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June 27, 2016



PUBLIC DOCUMENT -

Daniel P. Wolf
Executive Secretary
Minnesota Public Utilities Commission
121 7th Place East, Suite 350
St. Paul, MN 55101-2147

NOT PUBLIC (OR PRIVILEGED) DATA HAS BEEN EXCISED

**RE: In the Matter of the Petition by Otter Tail Power Company for Approval of an Energy-Intensive, Trade-Exposed Customer Rate
Docket No. E017/M-16-533
Initial Filing**

Dear Mr. Wolf:

Otter Tail Power Company (Otter Tail) hereby submits its Petition to the Minnesota Public Utilities Commission (Commission) for approval and its Energy-Intensive, Trade-Exposed Customer Rate and to commence Otter Tail's Rate Schedule 13.09.

This Petition contains information that is protected by the Minnesota Data Practices Act. That information has economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by other persons and is subject to efforts by Otter Tail to protect the information from public disclosure. Otter Tail maintains this information as a trade secret based on its economic value from not being generally known and not being readily ascertainable by proper means by other persons who can obtain economic value from its disclosure or use. For this reason, Otter Tail asks that the data be treated as non-public data pursuant to Minn. Stat. § 13.37, subd. 1(b). The enclosed are marked as **NOT PUBLIC DOCUMENT – NOT FOR PUBLIC DISCLOSURE** and **PUBLIC – NOT PUBLIC (OR PRIVILEGED) DATA HAS BEEN EXCISED**.

Otter Tail has electronically filed this document with the Commission which, in compliance with Minn. Rule 7829.1300, Subp. 2, also constitutes service on the Department of Commerce, Division of Energy Resources and the Office of Attorney General-Antitrust & Utilities Division. A Summary of the filing has been served on all persons on Otter Tail's general service list. A Certificate of Service is also enclosed.

Mr. Wolf
June 27, 2016
Page 2 of 2

If you have any questions regarding this filing, please contact me at 218-739-8385 or at bhaugen@otpc.com.

Sincerely,

/s/ BRYCE C. HAUGEN
Bryce C. Haugen, Senior Rates Analyst
Regulatory Administration

jch
Enclosures
By electronic filing
c: Service List

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

**In the Matter of the Petition by Otter Tail
Power Company for Approval of Energy-
Intensive, Trade-Exposed Customer Rate**

Docket No. E017/M-16-533

SUMMARY OF FILING

On June 27, 2016, Otter Tail Power Company (Otter Tail or Company) filed a petition with the Minnesota Public Utilities Commission (Commission) under Minnesota Stat. § 216B.1696 for approval of a rate schedule for Otter Tail’s Energy-Intensive, Trade-Exposed (EITE) Customers. Minn. Stat. § 216B.1696 was enacted in 2015 to implement “the energy policy of the state of Minnesota to ensure competitive electric rates for [EITE] customers.”

Three Otter Tail customers, Potlach Corporation, Norbord Corporation, and Cass Forest Products, have requested that Otter Tail request Commission approval of an EITE Rate under the EITE Statute. All three customers are wood products manufacturers and claim qualification under the EITE Statute.

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

**In the Matter of the Petition by Otter Tail
Power Company for Approval of an
Energy-Intensive, Trade-Exposed
Customer Rate**

Docket No. E017/M-16-533

**PETITION OF OTTER TAIL POWER
COMPANY**

I. INTRODUCTION

Otter Tail Power Company (Otter Tail or Company) submits this Petition to the Minnesota Public Utilities Commission (Commission) under Minnesota Statutes Section 216B.1696 (EITE Statute), for approval of a rate schedule for its Energy-Intensive, Trade-Exposed (EITE) Customers (EITE Customers). In 2015, the EITE Statute was enacted to implement “the energy policy of the state of Minnesota to ensure competitive electric rates for [EITE] customers.”¹

The EITE Statute defines four categories of customers that may qualify for an EITE rate:

- 1) an iron mining extraction and processing facility;
- 2) a paper mill, wood products manufacturer, sawmill, or oriented strand board manufacturer;
- 3) a steel mill and related facilities; and
- 4) a customer that meets certain demand and load factor requirements and is also subject to globally competitive pressures, so long as its electric energy costs account for at least 10 percent of the customer’s overall cost of production

Minn. Stat. § 216B.1696, subd. 1(c). Otter Tail has three customers on its system that meet the statutory definition as an EITE customer. Potlach Corporation is a sawmill that produces stud boards. Cass Forest Products is a wood products manufacturer. Norbord Corporation is an oriented strand board manufacturer. As of the date of this filing, no other Otter Tail customer qualifies as an EITE Customer under the EITE Statute.

¹ Minn. Stat. § 216B.1696, subd. 2(a)

The Otter Tail EITE Customers have stated that: (1) they all face global market pressures from other production in the United States and from production in Canada; (2) market pressures from Canadian sawmills and oriented strand board manufacturers are primarily due to the cost of lumber for use in the manufacturing processes; and (3) the cost of materials, including logs or pulpwood, for these manufacturing processes account for approximately 60-70 percent of the cost of production. The Otter Tail EITE Customers have represented to Otter Tail that Canadian timber is priced much lower than Minnesota timber due to the way the Canadian government oversees ownership of the vast Canadian timber stands.

The Otter Tail EITE customers have also stated that the cost of electricity accounts for approximately five percent of their overall costs of production. Although the cost of electricity accounts for a small percentage of the cost of production, these Otter Tail EITE Customers are all faced with identifying ways in which they can each reduce their overall costs of production. The creation of the EITE Statute in 2015 has provided these EITE Customers with the ability to seek a reduction in their cost of electricity. The Otter Tail EITE Customers have represented to Otter Tail that they require a rate reduction of 20 percent to achieve what they consider a competitive electric rate.

Should the Commission approve the 20 percent reduction, the rate impact to non-EITE Customers, based on 2016 rates,² will be less than one half of one percent (<0.5%) as summarized in Table 1.

² This amount and the amounts evaluated in this Petition compute rate impacts based on 2016 rates requested by Otter Tail in its currently-pending rate case in Docket E017/GR-15-1033.

Table 1. Non-EITE Customer Rate Impact with 20 Percent Rate Reduction for All Three EITE Customers³

Class	Average Annual Electricity Cost	Annual Cost Increase⁴
Residential	\$1,018	\$4.64
Farm	\$2,692	\$12.27
General Service	\$4,074	\$18.57
Large General Service	\$181,465	\$827.16
Irrigation	\$2,160	\$9.85
Outdoor Lighting	\$22,342	\$101.84
Other Public Authority	\$8,022	\$36.56
Controlled Service Water Heating	\$224	\$1.02
Controlled Service Interruptible	\$1,399	\$6.38
Controlled Service Deferred	\$1,000	\$4.56

If the Commission approves the 20 percent rate decrease for all three EITE Customers, the average Otter Tail residential customer will experience an electric bill cost increase of approximately \$4.64 per year. As shown in column C, lines 14 through 26, of Attachment 4, the class impacts are determined based on Otter Tail’s total Minnesota revenue requirements, less those associated with the EITE customers and low-income residential rate payers, as filed in Docket No: E017/GR-15-1033. These class revenue requirements, shown in column D lines 16 through 26, divided by the average revenue requirement, provided in column C lines 32 through 41, for a class member results in the average annual impact provided in column D lines 32 through 41. With this Petition, Otter Tail has included the details for the tracking of the revenues associated with the EITE Rate in a draft rider (EITE Rider) in Attachments 1, 2, and 3.

The Otter Tail EITE Customers have provided, in a coordinated filing with this Petition, information and facts that they believe support a 20 percent rate reduction. To provide the Commission with additional rate impact information, Otter Tail’s filing includes the analysis for each EITE customer individually, and all EITE customers in the aggregate, at 10 and 20 percent

³ The workpapers supporting these calculations are included with the Petition as Attachment 4.

⁴ The “Annual Cost Increase” is based on an EITE Surcharge Factor of 0.456 percent and includes the \$10,000 affordability program fee under Minnesota Statutes Section 216B.1696, subdivision 3, but does not include any amounts that may be assessed to the utility under Minnesota Statutes Section 216B.1696, subdivision 4. These costs will be accounted for in the tracker account and included in the true-up under the EITE Rider.

rate reduction levels. Otter Tail was guided by the Commission's Order⁵ in the Minnesota Power EITE docket and in its discussions with the EITE Customers in preparing this Petition.

II. Miscellaneous Tariff Filing Information

A. Summary of Filing

A one-page summary of this Petition accompanies this filing.

B. Service on Other Parties and the General Service List

Pursuant to Minnesota Statutes Section 216.17, subdivision 3 and Minnesota Rule 7829.1300, Subpart 2, Otter Tail has electronically filed this Petition through the Commission's eDocket system. Otter Tail has also served a copy of this Petition on the Department of Commerce, Division of Energy Resources (Department) and the Office of Attorney General Antitrust and Utilities Division (OAG). A summary of this filing prepared in compliance with Minnesota Rule 7829.1300, Subpart 1, is served on Otter Tail's general service list. A summary of this filing is also served on the parties to Otter Tail's current rate case (Docket No. E017/GR-15-1033).

