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September 19, 2023



Mr. Will Seuffert Executive Secretary Minnesota Public Utilities Commission 121 7th Place East Suite 350 St. Paul, MN 55101-2147 PUBLIC DOCUMENT – NOT PUBLIC (OR PRIVILEGED) DATA HAS BEEN EXCISED

RE: In the Matter of Otter Tail Power Company's Electric Vehicle Direct Current Fast Charging (DCFC) General Service – Time of Day Pilot Rates Docket No. E017/M-20-181
Reply Comments

Dear Mr. Seuffert:

Otter Tail Power Company (Otter Tail) hereby submits to the Minnesota Public Utilities Commission (Commission) its Reply Comments in the above-referenced matter.

Otter Tail has taken reasonable efforts to maintain the secrecy of the information marked as PROTECTED DATA in Attachments 1 and 2, which derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use (the "Protected Data"). The Protected Data is therefore "trade secret information" and "nonpublic data" under Minn. Stat. § 13.37.

We have electronically filed this document with the 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 218-739-8639 or <u>jgrenier@otpco.com</u> if you have any questions regarding this filing.

Sincerely,

/s/JASON GRENIER
Jason Grenier
Manager
Retail Energy Solutions

sjw Enclosures By electronic filing c: Service List



STATE OF MINNESOTA BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

In the Matter of Otter Tail Power Company's Electric Vehicle Direct Current Fast Charging (DCFC) General Service – Time of Day Pilot Rates Docket No. E017/M-20-181

REPLY COMMENTS

I. Background

On January 31, 2020, Otter Tail Power Company (Otter Tail or the Company) filed a proposal for an Electric Vehicle (EV) charging pilot program for DCFC service (the EV pilot).

The Minnesota Public Utility Commission (Commission or MPUC) approved Otter Tail's EV pilot in its October 27, 2020, order approving pilot program, granting deferred accounting, and setting additional requirements. In this Order, the Commission approved Otter Tail's Electric Vehicle Direct Current Fast Charging Service – Time of Day Pilot Rate Schedules for company and third-party owned DCFC charging stations.

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

- 1. updated customer and facility charges for the third-party provider rate,
- 2. updated energy/demand \$/kWh rate for both third-party provider and company provider rates,
- 3. change the company provider customer connection fee to a \$/kWh fee,
- 4. remove rider costs from the customer's charging bill for both third-party provider and company provider rates, combine the connection fee and energy/demand \$/kWh charges together along with any necessary taxes when displaying pricing to customers for the company provider rate, and
- 5. other miscellaneous administrative tariff changes.¹

¹ Docket No. E017/M-20-181, In the Matter of Otter Tail Power Company's Electric Vehicle Direct Current Fast Charging (DCFC) General Service – Time of Day Pilot Rates, Otter Tail's Request for Modification of Its Electric Vehicle Direct Fast Charging General Service – Time of Day Pilot Rate, Rate Schedule 10.07, p. 10.

On August 25, 2023, the Minnesota Department of Commerce, Division of Energy Resources (Department) filed Initial Comments on the Company's proposal.

II. OTTER TAIL RESPONSES

Otter Tail's comments are organized to respond to each of the comments grouped by the topics identified in the Department's Initial Comments.

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

The Department requests that Otter Tail provide in its reply comments, a breakdown of the component costs contained in the customer and facility charges and provide the calculations, in spreadsheet format, it used to determine the current customer and facility charges based on the previous marginal cost study and the calculations it used to determine its proposed customer and facility charges based on the new marginal cost study. In its reply comments, Otter Tail should also indicate the relevant portions in the new marginal cost study that changed to support the updated rates. In addition, the Department recommends that Otter Tail narratively explain in reply comments the reasons for the significant increase in its proposed customer and facility charges reflected in Table 4.2 Finally, the Department requests that Otter Tail attach to its reply comments both the new and old marginal cost study and any other supportive material it used for calculating the updated customer and facility charges.

