers – Summary; 6 – Calculation of Marginal Revenue Percent; 7 – 2020 Annual Sales To and From EITE Customers – Detail; 8 – Notice to Customers and 9 – Energy-Intensive, Trade-Exposed Rider, Electric Rate Schedule 13.09

- the Affidavit of David Goetz for Cass Forest Products Inc., and
- the Affidavit of Cameron Lewis of Norbord, Inc.

All five parties support OTP's 2021 Petition to extend the EITE Rider.

On February 5, 2021, the OTP-EITE Customers submitted an erratum for the expert report of Mark Rasmussen, still in support of OTP's 2021 Petition.

On February 12, 2021, the Commission issued its Notice of Comment Period on Otter Tail Power Company's Request for Approval of the Customer Eligibility, Updated Baseline and Annual Update to its Energy-Intensive, Trade Exposed Rider Surcharge Rate, Rate Schedule 13.09.

The Notice indicated that the following issues are open for comment:

- Should the Commission approve OTP's request to extend its EITE Rider for four more years?
- Is OTP's request to adjust the EITE revenue requirement and surcharge rate reasonable?
- Is OTP's request to adjust the EITE Customer Baselines reasonable?
- What criteria should the Commission use to evaluate whether OTP's proposed extension of the EITE rate schedule provides a net benefit to the utility or to the state as required by Minnesota Statutes §216B.1696, subd. 2(b)? Has OTP demonstrated that its proposed EITE rate schedule provides such net benefit?
- Should the Commission approve OTP's annual 2020 EITE Rider update?
- Is OTP's previous deposit of \$10,000 for low-income funding sufficient for the continuation of the EITE Rider and to comply with Minn. Stat. § 216B.1696, subd. 3?
- Under Minnesota Statutes §216B.1696, subd. 2(d), the Commission shall allow recovery of costs in the next general rate case or through an EITE cost recovery rate rider between general rate cases. Should the Commission allow OTP to continue to implement its EITE surcharge factor and EITE tracker account outside of a general rate case? Or, should the Commission require recovery of costs in the present general rate case?
- Are there any other issues relevant to the Commission's review of OTP's petition?

Below are the comments of the Department regarding the issues listed in the Notice.

II. DEPARTMENT ANALYSIS

The threshold issue in OTP's filing is whether the Commission should approve OTP's request to extend its EITE Rider program for another four years. Given that the Company is proposing only minor changes to the existing EITE rate schedule, two of the three tests that OTP is required to meet to fulfill the statutory requirements included in Minnesota Statutes §216B.1696, subd. 2(b) have already been

met.³ The sole remaining requirement is that OTP “demonstrate that the proposed extension of the EITE rate schedule provides a net benefit to the utility or to the state.” The Department has structured its comments to address this question first. The question related to the low-income funding requirement is also included in this section of the Department’s Comments, as is the procedural question of how the EITE costs should or should not be addressed in the Company’s current rate case, Docket No. E017/GR-20-719. The Notice’s question regarding whether OTP should be allowed to extend the EITE program is then considered.

The remaining questions that relate to various inputs to the Company’s Annual Update are then answered. The Company’s EITE rate schedule encapsulates a complicated program. OTP has to forecast annual sales for two non-traditional entities, the OTP-EITE Customers and residential low income customers.⁴ While the existing tracker mechanism mitigates the effects of forecasting errors for these two non-traditional groups, those issue still need to be addressed.

Hence, the Department will address the questions included in the Notice in the following order:

1. What criteria should the Commission use to evaluate whether OTP’s proposed extension of the EITE rate schedule provides a net benefit to the utility or to the state as required by Minnesota Statutes §216B.1696, subd. 2(b)?
2. Has OTP demonstrated that its proposed EITE rate schedule provides such net benefit?
3. Is OTP’s previous deposit of \$10,000 for low-income funding sufficient for the continuation of the EITE Rider and to comply with Minn. Stat. § 216B.1696, subd. 3?
4. Under Minnesota Statutes §216B.1696, subd. 2(d), the Commission shall allow recovery of costs in the next general rate case or through an EITE cost recovery rate rider between general rate cases. Should the Commission allow OTP to continue to implement its EITE surcharge factor and EITE tracker account outside of a general rate case? Or, should the Commission require recovery of costs in the present general rate case?
5. Should the Commission approve OTP’s request to extend its EITE Rider for four more years?
6. Is OTP’s request to adjust the EITE Customer Baselines reasonable?
7. Is OTP’s request to adjust the EITE revenue requirement and surcharge rate reasonable?
8. Should the Commission approve OTP’s annual 2020 EITE Rider Update?
9. Are there any other issues relevant to the Commission’s review of OTP’s petition?

³ These include the number of customers and the development of a tracker account requirements.

⁴ Note that Minnesota Statutes § 216B.16 subd. 15 defines “low-income residential ratepayers” as meaning ratepayers who receive energy assistance from the low-income home energy assistance program (LIHEAP).