C. Name, Address, and Telephone Number of Utility

Otter Tail Power Company
215 South Cascade Street
Fergus Falls, Minnesota 56538-0496
(218) 739-8200

⁵ Order Denying Petition Without Prejudice in Docket No. E015/M-15-984, *In the Matter of a Petition by Minnesota Power for a Competitive Rate for Energy Intensive Trade exposed (EITE) Customers and an EITE Cost Recovery Rider* (March 23, 2016).

D. Name, Address, and Telephone Number of Utility Attorney

Bruce Gerhardson
Associate General Counsel
Otter Tail Power Company
215 South Cascade Street
Fergus Falls, Minnesota 56538-0496
(218) 739-8475
bgerhardson@otpc.com

E. Date filing and proposed effective date of rates

The Date of Filing is June 27, 2016. If approved, Otter Tail proposes that the EITE Rider take effect upon the first day of the first month after the effective date of the Commission's written order approving the EITE Rider.⁶

F. Statute controlling schedule for processing the filing

Minnesota Statutes Section 216B.1696 permits an investor-owned electric utility with at least 50,000 but no more than 200,000 retail customers to propose an EITE rate under an EITE rate schedule. The EITE rate may include, but is not limited to, fixed rates, market-based rates, and rates to encourage utilization of new clean energy technology. Minnesota Statutes Section 216B.1696, subd. 2(a). Otter Tail's EITE Customers seek a percentage rate reduction from their otherwise-charged electric rate.

Minnesota Statutes Section 216B.1696, subdivision 2(c) provides that the Commission "shall make a final determination in a proceeding begun under this section within 90 days of a miscellaneous rate filing by the electric utility." Otter Tail requests that the Commission make its determination on the EITE Rate within 90 days of this filing, recognizing that additional time for the Commission to complete its review and to issue a written order may be necessary. Additionally, while Otter Tail includes in this filing a proposal for rate treatment of any costs that must be reallocated to non-EITE Customers should an EITE Rate be approved (EITE Surcharge), Otter Tail recognizes that the Commission may determine such treatment

⁶ In the event the Commission decision on the EITE Surcharge is not made concurrently with the Commission's decision on the EITE Rate, Otter Tail requests that the Commission: (1) order that Otter Tail may account for uncollected revenues using deferred accounting until the EITE Surcharge is approved; or (2) order that the EITE Rate is not effective until the first of the month after a Commission decision on the EITE Surcharge.

concurrently with its determination on whether or not to approve the EITE Rate or at some other time either in this Docket or in another rate proceeding. In the event the Commission decision on the EITE Surcharge is not made concurrently with the Commission's decision on the EITE Rate, Otter Tail requests that the Commission: (1) order that Otter Tail may account for uncollected revenues using deferred accounting until the EITE Surcharge is approved; or (2) order that the EITE Rate is not effective until the first of the month after a Commission decision on the EITE Surcharge.

The proposed EITE Rate and EITE Rider fall under the definition of a "miscellaneous tariff filing" under Minnesota Rule 7829.0100, Subpart 11. Minnesota Rule 7829.1400, Subpart 1 allows initial comments within 30 days of filing and replies no more than 10 days thereafter.

G. Title of utility employee responsible for filing

Bryce C. Haugen
Senior Rates Analyst, Regulatory Administration
Otter Tail Power Company
P.O. Box 496
Fergus Falls, MN 56538-0496
(218) 739-8385
bhaugen@otpc.com

H. Impact on rates and services, its impact on the utility and affected ratepayers, and the reasons for the filing

Approval of an EITE Rate will have no effect on the base rates of Otter Tail. The EITE Statute specifically provides that the Commission "shall allow the utility to recover any costs, including reduced revenues, or refund any savings, including increased revenues, associated with providing service to a customer under an EITE rate schedule" but that these costs shall not be recovered from (or any savings be refunded to) any low-income residential ratepayers, as defined in Minnesota Statutes Section 216B.16, subdivision 15, or any EITE customer. Minn. Stat. § 216B.1696, subd. 2(d).

Otter Tail files this Petition to fulfill the energy policy of the state of Minnesota to ensure competitive electric rates for EITE Customers. The rate proposed is intended to fulfill this policy

and provide net benefits to the utility and the state. Net benefits to the utility include the continued presence of sawmill and oriented strand board industries in the Company's customer base. Net benefits to the state include the continued presence of these industries in the state and also the potential growth of these industries in Minnesota given a more competitive electric rate. Additional information regarding the impact of this filing on rates and services, on the Company and our ratepayers, and the reasons for this filing are discussed in more detail throughout this Petition. Additional information on the potential growth of these industries and impacts to Minnesota if these EITE Customers cease operations is included in the information filed by the EITE Customers concurrently with this filing.

Information on the cost impacts to non-EITE customers (excluding low-income residential ratepayers) is provided throughout this Petition.

I. Service List

Pursuant to Minn. Rule 7829.0700, Otter Tail requests that the following persons be placed on the Commission's official service list for this matter and that any not public comments, requests, or information be provided to the following on behalf of Otter Tail. Electronic service shall be sufficient.

Bryce C. Haugen
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III. EITE CUSTOMER RATE

A. Availability of Statute to Otter Tail

Minnesota Statutes Section 216B.1696 is available to an investor-owned electric utility that has at least 50,000 retail electric customers, but no more than 200,000 retail electric customers.⁷ Otter Tail has approximately 131,000 total retail electric customers with over 61,000 retail electric customers located in Minnesota.

B. EITE Statute Applicability to EITE Customers

Minnesota Statutes Section 216B.1696, subdivision 1(c) defines an EITE Customer to include:

- (1) an iron mining extraction and processing facility, including a scam mining facility as defined in Minnesota Rules, part 6130.0100, subpart 16;
- (2) a paper mill, wood products manufacturer, sawmill, or oriented strand board manufacturer;
- (3) a steel mill and related facilities; and
- (4) a retail customer of an investor-owned electric utility that has facilities under a single electric service agreement that: (i) collectively imposes a peak electrical demand of at least 10,000 kilowatts on the electric utility's system, (ii) has a combined annual average load factor in excess of 80 percent, and (iii) is subject to globally competitive pressures and whose electric energy costs are at least ten percent of the customer's overall cost of production.

The EITE Customers that are the subject of this Petition all qualify under Minnesota Statutes Section 216B.1696, subdivision 1(c)(2). The following provides summary of each EITE

⁷ Minn. Stat. §216B.1696, subd. 2(a)

Customer's business and why Otter Tail believes each has the ability to request an EITE Rate under the EITE Statute.

1. Norbord Profile

Norbord is an international producer of wood-based panels that is based in Toronto, Canada. Located in the United States, Europe, and Canada, Norbord has fifteen oriented strand board (OSB) mills, one medium density fibreboard (MDF) mill, two particleboard mills, and one furniture plant. One of Norbord's OSB mills is located in Solway, Minnesota, just outside of Bemidji. Norbord's OSB mill in Solway, Minnesota produces approximately 475,000,000 board-feet⁸ (on a 3/8-inch basis) of OSB per year. Norbord's OSB mill three-year average consumption is **[PROTECTED DATA BEGINS... ..PROTECTED DATA ENDS]**. As an OSB manufacturer, Norbord's Solway, Minnesota mill fits within the EITE Customer definition in Minnesota Statutes Section 216B.1696, subdivision 1(c)(2).

2. Potlatch Profile

Potlatch's mill in Bemidji, Minnesota produces approximately 141,000,000 board-feet of cut studs per year.⁹ The Potlatch mill three-year average consumption is **[PROTECTED DATA BEGINS... ..PROTECTED DATA ENDS]**. As a sawmill, Potlatch's Bemidji, Minnesota mill fits within the EITE Customer definition in Minnesota Statutes Section 216B.1696, subdivision 1(c)(2).

3. Cass Forest Products Profile

Cass Forest Products is a wood products manufacturing company with two locations in Cass Lake, Minnesota, and one location just outside Aitkin, Minnesota. Otter Tail provides electric service to the two locations in Cass Lake, Minnesota. These mills produce timbers, lumber, 4"x4" squares, finger jointed cut stock parts, heat treat squares and lumber, among other custom products. Cass Forest Products sells its product wholesale. The Cass Lake sawmills produce approximately 8,000,000 board-feet of wood products per year. Cass Forest Products' sawmill three-year average consumption is **[PROTECTED DATA BEGINS...**

⁸ A board with 12" by 12" by 1" dimensions is the equivalent of one "board-foot".

⁹ The mill is not operating at its full production capacity.

...**PROTECTED DATA ENDS**]. As a sawmill, Cass Forest Products' Cass Lake, Minnesota mill fits within the EITE Customer definition in Minnesota Statutes Section 216B.1696, subdivision 1(c)(2).

