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April 19, 2016

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 Establishing an Estimate of the Costs of Future Carbon Dioxide Regulation on Electricity Generation under Minn. Stat. §216H.06
Docket No. E999/CI-07-1199**

**In the Matter of Establishing an Updated 2016 Estimate of the Costs of Future Carbon Dioxide Regulation on Electricity Generation under Minn. Stat. §216H.06
Docket No. E999/DI-15-708
Comments**

Dear Mr. Wolf,

Enclosed are Otter Tail Power Company's Comments in the matters referenced above. These Comments have also been electronically filed with the Minnesota Public Utilities 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 218-739-8417 or bhdraxten@otpc.com with any questions you may have.

Sincerely,

/s/ BRIAN DRAXTEN
Brian Draxten
Manager, Resource Planning
nlo
Enclosures
By electronic filing
c: Service List

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

In the Matter of Establishing an Estimate
of the Costs of Future Carbon Dioxide
Regulation on Electricity Generation under
Minn. Stat. §216H.06

Docket No. E999/CI-07-1199

In the Matter of Establishing an Updated
2016 Estimate of the Costs of Future Carbon
Dioxide Regulation on Electricity
Generation under Minn. Stat. §216H.06

Docket No. E999/DI-15-708

COMMENTS OF OTTER TAIL POWER COMPANY

Otter Tail Power Company (Otter Tail) submits these Comments in response to the Minnesota Public Utilities Commission (Commission) Notice of Comment Period dated April 1, 2016 in the above captioned matters. The Notice invited comments on topics regarding cost estimates for the future cost of carbon dioxide (CO₂) regulation on electricity generation.

- **What values should the Commission adopt for 2016?**

Otter Tail supports the values recommended by the Minnesota Pollution Control Agency and the Minnesota Department of Commerce, \$9 to \$34 per ton of CO₂ emitted. Otter Tail also supports extending the effective starting date of applying the cost range from 2019 to 2022.

- **Should the Commission, at this time, adopt CO₂ values for 2017?**

Yes. It is Otter Tail's opinion that very little will change between now and the end of 2017 regarding the regulatory cost of carbon. Adopting the recommended range of CO₂ values for two years is a more efficient use of resources for all parties in the proceeding.

- **Are the comments of the Minnesota Pollution Control Agency (MPCA) and the Minnesota Department of Commerce (DOC) consistent with prior Commission Orders in this Docket?**

Yes. The recommendation of the MPCA and DOC are very similar to their prior recommendations in this docket.

- **Should the Commission open a docket to reexamine the relationship between the external cost of CO₂ and the anticipated regulatory cost of CO₂, as recommended on page 4 of the Clean Energy Organizations' comments in Docket 15-708?**

No. Otter Tail sees little value in opening yet another docket to examine the cost impacts of CO₂ in Minnesota. This current docket attempts to estimate the future regulatory costs of CO₂ emitted. While Otter Tail is aware of and is participating in Docket No. E-999/CI-14-643 which examines the externality costs of various pollutants, the Company feels the impact of the result of this docket will be better addressed in individual company's resource plan proceedings.

- **Any other docket-related concerns?**
No.

If you have any questions regarding these comments, please feel free to contact Brian Draxten at bhdraxten@otpc.com or 218-739-8417.

Dated: April 19, 2016

Respectfully submitted,

OTTER TAIL POWER COMPANY

By: /s/ BRIAN DRAXTEN

Brian Draxten

Manager, Resource Planning

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CERTIFICATE OF SERVICE

**RE: In the Matter of Establishing an Estimate of the Costs of Future Carbon Dioxide Regulation on Electricity Generation under Minn. Stat. §216H.06
Docket No. E999/CI-07-1199**

**In the Matter of Establishing an Updated 2016 Estimate of the Costs of Future Carbon Dioxide Regulation on Electricity Generation under Minn. Stat. §216H.06
Docket No. E999/DI-15-708**

I, Nancy L. Olson, 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
Comments**

Dated this 19th day of April, 2016.

/s/ NANCY L. OLSON

Nancy L. Olson
Regulatory Filing Coordinator
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