A. *WHAT CRITERIA SHOULD THE COMMISSION USE TO EVALUATE WHETHER OTP'S PROPOSED EXTENSION OF THE EITE RATE SCHEDULE PROVIDES A NET BENEFIT TO THE UTILITY OR TO THE STATE AS REQUIRED BY MINNESOTA STATUTES §216B.1696, SUBD. 2(B)? HAS OTP DEMONSTRATED THAT ITS PROPOSED EITE RATE SCHEDULE PROVIDES SUCH NET BENEFIT?*

i) *Net Benefit Test – Decision Criteria*

The Department posits that the Commission should use the same approach to determine the Net Benefit to the Company or the State as it used in OTP's 2017 request for an EITE offering (Docket No. E017/M-17-257.)

In its ORDER APPROVING EITE RATE AND ESTABLISHING COST-RECOVERY PROCEEDINGS, issued November 17, 2017 the Commission addressed this question at length. Beginning on page 4 the Commission explained:

Otter Tail calculated the benefit that the EITE Customers confer on its system by taking the annual revenues received from these customers and subtracting the fixed and variable costs that would be avoided if the customers shut down. Otter Tail determined that, if the EITE Customers left its system, it would undercollect its annual revenue requirement by \$2,571,126 until it was able to redistribute this lost margin to its remaining customers in a future rate case.

The Company then provided an estimate of the average annual electricity rate increases that its customers would experience by rate schedule. The Commission continued in that same ORDER at page 5:

In the final step of its net-benefit analysis, Otter Tail attached different probabilities to the discount's having the desired outcome of keeping the EITE customers on its system. The Company concluded that the probability that the EITE customers will close without the discount would have to be at least 43 percent for the benefit of the discount to outweigh the cost.

The Commission continued in that same ORDER at pages 8 and 9:

Having reviewed the Company's revised petition and expanded record in support of the petition, the Commission finds that Otter Tail's proposed EITE rate schedule and EITE rate, discounting the current rates by 20 percent, can be expected to yield a net benefit to the utility by keeping the EITE Customers, and their associated revenue on Otter Tail's system.

The Commission concludes that Otter Tail has identified the relevant potential benefits and costs to the utility and has quantified them to the extent practicable. The Company estimated that, if the EITE Customers were to shut down and leave its system, it would experience an annual revenue shortfall of \$2,571,126 (derived from expected EITE Customer sales net of avoided EITE Customer costs). In the short run, this cost would be borne by Otter Tail; in the longer term, it would be redistributed among the Company's remaining customers in a rate case. . . .

In sum, the Commission finds that Otter Tail has made the necessary showing of a net benefit to the utility. Therefore, as required by Minn. Stat. § 216B.1696, subd. 2(b), approval of an EITE rate schedule requires a finding of a net benefit either to the utility or to the state; since the first requirement is met, the Commission net not go further.

OTP provided a similar analysis in the Petition in **TRADE SECRET** Attachment 6. This analysis identified lost margin of **[TRADE SECRET DATA HAS BEEN EXCISED]** if the EITE Customers shut down. In light of the Commission's earlier discussion, the Department believes this analysis and the similar result to the 2017 information are sufficient to conclude that the EITE program as is currently proposed for the 2021-2025 time period provides a net benefit to OTP given this methodology.

B. IS OTP'S PREVIOUS DEPOSIT OF \$10,000 FOR LOW-INCOME FUNDING SUFFICIENT FOR THE CONTINUATION OF THE EITE RIDER AND TO COMPLY WITH MINN. STAT. § 216B.1696, SUBD.3?

The EITE Statute's subdivision 3 requires:

Upon the filing of a utility for approval of an EITE rate schedule under this section, the filing utility must deposit \$10,000 into an account devoted to funding a program approved by the commission under Minnesota Statutes, section 216B.16, subdivision 15. The funds shall be used to expand the outreach of the commission-approved affordability program.

OTP did not discuss this topic in the Petition.

i) Department Review

As noted above, the EITE Statute requires "Upon the filing of a utility for approval of an EITE rate schedule under this section, the filing utility must deposit \$10,000" The statute is silent on whether the fee is applicable for a request for approval for a revised tariff. The Department notes that this issue was disputed in OTP's prior EITE docket. The Commission ordered the Company to "make a filing demonstrating compliance with the requirement to deposit \$10,000 into an account devoted to funding a low income-program approved by the Commission under Minn. Stat. §

216B.1696, subd. 3, within 15 days of making the deposit or within 10 days of the issuance of this order, whichever is later.”⁵

The Commission Briefing Papers for the Company’s previous EITE filing, Docket no. E017/M-17-257, dated April 11, 2018 discusses the \$10,000 fee. Commission staff noted at page 8:

It is unclear to staff how a \$10,000 payment in support of outreach for a commission-approved affordability program relates to the revenues impacted by the EITE rate schedule. They appear to be two separate and distinct items with the \$10,000 requirement being a simple pay-to play provision; if a utility wants to petition the Commission for approval of an EITE rate schedule, it must make this payment to do so. (Emphasis added.)

The Department agrees with the Commission staff’s interpretation of the statutory language and considers OTP’s request for the approval to renew its EITE tariff for another four-year period to trigger this requirement.