C. EITE Customer Rate

1. Proposed EITE Rate Design

The three Otter Tail EITE Customers seek a rate reduction of 20 percent. The EITE Customers claim that a rate reduction of 20 percent is what is necessary to make each of the rates they pay competitive. The EITE rate proposed by Otter Tail requires that the EITE Customers shall consume at least 60 percent of normal consumption on an annualized basis.¹⁰ For example, if an EITE customer consumed 100,000 MWh in a year under normal production, the customer will have to maintain consumption of 60,000 MWh to be eligible. This will be evaluated annually, and should an EITE Customer's operations fall below 60 percent of normal consumption on an annualized basis, concurrent with the EITE true-up schedule, that EITE Customer will be billed accordingly to recover the amounts it was inappropriately discounted.

2. Support for EITE Rate

All three Otter Tail EITE Customers have represented to Otter Tail that they seek a rate reduction of 20 percent to achieve what they consider a competitive electric rate. Support for each EITE Customer's request is provided by each of the EITE Customers.

Otter Tail has provided information separately on each EITE Customer, including the impact of the requested EITE Rate on non-EITE Customers for each EITE Customer if the Commission believes that customer has provided sufficient evidence to support the 20 percent rate reduction they have each requested. Otter Tail has also provided the impact of the EITE Rate on non-EITE Customers at a 10 and 20 percent rate reduction. If the Commission decides to approve the same rate reduction for all three EITE Customers, the rate impact on non-EITE Customers at 10 percent or 20 percent rate reduction EITE Rate will be the annual costs summarized in Table 2.

¹⁰ This consumption is based on billings in a calendar year of January-December.

Table 2. Non-EITE Customer Rate Increase if EITE Rate Approved for All Three EITE Customers

Class	Average Annual Electricity Cost (\$)	Average Annual Usage (kWh)	At 10% EITE Rate—Annual Cost Increase (\$)	At 20% EITE Rate—Annual Cost Increase (\$)
Residential	1,018	9,720	2.34	4.64
Farm	2,692	23,892	6.20	12.27
General Service	4,074	31,416	9.38	18.57
Large General Service	181,465	2,780,376	417.99	827.16
Irrigation	2,160	18,252	4.98	9.85
Outdoor Lighting	22,342	24,888	51.46	101.84
Other Public Authority	8,022	40,392	18.48	36.56
Controlled Service Water Heating	224	2,568	0.52	1.02
Controlled Service Interruptible	1,399	24,492	3.22	6.38
Controlled Service Deferred	1,000	26,844	2.30	4.56

Potlatch Request

Potlatch has explained that its request is rooted in the results of a 2013 study of various lumber mills throughout the United States and Canada conducted by the Beck Group (Rate Study). A copy of the Rate Study is attached to the Affidavit of Mr. Pete Aube and the EITE Customer’s filing in this Docket. Potlatch’s 2013 rate, which is comparable with the rates used in the Rate Study, was approximately **[PROTECTED DATA BEGINS...
...PROTECTED DATA ENDS]**. Since this time, Potlatch has been able to **[PROTECTED DATA BEGINS...**

...**PROTECTED DATA ENDS**]. If Potlatch [**PROTECTED DATA BEGINS**...

...**PROTECTED DATA ENDS**].¹¹Mr. Aube compares that rate to the level that Potlatch considers to be competitive within the meaning of the EITE Statute and its need for an EITE Rate notwithstanding its efforts to reduce its cost of electricity on a per-kWh-basis and its participation in Conservation Improvement Programs to reduce its overall cost of electricity. Table 3 summarizes the rate impact to Otter Tail's customer classes if the Commission approves its EITE Rate request at either the 10 percent or 20 percent rate reduction level for Potlatch.

¹¹ In Otter Tail's current Rate Case (E017/GR-15-1033), the Company included a new class cost of service study that modifies all existing rates. If the Commission approves this class cost of service study, when final rates become effective, [**PROTECTED DATA BEGINS**...

ENDS].

...**PROTECTED DATA**

Table 3. Non-EITE Customer Rate Impact for Potlatch Rate Reduction

Class	Average Annual Electricity Cost (\$)	Average Annual Usage (kWh)	At 10% Rate Reduction— Annual Cost Increase (\$) [PROTECTED DATA BEGINS...]	At 20% Rate Reduction— Annual Cost Increase (\$)
Residential	1,018	9,720		
Farm	2,692	23,892		
General Service	4,074	31,416		
Large General Service	181,465	2,780,376		
Irrigation	2,160	18,252		
Outdoor Lighting	22,342	24,888		
Other Public Authority	8,022	40,392		
Controlled Service Water Heating	224	2,568		
Controlled Service Interruptible	1,399	24,492		
Controlled Service Deferred	1,000	26,844		...PROTECTED DATA ENDS]

Potlatch has affirmatively stated that an EITE Rate that would provide a 20 percent reduction from the Large General Service rate “could be one of the factors that will keep the Potlatch Mill viable.”¹²

¹² Affidavit of Mr. Aube filed by the EITE Customers concurrently with this Petition.

Norbord Request

Norbord has explained that its request for an EITE Rate is based on a comparison of the electricity prices charged on a per-kWh basis at each of its North American operations (which include OSB facilities in Alabama, Georgia, Mississippi, South Carolina, and Texas in the United States and Alberta, British Columbia, Ontario, and Quebec in Canada. Norbord has also explained that the cost of energy, including the cost of electricity, accounts for approximately 4.7 percent of the total cost of production at Norbord's Minnesota facility (Norbord Mill).

Norbord has also explained that, in an effort to reduce its cost of production, Norbord considered **[PROTECTED DATA BEGINS...**

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Norbord concluded this was not a viable option for its operations. Norbord discusses, in the Affidavit of Mr. Jack Wallingford filed by the EITE Customers currently with this Petition, other steps the Norbord Mill has taken to reduce its overall cost of production.

Norbord has affirmatively stated that an EITE Rate that provides a 20 percent reduction from the Large General Service rate "could be one of the factors that will keep the Norbord Mill viable."¹³ Table 4 summarizes the rate impact to Otter Tail's customer classes if the Commission approves a 10 percent or 20 percent rate reduction for Norbord.

¹³ Affidavit of Mr. Wallingford filed by the EITE Customers concurrently with this filing.

Table 4. Non-EITE Customer Rate Impact for Norbord Rate Reduction

Class	Average Annual Electricity Cost (\$)	Average Annual Usage (kWh)	At 10% Rate Reduction— Annual Cost Increase (\$) [PROTECTED DATA BEGINS...]	At 20% Rate Reduction— Annual Cost Increase (\$)
Residential	1,018	9,720		
Farm	2,692	23,892		
General Service	4,074	31,416		
Large General Service	181,465	2,780,376		
Irrigation	2,160	18,252		
Outdoor Lighting	22,342	24,888		
Other Public Authority	8,022	40,392		
Controlled Service Water Heating	224	2,568		
Controlled Service Interruptible	1,399	24,492		
Controlled Service Deferred	1,000	26,844		...PROTECTED DATA ENDS]

Cass Forest Products Request

Cass Forest Products requests the same rate reduction as requested by Potlatch and Norbord. Cass Forest Products only has one other owned operation with which to compare its electricity prices, and that is located in Aitken, Minnesota¹⁴ so Cass Forest Products is not able to perform a comprehensive. Cass Forest Products represents that because Potlatch has concluded

¹⁴ Although this location is not served by Otter Tail, it would only provide one point of comparison for Cass Forest Products' electricity rate.

that it (Potlatch) needs a 20 percent rate reduction based on its rate study, (and because Potlatch has operations similar to those of Cass Forest Products and creates similar products), it is reasonable to approve the same rate reduction for Cass Forest Products.

Cass Forrest Products has stated that, in an effort to reduce electricity costs, it invested in **[PROTECTED DATA BEGINS....**

...PROTECTED DATA ENDS]

discussed in more detail in the Affidavit of Mr. David Goetz filed by the EITE Customers concurrent with this Petition.

Cass Forest Products has stated that an EITE Rate that provides a 20 percent reduction from the Large General Service rate “could be one of the factors that will keep CFP viable.”¹⁵ Table 5 summarizes the rate impact to Otter Tail’s customer classes if the Commission approves a 10 percent or 20 percent rate reduction level for Cass Forrest Products.

¹⁵ Affidavit of Mr. Goetz filed by the EITE Customers concurrently with this Petition.

Table 5. Non-EITE Customer Rate Impact for Cass Forest Products Rate Reduction

Class	Average Annual Electricity Cost (\$)	Average Annual Usage (kWh)	At 10% Rate Reduction— Annual Cost Increase (\$) [PROTECTED DATA BEGINS...]	At 20% Rate Reduction— Annual Cost Increase (\$)
Residential	1,018	9,720		
Farm	2,692	23,892		
General Service	4,074	31,416		
Large General Service	181,465	2,780,376		
Irrigation	2,160	18,252		
Outdoor Lighting	22,342	24,888		
Other Public Authority	8,022	40,392		
Controlled Service Water Heating	224	2,568		
Controlled Service Interruptible	1,399	24,492		
Controlled Service Deferred	1,000	26,844		...PROTECTED DATA ENDS]

3. Communicating EITE Rate

Tariff Sheets to be revised (Minn. R. 7825.3600)

To effectuate the EITE Rate and EITE Rider, changes will be required to the Applicability Matrix and the Index of the Otter Tail tariff book. These sheets, as will be revised if the EITE Rider is approved and are included at Attachment 5 and 6 with this Petition.

Communication of EITE Rate Impact on Non-EITE Customers

Miscellaneous Tariff Filing Notice: As with other miscellaneous tariff filings,¹⁶ and in compliance with Minnesota Rule 7829.1300, Subpart 2, Otter Tail has served a copy of this Petition on the Department and on the OAG. A copy of the Filing Summary has been served on the persons on Otter Tail's general service list.¹⁷ In addition to what is required for a miscellaneous tariff filing under the rule, Otter Tail has served a copy of the Filing Summary on all parties to our current General Rate Case (E017/GR-15-1033) and has posted the Filing Summary and description of the Petition on our website at www.otpc.com/EITE. All Otter Tail customers will also receive information about this Petition with electricity bills sent July 1, 2016 through July 30, 2016. As Otter Tail customers are billed monthly, this ensures that all customers will receive the information on this request over the month of July. The notice will be printed on the bill itself, except for 120 customers who have multiple meters and whose bill does not provide sufficient space for the message, who will receive the notice as a separate insert with their bill. Customers receiving electronic bills (do not receive paper bills) will receive a copy of the notice through a link provided with the bill availability notice received in July. A copy of the bill notice is included with this Petition as Attachment 8 and the website content is included in Attachment 9.

EITE Surcharge Notice: If the Commission approves an EITE Surcharge, Otter Tail will provide customers with information regarding the bill adjustment and an explanation of the charge to their electric bill. Otter Tail proposes that the message to customers on bills be included as a separate page to the customer bill as follows:

¹⁶ Otter Tail notes that in its ORDER DENYING PETITION WITHOUT PREJUDICE in Docket No. E015/M-15-984, the only other time the Commission has issued an Order on an EITE rate and rider, the Commission stated that filing "lacked features the Commission would ordinarily expect . . . including: . . . notice to customer that may be affected by rate increases and an opportunity to comment; . . ." ORDER at 11. When Otter Tail files a miscellaneous rider filing, like its Transmission Cost Recovery Rider, it provides the following notice: to the Department, the OAG, and the Company's General Service List. Otter Tail has provided notice beyond these practices for this Petition.

¹⁷ Minnesota Rule 7829.1300, Subpart 2 provides that "copies of each miscellaneous tariff filing on which commission action is required within 60 days' requires serving of a copy of the filing on the general service list. The rule continues that "for other filings, the utility may serve the summary described in subpart 1 on persons on the applicable general service list." Because Commission action is not required on this Petition for 90 days under Minnesota Statutes Section 216B.1696, a copy of the Filing Summary was served on those persons on the general service list in accordance with Minnesota Rule 7829.1300, Subpart 2.

The Minnesota Public Utilities Commission has approved the Energy-Intensive, Trade-Exposed (EITE) Rider to be included as part of the Resource Adjustment on your monthly electric service statement. This rider recovers costs associated with the energy policy of the state of Minnesota to ensure competitive electric rates for EITE customers. The table below shows the new rates, effective October 1, 2016, for all classes of customers subject to the charge (excluding electric service statements of EITE customers and low-income residential ratepayers). A residential customer who uses 1,000 kWh per month will see a bill increase of about \$___. Customers participating in a low-income home energy assistance program through an approved organization and EITE customers will not be subject to this EITE Rider.

October 1, 2016	
Class	Percent of Bill Rate
All Service	___.____%

For more information contact Customer Service at 800-257-4044 or place an inquiry through our website at www.otpc.com.

The blanks will be populated according to the decision of the Commission on this Petition. If the Commission approves a 20 percent rate reduction for all EITE Customers, the Percent of Bill Rate will be 0.456 percent and the average bill increase for a residential customer who uses 1,000 kWh per month will be \$0.48. The EITE Surcharge will be included in the “Resource Adjustment” line item under the “Other Charges and Credits” heading of customer bills. The Resource Adjustment line item includes various customer charges including the Transmission Cost Recovery Rider, the Environmental Cost Recovery Rider, and the Fuel Adjustment Clause.

Discussion With the Department and OAG: Prior to filing this Petition, Otter Tail and the EITE Customers discussed this filing with the Department and the OAG. Otter Tail informed these State agencies of the magnitude of the request by the EITE Customers and the estimated average residential annual electric bill impact should the Commission grant the 20 percent rate

reduction requested by the EITE Customers. Neither the Department nor the OAG requested that any specific issues be addressed in the Petition or the supporting material.

D. EITE Rate Approval

1. Net Benefit

Minnesota Statutes Section 216B.1696, subdivision 2(b) provides that an EITE Rate shall be approved by the Commission “upon a finding of net benefit to the utility or the state”. The EITE Statute also provides that the Commission “shall allow the utility to recover any costs, including reduced revenues, or refund any savings, including increased revenues, associated with providing service to a customer under and EITE rate schedule” but that these costs shall not be recovered from (or any savings be refunded to) any low-income residential ratepayers or any EITE customer. Minn. Stat. 216B.1696, subd. 2(d).

Otter Tail believes there is a net benefit to both Otter Tail and to the State to design a competitive rate for our EITE Customers. This benefit takes several forms.

First, there is a net benefit to Otter Tail and the State from the continued presence of Otter Tail’s EITE Customers on the Otter Tail system. Our non-EITE customers benefit by the EITE Customers continuing operations and continuing to purchase power from Otter Tail. The EITE Customers contribute approximately \$2.4 million annually for embedded costs for service associated with the supply of electricity. These embedded costs include previously-committed capital costs and non-variable operation and maintenance expenditures. If the EITE customers were to cease operations at their facilities in the Otter Tail electric service territory, the estimated cost reallocation, as calculated in Attachment 4, Column F, would be as summarized in Table 6.

Table 6. Cost Impact to Non-EITE Customers if EITE Customers Were to Cease Operations

Class	Average Annual Electricity Cost (\$)	Average Annual Usage (kWh)	Annual Cost Increase Per Customer (\$)
Residential	1,018	9,720	11.53
Farm	2,692	23,892	30.50
General Service	4,074	31,416	46.16
Large General Service	181,465	2,780,376	2,056.29
Irrigation	2,160	18,252	24.47
Outdoor Lighting	22,342	24,888	253.18
Other Public Authority	8,022	40,392	90.90
Controlled Service Water Heating	224	2,568	2.54
Controlled Service Interruptible	1,399	24,492	15.86
Controlled Service Deferred	1,000	26,844	11.33

Second, The EITE Customers benefit by enhancing their competitive position and the potential for continued, and potentially even enhanced, production. Employees, suppliers, vendors, and customers of the EITE Customers will also all benefit through enhanced availability of the products supplied by the EITE Customers.

Third, the greatest net benefit to the continued presence of the EITE Customers on the Otter Tail system is to the State. According to Minnesota Forest Industries, the forest products manufacturing industry is valued at \$8.5 billion and employs over 28,000 people. Specific information regarding each EITE Customers' financial impact in the State of Minnesota is provided in the EITE Customer filing.

2. EITE Rate Recovery

Minnesota Statutes Section 216B.1696, subdivision 2(d) provides that upon approval by the Commission, Otter Tail “shall create a separate account to track the” amount of revenue no longer collected from the EITE Customers. The EITE Statute provides that the Commission “shall allow the utility to recover any costs, including reduced revenues, or refund any savings, including increased revenues, associated with” the EITE Rate. The recovery can be done in the utility’s “next general rate case or through an EITE cost recovery rate rider between general rate cases.” Otter Tail requests that the Commission approve an EITE cost recovery rate rider (included as Attachment 7 to this Petition)¹⁸ to allow the Company to both provide the Commission-ordered EITE Rate to the EITE Customers and recover the costs, including reduced revenues, associated with providing service to the EITE Customers under the EITE Rate. As this Docket develops, Otter Tail will work with the Department to address language in proposed Electric Rate Schedule Section 13.09 to be sure it accurately reflects how the discount is applied to EITE Customer bills and incorporate appropriate language. The EITE Surcharge Factor under the rider will not be charged to EITE Customers or low-income residential ratepayers.

Otter Tail has developed the following estimates of annual cost increases associated with its non-EITE customers as summarized in Table 7.

¹⁸ The EITE Surcharge of 0.456 percent in the attached EITE Rider includes the \$10,000 affordability program fee under Minnesota Statutes Section 216B.1696, subdivision 3, but does not include any amounts that may be assessed to the utility under Minnesota Statutes Section 216B.1696, subdivision 4. These costs will be accounted for in the tracker account and included in the true-up under the EITE Rider.