Hence, the Department’s response to the Commission question in the Notice on this topic is no, OTP’s previous deposit of \$10,000 for low-income funding is not sufficient for the continuation of the EITE Rider and to comply with Minn. Stat. § 216B.1696, subd. 3.

The Department recommends that OTP confirm whether it made an additional \$10,000 deposit to a Commission approved low-income program prior to submitting this filing in reply comments.

C. UNDER MINNESOTA STATUTES §216B.1696, SUBD. 2(D), THE COMMISSION SHALL ALLOW RECOVERY OF COSTS IN THE NEXT GENERAL RATE CASE OR THROUGH AN EITE COST RECOVERY RATE RIDER BETWEEN GENERAL RATE CASES. SHOULD THE COMMISSION ALLOW OTP TO CONTINUE TO IMPLEMENT ITS EITESURCHARGE FACTOR AND EITE TRACKER ACCOUNT OUTSIDE OF A GENERAL RATE CASE? OR, SHOULD THE COMMISSION REQUIRE RECOVERY OF COSTS IN THE PRESENT GENERAL RATE CASE?

As noted in the Notice, OTP’s current EITE rate schedule allows the Company to implement its EITE surcharge factor and EITE tracker account outside of a general rate case. OTP’s current proposal continues that structure. While the Department generally prefers that a general rate case essentially encompass all a utility’s costs and revenues, the specialized nature of the EITE program and its limited size are sufficient support for the Department to agree that the Commission should allow OTP to continue to implement its EITE surcharge factor and EITE tracker account outside of its current general rate case, Docket No. E017/GR-20-719.

⁵ See Commission “ORDER AUTHORIZING COST RECOVERY WITH CONDITIONS” Order point 7, page 6.

The Department shares the Commission's concern regarding the interaction between OTP's various proposals in its current rate case and its EITE offering. In order to pursue this question further, the Department asked in Information Request No. 2:

If the Minnesota Public Utilities Commission (Commission) approves, rejects, or modifies the Company's proposed sales forecast; and/or rate design; and/or the decoupling mechanism; and/or the revenue true-up mechanism, please explain in detail how the Company's EITE Petition will be consistent with the Commission's final decision in its currently pending general rate case in Docket E017/GR-20-719.

The Company responded:⁶

The Commission's decision regarding the Company's proposed sales forecast; and/or rate design; and/or decoupling mechanism; and/or revenue true-up mechanism in its currently pending general rate case in Docket E017/GR-20-719 will not impact the Company's EITE Petition. The revenue requirement for the EITE rider is equal to the amount the EITE customers' bills are discounted plus a carrying charge. The amount is then distributed among the customers subject to the EITE surcharge. The estimated surcharge revenues and bill discounts calculated in the EITE Petition will be trued-up with actual surcharge revenues and bill discounts in the next EITE filing to ensure no over- or under-recovery occurs.

That response, combined with OTP's statement: "The EITE has no effect on Otter Tail's base rates:"⁷ suggests that there is an adequate amount of separation of the various proposed base-rate related changes to allow the EITE offering to continue to be structured as a stand-alone entity.

The Company recommended a decrease of 1,437 MWh to the baseline sales of its EITE customers. by stating the following:⁸

Otter Tail recommends a decrease of 1,437 MWh or 2.18 percent to the baseline based on forecasted usage which better reflects a representative amount of sales to the EITE customers. ... based on sales reflective of the forecasted 2021 test year used in the current rate case in Docket No. E017/GR-21-719.⁹ (Footnote Omitted).

⁶ The Company's response is included in Attachment 1.

⁷ Petition, page 3.

⁸ Id. Page 14. In addition, there is a slight error in the Docket No. referenced in the statement, it should be docket 20-719 and not 21-719. OTP's footnote 9 references and shows it correctly.

The Department issued several information requests related to this question given the Company's concurrent general rate case, Docket No. E017/GR-20-719. For example, in Department information request no. 3, the Department asked the Company "to explain in detail which present and proposed rate group, revenue class, rate schedules(s) and rate code(s) the three EITE customers belong to." OTP provided that information and it is included in **TRADE SECRET** Attachment 2. As mentioned above by the Company, the proposed baseline sales were developed "based on sales reflective of the 2021 test year used in the current rate case." While the Company's response to Department IR No. 2 shown above referred to the revenue requirement portion and its related impact, the Company did not directly address what would happen to the baseline sales if changes in their proposed sales forecast were to occur in the rate case as a result of the Commission's decision, for example, to incorporate any changes to the Company's proposed rate case sales forecast. The Department notes that if any changes were to occur as a result of the concurrent general rate proceeding, the impact to the baseline sales in the current Petition would likely be minimal given that **[TRADE SECRET DATA HAS BEEN EXCISED]**. In addition, because the estimated EITE surcharge revenues and bill discounts will be trued-up with actual surcharge revenues and bill discounts over the 2021-2025 period, the impact of any changes to the Company's proposed rate case sales forecast will be minimal.

D. SHOULD THE COMMISSION APPROVE OTP'S REQUEST TO EXTEND ITS EITE RIDER FOR FOUR MORE YEARS?

Yes, with the modification that OTP make the required \$10,000 contribution and as explained below **[TRADE SECRET DATA HAS BEEN EXCISED]** in its Reply Comments. The Department notes that the next set of questions concern inputs to the renewed EITE Rider offering.