**Table 7. Non-EITE Customer Rate Increase if EITE Rate Approved for All Three
EITE Customers**

Class	Average Annual Electricity Cost (\$)	Average Annual Usage (kWh)	At 10% EITE Rate—Annual Increase (\$)	At 20% EITE Rate—Annual Increase (\$)
Residential	1,018	9,720	2.34	4.64
Farm	2,692	23,892	6.20	12.27
General Service	4,074	31,416	9.38	18.57
Large General Service	181,465	2,780,376	417.99	827.16
Irrigation	2,160	18,252	4.98	9.85
Outdoor Lighting	22,342	24,888	51.46	101.84
Other Public Authority	8,022	40,392	18.48	36.56
Controlled Service Water Heating	224	2,568	0.52	1.02
Controlled Service Interruptible	1,399	24,492	3.22	6.38
Controlled Service Deferred	1,000	26,844	2.30	4.56

An EITE Surcharge Factor will be multiplied by a non-EITE customer’s monthly bill to calculate the EITE Surcharge Rate. The EITE Surcharge Factor will not apply to any Mandatory Riders or sales tax and any local assessments. The EITE Surcharge Rate will be included in the Resource Adjustment line item on the non-EITE customer’s bill. If the Commission approves the 20 percent rate reduction request from all three EITE Customers, the EITE Surcharge Factor will be 0.456 percent.¹⁹

The EITE Surcharge Rate is proposed to be the quotient of the forecasted recoverable EITE Tracker Balance (the amount of revenue Otter Tail will not recover from the EITE

¹⁹ The EITE Surcharge Factor of 0.456 percent includes the \$10,000 affordability program fee under Minnesota Statutes Section 216B.1696, subdivision 3, but does not include any amounts that may be assessed to the utility under Minnesota Statutes Section 216B.1696, subdivision 4. These costs will be accounted for in the tracker account and included in the true-up under the EITE Rider.

Customers) divided by the projected Minnesota non-exempt retail revenue for a designated 12-month recovery period. The EITE Tracker Balance is determined annually, starting with the first of the month following the date the Commission approves an EITE Rate for the EITE Customers. All revenues received from the application of the EITE Surcharge Factor will be credited to the EITE Tracker account. For each 12-month recovery period, a true-up adjustment to the EITE Tracker account will be calculated between actual EITE Surcharge Rate recoveries and the respective actual rate discount realized by the EITE Customer(s). Any resulting over or under recovery will be reflected as a carryover balance and included in calculating the EITE Surcharge Factor for the next 12-month recovery period.

Minnesota Statutes Section 216B.1696, subdivision 2(d) prohibits recovery of costs or refund of any savings associated with the EITE Rate from any EITE customer or any low-income residential ratepayer as defined by Minnesota Statutes Section 216B.16, subdivision 15. Under that statute, a low-income residential ratepayer is a ratepayer who receives “energy assistance from the low-income home energy assistance program (LIHEAP).” To ensure that low-income residential ratepayers are not charged to recover the EITE Rate, Otter Tail will, each year, manually identify those customers that have applied for and been accepted into the LIHEAP. Once identified as a LIHEAP participant in the Otter Tail billing system, the customer will not be charged the EITE Surcharge Factor.

3. New EITE Customers

At this time, no other Otter Tail customers are eligible for an EITE Rate under the EITE Statute. Should a new EITE Customer be identified, however, that customer’s request will be evaluated on a customer-specific basis and a filing to and approval by the Commission will be necessary. The request to Otter Tail by the customer to make the filing will need to include information sufficient for Otter Tail to evaluate whether the customer qualifies for an EITE Rate under the EITE Statute and what rate reduction is necessary to provide a rate the customer considers “competitive” under the EITE Statute. The request must also include sufficient information for Otter Tail to make a filing to the Commission requesting a change to the EITE Rate. Further, the customer must provide, in a companion filing, facts and evidence sufficient to

support the globally competitive nature of the customer's business, the rate reduction requested, and the net benefit to the State of its inclusion in an EITE Rate.

4. Termination of the EITE Rate

Otter Tail requests that the Commission require, with its approval of an EITE Rate, that any EITE Customer found eligible for the EITE Rate must request continued eligibility once every five years. This requirement will ensure that the EITE Customer still qualifies for an EITE Rate under the EITE Statute. Additionally, this requirement will provide Otter Tail and the Commission the opportunity to evaluate whether the electricity rate charged to the EITE Customer is or is not competitive with similarly-situated operations. Otter Tail proposes that a process be approved whereby the EITE Customer must submit, in writing, to Otter Tail a request to continue to receive the EITE Rate at least 180 days prior to the five-year period expiring. The five-year period will be calculated from the first date of the month following the Commission decision finding the EITE Customer eligible for the EITE Rate.

That request must include verifiable information to demonstrate the competitiveness of electric rates among similarly situated operations, demonstrate that the EITE Customer remains qualified for an EITE Rate under the EITE Statute, prove that the EITE Rate is necessary for the EITE Customer to achieve competitive electric rates, propose any changes that the EITE Customer believes should be made to the amount of that EITE Customer's rate, and demonstrate the net benefit to the State continue via application of the EITE Rate. Additionally, the information must be sufficient to allow Otter Tail to evaluate whether continuing to apply the EITE Rate is of net benefit to the utility. If all this information is provided to Otter Tail and is sufficiently detailed and verifiable to support a filing, Otter Tail will make a filing with the Commission requesting continuation of an EITE rate at least 90 days, the time identified in the EITE Statute for Commission review and analysis, before the expiration of the EITE Rate then in effect.

5. EITE Statute Requirement for Low-Income Funding

Minnesota Statutes Section 216B.1696, subdivision 3 requires that "upon the filing of a utility for approval of an EITE rate schedule, 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.” Otter Tail has created an account payable in the amount of \$10,000 named “EITE deposit. To be used as Ordered by Commission”.

Otter Tail does not currently administer a Commission-approved affordability program under Minnesota Statutes Section 216B.16, subdivision 15. Within the Otter Tail service territory, however, Great Plains Natural Gas Co. (Great Plains) provides natural gas heating to Otter Tail’s electric customers. Additionally, Great Plains administers an affordability program that has been approved by the Commission under Minnesota Statutes Section 216B.16, subdivision 15. The Great Plains affordability program is administered by the Salvation Army, Roseville, Minnesota.²⁰ To provide additional resources to allow the Salvation Army to increase awareness of the Gas Affordability Program, Otter Tail requests that the Commission approve Otter Tail providing the \$10,000 currently in the EITE Deposit account to the Salvation Army, Roseville, Minnesota. If approved, Otter Tail will work with Great Plains and the Salvation Army, Roseville, Minnesota to ensure the funds are expended for this purpose.

IV. CONCLUSION

For the reasons set forth in this Petition, Otter Tail Requests approval of a 20 percent discount for its EITE customers. Granting a 20 percent discount will provide net benefits to Otter Tail, to Otter Tail’s customers (including both the EITE customers and Otter Tail’s other customers) and to the state of Minnesota. Otter Tail has explained the impacts on Otter Tail and its customers should the Commission approve a 20 percent rate reduction for the EITE Customers. Additionally, Otter Tail has provided the impact to its non-EITE (excluding low income customers) at an EITE Rate reduction of 10 percent in the event the Commission finds that a lesser rate reduction is appropriate.

²⁰ *In the Matter of the Petition for Approval of Great Plains Natural Gas Co. Annual Gas Affordability Program Report*, Docket No. G004/M-15-306, PETITION at 3 and 10 (Mar. 31, 2015).

Dated: June 27, 2016

Respectfully Submitted,

OTTER TAIL POWER COMPANY

By: /s/ BRYCE C. HAUGEN

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OTTER TAIL POWER COMPANY
TRANSMISSION COST RECOVERY RIDER FILING ATTACHMENTS

Attachment 1	Rate Design
Attachment 2	Summary of Revenue Requirements
Attachment 3	EITE Tracker Summary
Attachment 4	Class Impacts
Attachment 5	Applicability Matrix
Attachment 6	Index of Otter Tail's Tariff Book
Attachment 7	EITE Rider, Tariff 13.09
Attachment 8	Notice to Customers
Attachment 9	Otter Tail Power Website Content

Rate Design

Minnesota Revenue Requirements **\$938,404**

Percent of Revenue

Forecasted Retail Sales, all classes (Oct 2016 - Sep 2017)	\$205,868,532
12 Month Revenue Requirement	\$938,404
Percentage of revenue rate	0.456%

Summary of Revenue Requirements
2016 Annual Filing

Line No.	Revenue Requirements	Oct 2016 - Sept 2017
1	Revenue Requirement	\$938,300
2		
3	Carrying (Credit)/Charge	104
4	True-Up	0
5		
6	Net Revenue Requirement	<u>\$938,404</u>

Line No.	TRACKER SUMMARY Requirements Compared to Billed:	2016	2016	2016	2016	2017	2017	2017	2017	2017	2017	2017	2017	Collection Period	
		October Forecast	November Forecast	December Forecast	YE Forecast	January Forecast	February Forecast	March Forecast	April Forecast	May Forecast	June Forecast	July Forecast	August Forecast		September Forecast
1	EITE Customer Revenue Requirement	80,533	75,102	74,108	229,743	74,920	75,923	73,248	75,408	79,493	80,746	81,932	77,857	79,029	928,300
2	Affordability Program Fee	10,000	0	0	10,000	0	0	0	0	0	0	0	0	0	10,000
3	Costs Assessed by Department	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4	Net Revenue Requirement	90,533	75,102	74,108	239,743	74,920	75,923	73,248	75,408	79,493	80,746	81,932	77,857	79,029	938,300
5															
6	Billed (forecast \$ x rate)	72,800	82,477	87,336	242,613	88,826	88,897	80,307	76,035	68,890	67,812	70,459	77,357	77,206	
7															
8	Monthly Revenue Difference	17,734	(7,376)	(13,228)	(2,870)	(13,906)	(12,974)	(7,059)	(627)	10,603	12,933	11,473	500	1,823	
9	Carrying Charge	0	123	73	196	0	(9)	(17)	(21)	(21)	(15)	(8)	(1)	(1)	104
10	Life-to-Date Revenue Requirement (Cumulative Difference)	17,734	10,481	(2,674)	(2,674)	(16,580)	(29,564)	(36,639)	(37,287)	(26,705)	(13,786)	(2,321)	(1,822)	0	
11															
12	Carrying Charge Calculation	123	73	(19)		(9)	(17)	(21)	(21)	(15)	(8)	(1)	(1)	0	
13	Cumulative Carrying Charge	123	196	177		(9)	(26)	(46)	(67)	(82)	(90)	(91)	(92)	(92)	
14	Carrying cost	8.33%	8.33%	8.33%		0.67%	0.67%	0.67%	0.67%	0.67%	0.67%	0.67%	0.67%	0.67%	
15															
16															
17	Forecasted Sales (\$)	15,970,973	18,094,016	19,159,911	53,224,900	19,486,858	19,502,467	17,617,878	16,680,753	15,113,185	14,876,797	15,457,410	16,970,771	16,937,513	205,868,532

SUMMARY		Oct 2016 - Sept 2017
Revenue requirements		\$938,300
Carrying Charge		104
True-up		0
Total requirements		\$938,404
Oct 2016 - Sept 2017 projected sales		205,868,532
Rate		0.456%

Class Impacts

Line No.	A	B	C	D	E	F
1		DISCOUNT	20%	10%	Business Closed	Lost Margin Closed
2			Percent of Bill For All Customers Based on EITE Customer Discount/Closed			
3			[PROTECTED DATA BEGINS...			
4		Norboard				
5		Potlatch				
6		Cass Forest				
7		\$10k Affordability Deposit				
8		Total	0.456%	0.230%	\$ 2,396,310	1.133%

...PROTECTED DATA ENDS!
 *1.133% is impact on all customers (including LIHEAP) if EITEs are closed

ANNUAL	E017/GR-15-1033 Class Responsibility Based on Filed Rate Case	EITE Class Responsibility Based on Removal of EITE & LIHEAP	Discount Scenarios		
			20%	10%	Business Closed
			0.456%	0.230%	1.133%
Class	Revenues	Revenues	Pd. By class/Yr	Pd. By class/Yr	Pd. By class/Yr
Residential	\$ 54,140,669	\$ 48,537,915	\$ 221,249	\$ 111,803.36	\$ 613,500.81
Farms	3,418,501	3,418,501	\$ 15,582	\$ 7,874.25	\$ 38,737.11
General Service	34,227,171	34,227,171	\$ 156,017	\$ 78,839.66	\$ 387,848.87
Large General Service	107,350,468	102,708,968	\$ 468,175	\$ 236,582.21	\$ 1,163,857.71
Irrigation	477,328	477,328	\$ 2,176	\$ 1,099.49	\$ 5,408.89
Lighting	3,217,311	3,217,311	\$ 14,665	\$ 7,410.83	\$ 36,457.30
OPA	1,780,779	1,780,779	\$ 8,117	\$ 4,101.89	\$ 20,179.08
Controlled Service Water Heating	1,827,887	1,827,887	\$ 8,332	\$ 4,210.40	\$ 20,712.90
Controlled Service Interruptible	7,985,789	7,985,789	\$ 36,401	\$ 18,394.65	\$ 90,491.83
Controlled Service Deferred	1,686,883	1,686,883	\$ 7,689	\$ 3,885.61	\$ 19,115.10
Total Revenue	\$ 216,112,786	\$ 205,868,532	\$ 938,404	\$ 474,202	\$ 2,396,310

ANNUAL	E017/GR-15-1033 Attachment A44 Sales and Cust Counts of Dec. 15, 2016 PreFiling	Class Responsibility Based on Removal of EITE & LIHEAP	Discount Scenarios		
			20%	10%	EITE Businesses Close
			0.456%	0.230%	1.133%
Class	Approximate Customer Count**	Average Revenue Per Year Per Customer	Average Cost ANNUALLY per Customer by Class		
Residential	47,684	\$ 1,018	\$ 4.64	\$ 2.34	\$ 11.53
Farms	1,270	2,692	\$ 12.27	\$ 6.20	\$ 30.50
General Service*	8,402	4,074	\$ 18.57	\$ 9.38	\$ 46.16
Large General Service*	566	181,465	\$ 827.16	\$ 417.99	\$ 2,056.29
Irrigation*	221	2,160	\$ 9.85	\$ 4.98	\$ 24.47
Lighting	144	22,342	\$ 101.84	\$ 51.46	\$ 253.18
OPA	222	8,022	\$ 36.56	\$ 18.48	\$ 90.90
Controlled Service Water Heating*	8,149	224	\$ 1.02	\$ 0.52	\$ 2.54
Controlled Service Interruptible*	5,707	1,399	\$ 6.38	\$ 3.22	\$ 15.86
Controlled Service Deferred*	1,687	\$ 1,000	\$ 4.56	\$ 2.30	\$ 11.33

*Data from David G. Prazak Testimony Required Schedule E-2 in E017/GR-15-1033

**Customers may appear in more than one category.

Attachment 5
Applicability Matrix



Fergus Falls, Minnesota

MANDATORY RIDERS - APPLICABILITY MATRIX

The amount of a bill for service will be modified by any Mandatory Rate Riders that must apply, by any Voluntary Rate Riders selected by the Customer, and charges listed in the General Rules and Regulations.

 Applicability Matrix	Mandatory Riders	Energy Adjustment Rider	Conservation Improvement (CIP) Rider	Competitive Rate to Large General Service Rider	Renewable Resource Cost Recovery Rider	Transmission Cost Recovery Rider	Reserved for Future Use	Reserved for Future Use	Environmental Cost Recovery Rider	Energy Intensive Trade Exposed (EITE) Rider
Tariffs	Section Numbers	13.01	13.02	13.03	13.04	13.05	13.06	13.07	13.08	13.09
RESIDENTIAL & FARM SERVICES										
Residential Service	9.01									✓
Residential Demand Control Service	9.02									✓
Farm Service	9.03									✓
GENERAL SERVICES										
Small General Service (Under 20 kW)	10.01									✓
General Service (20 kW or Greater)	10.02			✓						✓
General Service - Time of Use	10.03			✓						✓
Large General Service	10.04			✓						✓
Large General Service - Time of Day	10.05			✓						✓
OTHER SERVICES										
Standby Service	11.01									✓
Irrigation Service	11.02									
Outdoor Lighting - Energy Only - Dusk to Dawn	11.03									✓
Outdoor Lighting - Dusk to Dawn	11.04									✓
Municipal Pumping Service	11.05			✓						
Civil Defense - Fire Sirens	11.06									
Key: ✓ = May apply ■ = Mandatory □ = Not Applicable										



Fergus Falls, Minnesota

Minnesota Public Utilities Commission
 Section 13.00
ELECTRIC RATE SCHEDULE
Mandatory Riders – Applicability Matrix

Page 2 of 2
Third-Fourth Revision

Applicability Matrix										
	Mandatory Riders	Energy Adjustment Rider	Conservation Improvement (CIP) Rider	Competitive Rate to Large General Service Rider	Renewable Resource Cost Recovery Rider	Transmission Cost Recovery Rider	Reserved for Future Use	Reserved for Future Use	Environmental Cost Recovery Rider	Energy Intensive Trade Exposed (EITE) Rider
Tariffs	Section Numbers	13.01	13.02	13.03	13.04	13.05	13.06	13.07	13.08	13.09
MANDATORY RIDERS										
Energy Adjustment Rider	13.01									
Conservation Improvement (CIP) Rider	13.02									
Competitive Rate to Large General Service Rider	13.03									
Renewable Cost Recovery Rider	13.04									
Transmission Cost Recovery Rider	13.05									
Reserved for Future Use	13.06									
Reserved for Future Use	13.07									
Environmental Cost Recovery Rider	13.08									
Energy Intensive Trade Exposed (EITE) Rider	13.09									
VOLUNTARY RIDERS										
Water Heating Control Rider	14.01									✓
Real Time Pricing Rider	14.02									✓
Large General Service Rider	14.03	✓								✓
Controlled Service - Interruptible Load (CT Metering) Rider	14.04									✓
Controlled Service - Interruptible Load (Self-Contained Metering) Rider	14.05									✓
Controlled Service - Deferred Load Rider	14.06									✓
Fixed Time of Service Rider	14.07									✓
Air Conditioning Control Rider	14.08									✓
Renewable Energy Rider	14.09									✓
WAPA Bill Crediting Program Rider	14.10									
Released Energy Rider	14.11									✓
Key: ✓ = May apply ■ = Mandatory □ = Not Applicable										



Fergus Falls, Minnesota

MANDATORY RIDERS - APPLICABILITY MATRIX

The amount of a bill for service will be modified by any Mandatory Rate Riders that must apply, by any Voluntary Rate Riders selected by the Customer, and charges listed in the General Rules and Regulations.