E. IS OTP'S REQUEST TO ADJUST THE EITE CUSTOMER BASELINES REASONABLE?

a. EITE Customers Group – Annual Sales – Forecast to Actuals

The EITE is structured so that the Company has to forecast the annual sales to the EITE customer group as a preliminary step before calculating the amount of the annual revenue shortfall that will be recovered from OTP's non-low income, non-EITE customers. **TRADE SECRET** Table 1 – Summary of OTP EITE Customer Group Sales Forecast to Actuals 2018 -2020 provides this information.

Otter Tail's actual and weather normalized sales are shown in Table 1 below, as are the baseline EITE sales approved in 2018 and the Company's proposed baseline sales for the period 2021-2025. As shown, Otter Tail's weather normalized sales were within **[TRADE SECRET DATA HAS BEEN EXCISED]** percent of the baseline sales approved in 2018.

TRADE SECRET Table 1 – Summary of Forecasted to Actual Annual Sales to the EITE Customer Group 2018 – 2020 and Comparison to EITE Customer Group Forecasted Usage 2021- 2025⁹

Description	2018	2019	2020	Approved Baseline 2018 - 2021*	Proposed Baseline 2021 -2025**
Kwh Sales to (actuals through 2020, forecasted for proposed)	[TRADE SECRET DATA HAS BEEN EXCISED]				
Weather Normalized Sales to (kWh)					

* Approved in Docket No. E017/M-17-257.

** Proposed in Docket No. E017/M-21-99.

[TRADE SECRET DATA HAS BEEN EXCISED] was an important factor in developing the 2021 – 2025 EITE Customer Baseline. This decrease of **[TRADE SECRET DATA HAS BEEN EXCISED]** is responsible for the overall decline in the EITE Customer Group’s proposed 2021-2025 annual baseline when compared to the 2017-2021 EITE Customer Baseline.¹⁰

The combination of the information included in **TRADE SECRET** Table 1 and the effects of the EITE Customer Group’s CIP efforts leads the Department’s to conclude that OTP’s change to the proposed baseline is appropriate.

OTP also forecasts sales for a second customer group as part of the EITE offering. This second sales forecast focuses on self-certifying low-income customers who are exempt from the EITE surcharge. The Department’s review suggests that the Company **[TRADE SECRET DATA HAS BEEN EXCISED]**.

The Department requests that the Company **[TRADE SECRET DATA HAS BEEN EXCISED]** in its Reply Comments.

⁹ The actual and Weather Normalized annual sales for 2018 and 2019 were sourced from information included in **Trade Secret Attachment 4** in the Company’s annual updates filed in Docket Nos. E017/M-19-199 and E017/M-20-338. This same information for 2020 was sourced from Attachment 5 of the instant docket.

¹⁰ See **TRADE SECRET** Attachment 1.

F. IS OTP'S REQUEST TO ADJUST THE EITE REVENUE REQUIREMENT AND SURCHARGE RATE REASONABLE?

Yes. The Department reviewed Otter Tail's Petition and Attachments that pertain to this question to confirm the Company's calculations. The Company's current rate is in effect through November 2021. The Petition's Attachment 3 shows Otter Tail's forecasted tracker activity for the proposed December 2021 to November 2022 recovery period.

The Department reviewed the tracker-related information in Attachment 3 in an Excel format as provided in the response to Department Information Request No. 5 and concludes that the Company's revised calculations are reasonable. During the period December 2021-November 2022 the estimated revenue requirements are \$963,497; carrying charges are estimated to be \$167; the true-up is estimated to be \$51,580 and projected sales are forecasted to be 2,619,644,379 kWh. Table 2 below shows a calculation of the Company's proposed EITE Surcharge Rate using these numbers.

Table 2: Otter Tail's EITE Rate Calculation

Item	December 2021- November 2022
Revenue Requirement	\$ 963,491
Carrying Charge	\$ 167
Estimated Beginning Rider Balance	\$ 51,580
Total Revenue Requirements	\$ 1,015,245
Projected Sales kWh	2,619,644,245
Proposed Rate Per kWh	\$ 0.00039

The proposed rate is an increase of \$0.00006 per kWh from the current rate of \$0.00033 per kWh. This proposal represents a 18.2% increase from the current rate, or about an increase of \$3.53 annually for a residential customer.

G. SHOULD THE COMMISSION APPROVE OTP'S ANNUAL 2020 EITE RIDER UPDATE?

This general question subsumes several more specific questions. First among those specific concerns is the procedural question as to whether the filing is complete. The Petition qualifies as a miscellaneous tariff filing. Minnesota Rules part 7829.1300 contains the completeness requirements for miscellaneous filings. The Department reviewed the Petition for compliance with the completeness requirements and concludes that the Petition is substantially complete.

A second more specific question concerns the language OTP is proposing in its customer notice found in the Petition's Attachment 8.

On Month xx, xx, the Minnesota Public Utilities Commission approved our request to decrease our Energy-Intensive Trade-Exposed (EITE) Surcharge Rate. The approved rate of \$0.00039 per kWh will become effective December 1, 2021, for all classes of customers subject to the charge. The EITE rider recovers costs associated with the State of Minnesota's energy policy to ensure competitive electric rates for EITE customers. For more information, contact Customer Service at 800-257- 4044 or visit our website at otpc.com/eite.

The Department reviewed the proposed notice language and notes that it is nearly identical to the language approved by the Commission in Docket No. E017/M-20-338. The Department notes that the notice language should read as follows: "... approved our request to increase" rather than a "...decrease". Thus, the Department concludes that the proposed notice language is reasonable as modified herein. The Department recommends that the Commission approve the proposed notice as modified herein.

A third question relates to the Company's proposed tariff changes. The Department reviewed the Company's proposed tariff changes in the Petition's Attachment 9. Otter Tail's proposed changes reflect the updated EITE Rider surcharge rate and related minor changes such as approval date and docket number.

The Department concludes that the proposed changes are reasonable. Thus, the Department recommends that the Commission approve Otter Tail's proposed tariff revisions with the modification of the EITE Surcharge Rate to \$0.00039 per kWh as calculated above.

i) Sales and Revenue from EITE Customers

Order points 5 and 6 from the Commission's May 29, 2018 ORDER AUTHORIZING COST RECOVERY WITH CONDITIONS in Docket No. E017/M-17-257 established a baseline sales number for EITE customers and required that any increased revenues for the Company resulting from the EITE discount to be refunded to customers paying the EITE Rider Surcharge Rate and required the Company to provide annual sales data and revenue from EITE Customers.

The Company provided 2020 actual and weather-normalized annual sales data for EITE Customers in Attachment 5 of the Petition. Otter Tail also provided a calculation of the variance from the baseline. Point 5 of the May 29 Order requires Otter tail to refund any increased EITE customer revenues from increased operations after the four-year discount term is complete.

Table 3 summarizes a portion of the information included in Attachment 5.

Table 3 – Calculation of 2020 Total Refund to EITE Surcharge Paying Customers

Line No.	EITE	2020 Total	Notes
1.	Weather Normalized kWh Sales to (kWh/yr)	65,649,450	
2.	Over/(Under) Baseline (kWh/yr)	(290,550)	Line 1 – (65,940,000)*
3.	Total Revenue Over/(Under) Baseline (\$/yr)	(\$20,727)	Line 2 x (\$0.07134/kWh)**
4.	Fixed Cost (%)	45.98%	
5.	Revenue Margin (%)	54.02%	Calculated in Attachment 6
6.	Total Current Year Revenue Margin (\$)	(\$11,197)	Line 3 x Line 6
7.	2019 Year End Additional Revenue Margin (\$)	\$107,852	
8.	Total Additional Revenue Margin (\$)	\$96,655	Line 7 – Line 6
9.	Cumulative Commission Carrying Charge/Credit (\$)	\$20,243	
10.	Total Refund to EITE Surcharge Paying Customers (\$)	\$116,898	Line 8 + Line 9

* Commission approved baseline annual usage in kWh from Docket No. E017/M-17-257.

**EITE 2020 Average cost per kWh from Attachment 5.

The Department notes that the proposed refund identified on line 10 of Table 3 would be included as an offset in the calculation of the revenue requirement in the Company's filing for the December 1, 2022 through November 30, 2023 surcharge that will be filed on or around March 1, 2022.

The Department recommends that the Commission accept OTP's 2020 Update to its EITE Rider Surcharge Rate.

H. ARE THERE ANY OTHER ISSUES RELEVANT TO THE COMMISSION'S REVIEW OF OTP'S PETITION?

The Department did not identify any other issues relevant to the Commission's review of this petition during the development of these comments.

III. CONCLUSION AND RECOMMENDATIONS

The Department requests that OTP address three issues in its Reply Comments – 1) Has the Company made a \$10,000 deposit to a low-income agency as part of this filing? 2) Can the Company **[TRADE SECRET DATA HAS BEEN EXCISED]** in its Reply Comments, and 3) Will OTP change the word "decrease" to "increase" in its bill notice?

The Department will provide its final recommendations to the Minnesota Public Utilities Commission (Commission) after the Company files its Reply Comments.

/ja

Response to Information Request MN-DOC-002
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OTTER TAIL POWER COMPANY
Docket No: E017-M-21-99

Response to: MN Department of Commerce

Analyst: Sachin Shah

Date Received: February 12, 2021

Date Due: February 22, 2021

Date of Response: February 25, 2021

Responding Witness: Stuart Tommerdahl, Manager, Regulatory Administration, 218 739-8279

Information Request:

- A. If the Minnesota Public Utilities Commission (Commission) approves, rejects, or modifies the Company's proposed sales forecast; and/or rate design; and/or the decoupling mechanism; and/or the revenue trueup mechanism, please explain in detail how the Company's EITE Petition will be consistent with the Commission's final decision in its currently pending general rate case in Docket E017/GR-20-719.

In addition, whenever acronyms are used in the data given in response to all the parts above, please provide an explanation of all acronyms used AND also provide a brief but complete explanation of the source of each data series that is provided.