 Applicability Matrix										
	Mandatory Riders	Energy Adjustment Rider	Conservation Improvement (CIP) Rider	Competitive Rate to Large General Service Rider	Renewable Resource Cost Recovery Rider	Transmission Cost Recovery Rider	Reserved for Future Use	Reserved for Future Use	Environmental Cost Recovery Rider	Energy Intensive Trade Exposed (EITE) Rider
Tariffs	Section Numbers	13.01	13.02	13.03	13.04	13.05	13.06	13.07	13.08	13.09
RESIDENTIAL & FARM SERVICES										
Residential Service	9.01									✓
Residential Demand Control Service	9.02									✓
Farm Service	9.03									✓
GENERAL SERVICES										
Small General Service (Under 20 kW)	10.01									✓
General Service (20 kW or Greater)	10.02			✓						✓
General Service - Time of Use	10.03			✓						✓
Large General Service	10.04			✓						✓
Large General Service - Time of Day	10.05			✓						✓
OTHER SERVICES										
Standby Service	11.01									✓
Irrigation Service	11.02									
Outdoor Lighting - Energy Only - Dusk to Dawn	11.03									✓
Outdoor Lighting - Dusk to Dawn	11.04									✓
Municipal Pumping Service	11.05			✓						
Civil Defense - Fire Sirens	11.06									
Key: ✓ = May apply ■ = Mandatory □ = Not Applicable										

N



Fergus Falls, Minnesota

Minnesota Public Utilities Commission
 Section 13.00
ELECTRIC RATE SCHEDULE
Mandatory Riders – Applicability Matrix

Page 2 of 2
 Fourth Revision

Applicability Matrix										
	Mandatory Riders	Energy Adjustment Rider	Conservation Improvement (CIP) Rider	Competitive Rate to Large General Service Rider	Renewable Resource Cost Recovery Rider	Transmission Cost Recovery Rider	Reserved for Future Use	Reserved for Future Use	Environmental Cost Recovery Rider	Energy Intensive Trade Exposed (EITE) Rider
Tariffs	Section Numbers	13.01	13.02	13.03	13.04	13.05	13.06	13.07	13.08	13.09
MANDATORY RIDERS										
Energy Adjustment Rider	13.01									
Conservation Improvement (CIP) Rider	13.02									
Competitive Rate to Large General Service Rider	13.03									
Renewable Cost Recovery Rider	13.04									
Transmission Cost Recovery Rider	13.05									
Reserved for Future Use	13.06									
Reserved for Future Use	13.07									
Environmental Cost Recovery Rider	13.08									
Energy Intensive Trade Exposed (EITE) Rider	13.09									
VOLUNTARY RIDERS										
Water Heating Control Rider	14.01									✓
Real Time Pricing Rider	14.02									✓
Large General Service Rider	14.03	✓								✓
Controlled Service - Interruptible Load (CT Metering) Rider	14.04									✓
Controlled Service - Interruptible Load (Self-Contained Metering) Rider	14.05									✓
Controlled Service - Deferred Load Rider	14.06									✓
Fixed Time of Service Rider	14.07									✓
Air Conditioning Control Rider	14.08									✓
Renewable Energy Rider	14.09									✓
WAPA Bill Crediting Program Rider	14.10									
Released Energy Rider	14.11									✓
Key: ✓ = May apply ■ = Mandatory □ = Not Applicable										

N

Attachment 6

Index of Otter Tail's Tariff Book

Section Item _____

11.00 OTHER SERVICES

11.01	Standby Service
11.02	Irrigation Service
11.03	Outdoor Lighting – Energy Only – Dusk to Dawn
11.04	Outdoor Lighting – Dusk to Dawn
11.05	Municipal Pumping Service
11.06	Civil Defense - Fire Sirens

12.00 PURCHASE POWER RIDERS AND AVAILABILITY MATRIX

12.01	Small Power Producer Rider (Net Energy Billing Rate)
12.02	Small Power Producer Rider (Simultaneous Purchase and Sale Billing Rate)
12.03	Small Power Producer Rider (Time-of-Day Purchase Rates)
12.04	Distributed Generation Service Rider
12.05	Community-Based Energy Development (C-BED) Tariff

13.00 MANDATORY RIDERS AND APPLICABILITY MATRIX

13.01	Energy Adjustment Rider <ul style="list-style-type: none"> • <i>Applicable to <u>all</u> services and riders unless otherwise stated in the mandatory riders matrix</i>
13.02	Conservation Improvement Project (CIP) Rider <ul style="list-style-type: none"> • <i>Applicable to <u>all</u> services unless otherwise stated in the mandatory riders matrix</i>
13.03	Competitive Rate Rider - Large General Service
13.04	Renewable Resource Cost Recovery Rider
13.05	Transmission Cost Recovery Rider
13.06	Reserved for Future Use
13.07	Reserved for Future Use
13.08	Environmental Cost Recovery Rider
<u>13.09</u>	<u>Energy Intensive Trade Exposed Rider</u>

Section Item _____

11.00 OTHER SERVICES

11.01	Standby Service
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13.03	Competitive Rate Rider - Large General Service
13.04	Renewable Resource Cost Recovery Rider
13.05	Transmission Cost Recovery Rider
13.06	Reserved for Future Use
13.07	Reserved for Future Use
13.08	Environmental Cost Recovery Rider
13.09	Energy Intensive Trade Exposed Rider

N

Attachment 7

EITE Rider, Tariff 13.09



Fergus Falls, Minnesota

ENERGY-INTENSIVE, TRADE-EXPOSED (EITE) RIDER

DESCRIPTION	RATE CODE
EITE Surcharge	31-xxx

RULES AND REGULATIONS:

Terms and conditions of this electric rate schedule and the General Rules and Regulations govern use of this rider.

APPLICATION OF RIDER:

This rider is applicable to any electric service under all of the Company's retail rate schedules pursuant to Minn. Stat. 216B.1696 Competitive Rate for Energy-Intensive, Trade-Exposed Electric Utility Customer, except for those Customers with Low-Income Home Energy Assistance Program (LIHEAP) designation in the Company's billing system at the time of billing, as defined in Minn. Stat. 216B.16, Subd. 15, and the EITE Customers pursuant to Minn. Stat. 216B.1696, Subd.2d. The exemptions are as follows:

EITE and LIHEAP Customers will be exempted from the Company's EITE charges (EITE Surcharge) pursuant to Minn. Stat. 216B.1696, Subd. 2(d) Competitive Rate for Energy-Intensive, Trade-Exposed Electric Utility Customer. LIHEAP Customer designations will be reset each September 1. Residential Customers must annually reapply for such designation and be granted assistance from a LIHEAP to continue to be exempt from the EITE Surcharge.

EITE SURCHARGE AND EXEMPTION ADJUSTMENT:

There shall be added to each non-exempt Customer's bill an EITE Surcharge based on the applicable EITE Surcharge Factor multiplied by the Customer's monthly bill. The Customer's monthly bill shall be based on all applicable charges and credits under the Company's retail rate schedules in Sections 9, 10, 11, 12, and 14. The EITE Surcharge will not apply to any Mandatory Riders or sales tax and any local assessments as provided in the General Rules and Regulations for the Company's electric service. The EITE Surcharge will be included in the Resource Adjustment line item on the Customer's bill.

The EITE Surcharge Factor shall not be applied to Customer Account(s) granted exemption by the Commission from EITE costs pursuant to Minn. Stat. 216B.1696, Subd. 2(d).

The EITE Surcharge Factor is 0.456%.