If this information has already been provided in the application or in response to an earlier Department information request (IR), please identify the specific cite(s) or Department IR number(s).

Attachments: 0

Response:

The Commission's decision regarding the Company's proposed sales forecast; and/or rate design; and/or decoupling mechanism; and/or revenue true-up mechanism in its currently pending general rate case in Docket E017/GR-20-719 will not impact the Company's EITE Petition. The revenue requirement for the EITE rider is equal to the amount the EITE customers' bills are discounted plus a carrying charge. The amount is then distributed among the customers subject to the EITE surcharge. The estimated surcharge revenues and bill discounts calculated in the EITE Petition will be trued-up with actual surcharge revenues and bill discounts in the next EITE filing to ensure no over- or under-recovery occurs.

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Response to Information Request MN-DOC-003
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OTTER TAIL POWER COMPANY
Docket No: E017-M-21-99

Response to: MN Department of Commerce
Analyst: Sachin Shah
Date Received: February 12, 2021
Date Due: February 22, 2021
Date of Response: February 25, 2021
Responding Witness: Stuart Tommerdahl, Manager, Regulatory Administration, 218 739-8279

Information Request:

- A. Please separately explain in detail which present and proposed rate group, revenue class, rate schedule(s), and rate code(s) the three EITE customers belong to.

Please provide the requested data in a Microsoft Excel executable format (*.xlsx) with all links and formulae intact. If any of these links target an outside file, please provide all such additional files.

In addition, whenever acronyms are used in the data given in response to all the parts above, please provide an explanation of all acronyms used AND also provide a brief but complete explanation of the source of each data series that is provided.

If this information has already been provided in the application or in response to an earlier Department information request (IR), please identify the specific cite(s) or Department IR number(s).

Attachments: 0

Response:

The table below identifies present rate group, revenue class, rate schedule(s), and rate code(s) for each EITE customer (the “Protected Data”). The Protected Data is nonpublic data pursuant to Minn. Stat. § 13.02, subd. 9 due to the Commission’s January 19, 2017 Order in Docket No. E,G999/CI-12-1344, which requires OTP to refrain from disclosing this data without the customers’ consent. As nonpublic data, the Protected Data also constitutes not public data, as defined in Minn. Stat. § 13.02, subd. 8a and is protected data under Minn. R. 7829.0100, subp. 19a(A).

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Response to Information Request MN-DOC-003
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Please see the table below for the rate group, revenue class, rate schedules, and rate codes the three EITE customers belong to. OTP is not proposing any changes to the structure of these rate groups, classes, schedules or codes and OTP does not anticipate these customers changing from one service to another, though they are free to do so under the rules of the Company’s tariffs.

Customer	Rate Group	Revenue Class	Rate Schedule	Rate Codes
	[PROTECTED DATA BEGINS...			
Norbord				
PotlatchDeltic				
Cass Forest Products				
...PROTECTED DATA ENDS]				

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
Public Comments**

Docket No. E017/M-21-99

Dated this 19th day of March 2021

/s/Sharon Ferguson

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Amadeo	Bellino	amadeo.bellino@llojibwe.net	Leech Lake Band of Ojibwe	- 55101	Electronic Service	No	OFF_SL_21-99_Official Service List 21-99
Mariah	Bevins	Maria.Bevins@whiteearthnsn.gov	White Earth Reservation Business Committee	PO Box 418 White Earth, MN 56591	Electronic Service	No	OFF_SL_21-99_Official Service List 21-99
Tom	Boyko	tboyko@eastriver.coop	East River Electric Power Coop.	211 S. Harth Ave Madison, SD 57042	Electronic Service	No	OFF_SL_21-99_Official Service List 21-99
Ray	Choquette	rchoquette@agp.com	Ag Processing Inc.	12700 West Dodge Road PO Box 2047 Omaha, NE 68103-2047	Electronic Service	No	OFF_SL_21-99_Official Service List 21-99
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_21-99_Official Service List 21-99
Brooke	Cooper	bcooper@allete.com	Minnesota Power	30 W Superior St Duluth, MN 558022191	Electronic Service	No	OFF_SL_21-99_Official Service List 21-99
Jason	Decker	jason.decker@llojibwe.net	Leech Lake Band of Ojibwe	- 55101	Electronic Service	No	OFF_SL_21-99_Official Service List 21-99
Richard	Dornfeld	Richard.Dornfeld@ag.state.mn.us	Office of the Attorney General-DOC	Minnesota Attorney General's Office 445 Minnesota Street, Suite 1800 Saint Paul, Minnesota 55101	Electronic Service	Yes	OFF_SL_21-99_Official Service List 21-99
Charles	Drayton	charles.drayton@enbridge.com	Enbridge Energy Company, Inc.	7701 France Ave S Ste 600 Edina, MN 55435	Electronic Service	No	OFF_SL_21-99_Official Service List 21-99
Grace	Elliott	grace.elliott@llojibwe.net	Leech Lake Band of Ojibwe	- 55101	Electronic Service	No	OFF_SL_21-99_Official Service List 21-99

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Remi	Engbers	remi.engbers@woodsfuller.com	Woods, Fuller, Shultz & Smith P.C.	300 S Phillips Ave Ste 300 PO Box 5027 Sioux Falls, SD 57117-5027	Electronic Service	No	OFF_SL_21-99_Official Service List 21-99
Kelly C.	Engebretson	Kelly.Engebretson@lawmo ss.com	Moss & Barnett	150 S. 5th St #1200 Minneapolis, MN 55402	Electronic Service	No	OFF_SL_21-99_Official Service List 21-99
James C.	Erickson	jericksonkbc@gmail.com	Kelly Bay Consulting	17 Quechee St Superior, WI 54880-4421	Electronic Service	No	OFF_SL_21-99_Official Service List 21-99
Michael	Fairbanks	Michael.Fairbanks@whitee arth-nsn.gov	White Earth Reservation Business Committee	PO Box 418 White Earth, MN 56591	Electronic Service	No	OFF_SL_21-99_Official Service List 21-99
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_21-99_Official Service List 21-99
Jessica	Fyhrie	jfyhrie@otpc.com	Otter Tail Power Company	PO Box 496 Fergus Falls, MN 56538-0496	Electronic Service	Yes	OFF_SL_21-99_Official Service List 21-99
Edward	Garvey	garveyed@aol.com	Residence	32 Lawton St Saint Paul, MN 55102	Electronic Service	No	OFF_SL_21-99_Official Service List 21-99
Bruce	Gerhardson	bgerhardson@otpc.com	Otter Tail Power Company	PO Box 496 215 S Cascade St Fergus Falls, MN 565380496	Electronic Service	No	OFF_SL_21-99_Official Service List 21-99
Annete	Henkel	mui@mutilityinvestors.org	Minnesota Utility Investors	413 Wacouta Street #230 St.Paul, MN 55101	Electronic Service	No	OFF_SL_21-99_Official Service List 21-99
Shane	Henriksen	shane.henriksen@enbridge .com	Enbridge Energy Company, Inc.	1409 Hammond Ave FL 2 Superior, WI 54880	Electronic Service	No	OFF_SL_21-99_Official Service List 21-99

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Kristin	Henry	kristin.henry@sierraclub.org	Sierra Club	85 Second Street San Francisco, CA 94195	Electronic Service	No	OFF_SL_21-99_Official Service List 21-99
Katherine	Hinderlie	katherine.hinderlie@ag.state.mn.us	Office of the Attorney General-DOC	445 Minnesota St Suite 1400 St. Paul, MN 55101-2134	Electronic Service	Yes	OFF_SL_21-99_Official Service List 21-99
Faron	Jackson, Sr.	faron.jackson@llojibwe.net	Leech Lake Band of Ojibwe	N/A	Electronic Service	No	OFF_SL_21-99_Official Service List 21-99
Richard	Johnson	Rick.Johnson@lawmoss.com	Moss & Barnett	150 S. 5th Street Suite 1200 Minneapolis, MN 55402	Electronic Service	No	OFF_SL_21-99_Official Service List 21-99
Max	Kieley	max.kieley@ag.state.mn.us	Office of the Attorney General-RUD	1400 Town Square Tower 445 Minnesota Street St. Paul, MN 55101	Electronic Service	Yes	OFF_SL_21-99_Official Service List 21-99
Michael	Krikava	mkrikava@taftlaw.com	Taft Stettinius & Hollister LLP	2200 IDS Center 80 S 8th St Minneapolis, MN 55402	Electronic Service	No	OFF_SL_21-99_Official Service List 21-99
Bill	Lachowitz	blachowitz@ibewlocal949.org	IBEW Local Union 949	12908 Nicollet Ave S Burnsville, MN 55337-3527	Electronic Service	No	OFF_SL_21-99_Official Service List 21-99
James D.	Larson	james.larson@avantenergy.com	Avant Energy Services	220 S 6th St Ste 1300 Minneapolis, MN 55402	Electronic Service	No	OFF_SL_21-99_Official Service List 21-99
Douglas	Larson	dlarson@dakotaelectric.com	Dakota Electric Association	4300 220th St W Farmington, MN 55024	Electronic Service	No	OFF_SL_21-99_Official Service List 21-99
Annie	Levenson Falk	annief@cubminnesota.org	Citizens Utility Board of Minnesota	332 Minnesota Street, Suite W1360 St. Paul, MN 55101	Electronic Service	No	OFF_SL_21-99_Official Service List 21-99