Fergus Falls, Minnesota

DETERMINATION OF EITE SURCHARGE FACTOR:

The EITE Surcharge shall be the quotient of the forecasted Recoverable EITE Tracker Balance, divided by projected Minnesota non-exempt retail revenue for a designated 12-month recovery period. The Surcharge shall be rounded to the nearest 0.001%. The Surcharge may be adjusted annually by approval of the Minnesota Public Utilities Commission (Commission). The Recoverable EITE Tracker Balance is determined as described below, starting with the Commission-accepted EITE Tracker account balance as of the end of the prior year.

All costs appropriately charged to the EITE Tracker account shall be eligible for recovery through this Rider and all revenues received from the application of the EITE Surcharge Factor shall be credited to the EITE Tracker account.

TRUE-UP:

For each recovery period, a true-up adjustment to the EITE Tracker account will be calculated reflecting the difference between actual prior period EITE Adjustment recoveries and the respective EITE Customer actual prior period revenue requirements. Any resulting over/under recovery will be reflected as a carryover balance and included in calculating the EITE Surcharge Factor.

EITE ELIGIBILITY:

An EITE Customer's eligibility to be excluded from this rider will be determined on a case-by-case basis and shall be approved by the Commission prior to impacting the EITE Surcharge Factor.

Ongoing EITE eligibility will be determined by the Commission. To maintain eligibility, an EITE Customer must prove to the Commission that it continues to qualify for a reduced rate under Minn. Stat. 216B.1696 and what rate reduction should be included in the EITE Surcharge calculation once every five years calculated from when the Commission most recently approved the EITE Customer's eligibility under this rider and Minn. Stat. 216B.1696.

TERMINATION OF RIDER:

This rider shall expire five years after its effective date, unless otherwise extended by Order of the Commission.

MANDATORY AND VOLUNTARY RIDERS:

The amount of a bill for service will be modified by any Mandatory Rate Riders that must apply and by any Voluntary Rate Riders selected by the Customer, unless otherwise noted in this schedule. See Sections 12.00, 13.00 and 14.00 of the Minnesota electric rates for the matrices of riders.

Customer notice

On June 27, 2016, we requested approval from the Minnesota Public Utilities Commission for (1) a new Energy-Intensive Trade-Exposed Rate, a lower rate for qualifying commercial or industrial customers (2) an EITE Surcharge, a new surcharge for customers who do not qualify for the EITE Rate. Our company would not profit from these changes.

To learn more or to comment on our request, visit otpc.com/EITE.



[otpco.com](#) [Home](#) [Rates and Pricing](#) [Minnesota](#) [EITE Rate](#)

Energy-Intensive Trade-Exposed (EITE) Rate

On June 27, 2016, we requested approval from the Minnesota Public Utilities Commission (MPUC) for:

1. A new EITE Rate, which is a lower rate for certain customers.
2. A new EITE Surcharge, which is a surcharge for our other customers who do not qualify for the EITE Rate.

Our company will not profit from these changes.

Frequently Asked Questions

What does energy-intensive trade-exposed mean?

Certain industries that require energy-intensive business practices, such as iron mines and paper mills, are highly affected to rising energy costs due to a competitive global market. If global competitors comply with less-strict environmental policies, they often pay lower energy costs and, therefore, are able to provide goods or services at a lower cost to customers. Minnesota's energy policy supports lower electric rates for energy-intensive trade-exposed customers.

Which customers qualify for the EITE Rate?

Three wood product manufactures in our services area, Potlatch Corporation, Norbord Corporation, and Cass Forest Products, may qualify for the EITE Rate.

How would the EITE Surcharge affect my bill?

Customer type	Average monthly bill	Monthly bill increase
Residential*	\$84.75	\$0.39
Farm	\$224.33	\$1.02
General Service	\$339.50	\$1.55
Large General Service	\$15,122.08	\$68.93
Irrigation	\$180	\$0.82
Outdoor Lighting	\$1,861.83	\$8.49
Other Public Authority	\$668.50	\$3.05
Controlled Service Water Heating	\$18.67	\$0.09
Controlled Service Interruptible	\$111.58	\$0.53
Controlled Service Deferred	\$83.33	\$0.38
*Residential customers who participate in the Energy Assistance Program would not pay the EITE Surcharge.		

Can I comment on your request?

To comment on our request, visit www.mn.gov/puc, select *Speak Up!*, and find docket E017/M-16-_____.

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Minnesota	▼
Rate Case	
Commercial Rate Summary	
Residential Rate Summary	
Rates, Rules, and Regulations	
Resource Adjustment	
North Dakota	▶
South Dakota	▶

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Energy-Intensive Trade-Exposed (EITE) Rate

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Frequently Asked Questions

- ▶ [What does energy-intensive trade-exposed mean?](#)
- ▶ [Which customers qualify for the EITE Rate?](#)
- ▶ [How would the EITE Surcharge affect my bill?](#)
- ▶ [Can I comment on your request?](#)

CERTIFICATE OF SERVICE

**RE: In the Matter of the Petition by Otter Tail Power Company for Approval of an Energy-Intensive, Trade-Exposed Customer Rate
Docket No. E017/M-16-533**

I, Jana Hrdlicka, 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
Initial Filing**

Dated this **27th** day of **June, 2016**

/s/ JANA HRDLICKA

Jana Hrdlicka, Regulatory Filings Coordinator
Otter Tail Power Company
215 South Cascade Street
Fergus Falls MN 56537
(218) 739-8879

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Christopher	Anderson	canderson@allete.com	Minnesota Power	30 W Superior St Duluth, MN 558022191	Electronic Service	No	GEN_SL_Otter Tail Power Company_GENERAL SERVICE LIST
Ray	Choquette	rchoquette@agp.com	Ag Processing Inc.	12700 West Dodge Road PO Box 2047 Omaha, NE 68103-2047	Electronic Service	No	GEN_SL_Otter Tail Power Company_GENERAL SERVICE LIST
James C.	Erickson	jericksonkbc@gmail.com	Kelly Bay Consulting	17 Quechee St Superior, WI 54880-4421	Electronic Service	No	GEN_SL_Otter Tail Power Company_GENERAL SERVICE LIST
Sharon	Ferguson	sharon.ferguson@state.mn.us	Department of Commerce	85 7th Place E Ste 500 Saint Paul, MN 551012198	Electronic Service	No	GEN_SL_Otter Tail Power Company_GENERAL SERVICE LIST
Bruce	Gerhardson	bgerhardson@otpc.com	Otter Tail Power Company	PO Box 496 215 S Cascade St Fergus Falls, MN 565380496	Electronic Service	No	GEN_SL_Otter Tail Power Company_GENERAL SERVICE LIST
Shane	Henriksen	shane.henriksen@enbridge.com	Enbridge Energy Company, Inc.	1409 Hammond Ave FL 2 Superior, WI 54880	Electronic Service	No	GEN_SL_Otter Tail Power Company_GENERAL SERVICE LIST
Douglas	Larson	dlarson@dakotaelectric.com	Dakota Electric Association	4300 220th St W Farmington, MN 55024	Electronic Service	No	GEN_SL_Otter Tail Power Company_GENERAL SERVICE LIST
James D.	Larson	james.larson@avantenergy.com	Avant Energy Services	220 S 6th St Ste 1300 Minneapolis, MN 55402	Electronic Service	No	GEN_SL_Otter Tail Power Company_GENERAL SERVICE LIST
John	Lindell	agorud.ecf@ag.state.mn.us	Office of the Attorney General-RUD	1400 BRM Tower 445 Minnesota St St. Paul, MN 551012130	Electronic Service	No	GEN_SL_Otter Tail Power Company_GENERAL SERVICE LIST
Kavita	Maini	kmairi@wi.rr.com	KM Energy Consulting LLC	961 N Lost Woods Rd Oconomowoc, WI 53066	Electronic Service	No	GEN_SL_Otter Tail Power Company_GENERAL SERVICE LIST
Andrew	Moratzka	andrew.moratzka@stoel.com	Stoel Rives LLP	33 South Sixth St Ste 4200 Minneapolis, MN 55402	Electronic Service	No	GEN_SL_Otter Tail Power Company_GENERAL SERVICE LIST

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Gary	Oetken	goetken@agp.com	Ag Processing, Inc.	12700 West Dodge Road P.O. Box 2047 Omaha, NE 681032047	Electronic Service	No	GEN_SL_Otter Tail Power Company_GENERAL SERVICE LIST
Larry L.	Schedin	Larry@LLSResources.com	LLS Resources, LLC	332 Minnesota St, Ste W1390 St. Paul, MN 55101	Electronic Service	No	GEN_SL_Otter Tail Power Company_GENERAL SERVICE LIST
Stuart	Tommerdahl	stommerdahl@otpco.com	Otter Tail Power Company	215 S Cascade St PO Box 496 Fergus Falls, MN 56537	Electronic Service	No	GEN_SL_Otter Tail Power Company_GENERAL SERVICE LIST
Daniel P	Wolf	dan.wolf@state.mn.us	Public Utilities Commission	121 7th Place East Suite 350 St. Paul, MN 551012147	Electronic Service	No	GEN_SL_Otter Tail Power Company_GENERAL SERVICE LIST