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Eric	Lipman	eric.lipman@state.mn.us	Office of Administrative Hearings	PO Box 64620 St. Paul, MN 551640620	Electronic Service	Yes	OFF_SL_21-99_Official Service List 21-99
Kavita	Maini	kmains@wi.rr.com	KM Energy Consulting, LLC	961 N Lost Woods Rd Oconomowoc, WI 53066	Electronic Service	No	OFF_SL_21-99_Official Service List 21-99
Darlene C	Mandelke	dmandelke@otpc.com	Otter Tail Power Company	15 S Cascade St PO Box 496 Fergus Falls, MN 56538-0496	Electronic Service	No	OFF_SL_21-99_Official Service List 21-99
Pam	Marshall	pam@energycents.org	Energy CENTS Coalition	823 7th St E St. Paul, MN 55106	Electronic Service	No	OFF_SL_21-99_Official Service List 21-99
Joseph	Meyer	joseph.meyer@ag.state.mn.us	Office of the Attorney General-RUD	Bremer Tower, Suite 1400 445 Minnesota Street St Paul, MN 55101-2131	Electronic Service	No	OFF_SL_21-99_Official Service List 21-99
Tim	Miller	Tim.Miller@mrenergy.com	Missouri River Energy Services	3724 W Avera Dr PO Box 88920 Sioux Falls, SD 57109-8920	Electronic Service	No	OFF_SL_21-99_Official Service List 21-99
Andrew	Moratzka	andrew.moratzka@stoel.com	Stoel Rives LLP	33 South Sixth St Ste 4200 Minneapolis, MN 55402	Electronic Service	No	OFF_SL_21-99_Official Service List 21-99
Matthew	Olsen	molsen@otpc.com	Otter Tail Power Company	215 South Cascade Street Fergus Falls, MN 56537	Electronic Service	No	OFF_SL_21-99_Official Service List 21-99
Ben	Passer	Passer@fresh-energy.org	Fresh Energy	408 St. Peter Street Ste 220 Saint Paul, MN 55102	Electronic Service	No	OFF_SL_21-99_Official Service List 21-99
Marcia	Podratz	mpodratz@mnpower.com	Minnesota Power	30 W Superior S Duluth, MN 55802	Electronic Service	No	OFF_SL_21-99_Official Service List 21-99

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
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_21-99_Official Service List 21-99
Rate Case Inbox	Rate Case Inbox	mnrates@otpc.com	Otter Tail	N/A	Electronic Service	No	OFF_SL_21-99_Official Service List 21-99
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_21-99_Official Service List 21-99
Richard	Savelkoul	rsavelkoul@martinsquires.com	Martin & Squires, P.A.	332 Minnesota Street Ste W2750 St. Paul, MN 55101	Electronic Service	No	OFF_SL_21-99_Official Service List 21-99
Larry L.	Schedin	Larry@LLSResources.com	LLS Resources, LLC	332 Minnesota St, Ste W1390 St. Paul, MN 55101	Electronic Service	No	OFF_SL_21-99_Official Service List 21-99
Peter	Scholtz	peter.scholtz@ag.state.mn.us	Office of the Attorney General-RUD	Suite 1400 445 Minnesota Street St. Paul, MN 55101-2131	Electronic Service	Yes	OFF_SL_21-99_Official Service List 21-99
Robert H.	Schulte	rhs@schultheassociates.com	Schulte Associates LLC	1742 Patriot Rd Northfield, MN 55057	Electronic Service	No	OFF_SL_21-99_Official Service List 21-99
Will	Seuffert	Will.Seuffert@state.mn.us	Public Utilities Commission	121 7th Pl E Ste 350 Saint Paul, MN 55101	Electronic Service	Yes	OFF_SL_21-99_Official Service List 21-99
Janet	Shaddix Elling	jshaddix@janetshaddix.com	Shaddix And Associates	7400 Lyndale Ave S Ste 190 Richfield, MN 55423	Electronic Service	Yes	OFF_SL_21-99_Official Service List 21-99
Cary	Stephenson	cStephenson@otpc.com	Otter Tail Power Company	215 South Cascade Street Fergus Falls, MN 56537	Electronic Service	Yes	OFF_SL_21-99_Official Service List 21-99

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
William	Taylor	bill.taylor@taylorlawsd.com	Taylor Law Firm	4820 E. 57th Street Suite B Sioux Falls, SD 57108	Electronic Service	No	OFF_SL_21-99_Official Service List 21-99
Stuart	Tommerdahl	stommerdahl@otpc.com	Otter Tail Power Company	215 S Cascade St PO Box 496 Fergus Falls, MN 56537	Electronic Service	Yes	OFF_SL_21-99_Official Service List 21-99
Pat	Treseler	pat.jcplaw@comcast.net	Paulson Law Office LTD	4445 W 77th Street Suite 224 Edina, MN 55435	Electronic Service	No	OFF_SL_21-99_Official Service List 21-99
Laurie	Williams	laurie.williams@sierraclub.org	Sierra Club	Environmental Law Program 1536 Wynkoop St Ste 200 Denver, CO 80202	Electronic Service	No	OFF_SL_21-99_Official Service List 21-99
Cha	Xiong	cha.xiong@ag.state.mn.us	Office of the Attorney General-DOC	445 Minnesota St. Suite 1400 St. Paul, Minnesota 55101	Electronic Service	Yes	OFF_SL_21-99_Official Service List 21-99
Laurie	York	laurie.york@whiteearth- nsn.gov	White Earth Reservation Business Committee	PO Box 418 White Earth, MN 56591	Electronic Service	No	OFF_SL_21-99_Official Service List 21-99
Patrick	Zomer	Pat.Zomer@lawmoss.com	Moss & Barnett a Professional Association	150 S. 5th Street, #1200 Minneapolis, MN 55402	Electronic Service	No	OFF_SL_21-99_Official Service List 21-99