Please see attached previous and current Marginal Cost Study Attachment 1 and Attachment 2. The study itself and calculations contained in it is proprietary intellectual property of Otter Tail's Marginal Cost consultant.³

Attachment 1:

- Tab "2020-2024 SUMMARY Per kWh T30" contains initial filing Energy pricing information,
- Tab "MONTH CUST COSTS SUM T26" contains resulting Customer Charges.
- Tab "MONTH DIST F COSTS T23" contains resulting Facilities charges information.

² Comments of the Minnesota Department of Commerce Division of Energy Resources, Docket No. E017/M-20-181, Table 4: Third Party Provider Customer and Facility, page 6.

³ Attachment 1 and 2 contain proprietary work products from PA Consulting. Otter Tail's treatment of these attachments are consistent with our most recent rate case in Docket No. E017/GR-20-719.

Attachment 2:

- Tab "2023-2027 SUMMARY Per kWh T30" contains initial filing Energy pricing information,
- Tab "MONTH CUST COSTS SUM T27" contains resulting Customer Charges.
- Tab "MONTH DIST F COSTS T24" contains resulting Facilities charges information.

Table 4: Third Party Provider Customer and Facility (page 6)

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

Otter Tail has increased the size of the potential charging station, therefore the costs are higher. They went from General Service cost category to the size of the large general service customer. The proposed customer charges are consistent with the Company's Large General Service – Time of Day rates (Section 10.05), approved in our most recent rate case Docket E017-GR-20-719.

Please see Marginal Cost Study tab "MONTH CUST COSTS SUM". Average value for the Small Commercial Customer class is \$50.42. in the updated Marginal Cost Study for current rates, as for the proposed rates please see the Large General Service customer class rates. Secondary voltage level customer charge in the study is \$101.13. Primary level customer charge is \$427. Again, Otter Tail adjusted the customer charges to be consistent with the Company's other approved customer charge level.

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

The Department notes and has concerns for the non-uniform percentage increases in energy/demand \$/kWh rates for TOD time periods. In particular, the Department notes the very large increase in off- peak summer energy/demand rates and for the larger increases for on-peak, mid-peak and off-peak winter rates.

For example, as shown in Table 5, OTP's proposed Company off-peak energy/demand rates for Summer is proposed to go from \$0.00087 to \$0.03040 which amounts to a 3,494% increase. Similar to the customer and facility charges, the Department notes that Otter Tail only indicated the energy/demand \$/kWh charging rates were updated to reflect marginal costs from a new marginal cost study. The Department requests Otter Tail provide an explanation for these nonuniform percentage rate increases. The Department requests further that Otter Tail provide in its reply comments, a breakdown of the component costs within the energy/demand rates and the calculations it had used to determine the *current* energy/demand charges for both the company and third-party rate schedules based on the previous marginal cost study and the calculations it used to determine its proposed energy/demand charges based on the new marginal cost study. In addition, the Department recommends that Otter Tail narratively explain in reply comments the reasons for the significant increase in its proposed customer energy/demand charges reflected in Table 5. In its reply comments, Otter Tail should also indicate the relevant portions in the new marginal cost study that changed to support the updated rates. Otter Tail should attach all supportive material it used for its calculations to its reply comments.

Otter Tail would like to reiterate the goal of bill simplification for third-party vendors. This process requires Otter Tail to aggregate all costs including mandatory riders and other costs into a per kWh charge.

In the updated rates we are proposing leaving the cost of energy in the kWh/kW price and not charge the Mandatory Cost of Energy Rider. If that is taken back into account, the tables do not look as drastically disparate.

Please see below updated Table 5, that includes the Fuel Costs in the Current rates.

Table 5: Energy/Demand Charge per kWh for third-Party and Company									
	Current	Removed	Current		DOC Calculation		Actual		
	rate	Fuel General Service	Price with Included Fuel	Proposed rate	Increase	(%) Increase	(%) Increase		
Energy/Demand Charge per kWh (Summer)									
3rd-party Secondary On-Peak	\$0.1338	\$0.02605	\$0.15988	\$0.1776	\$0.0438	32.73%	11.10%		
3rd-party Secondary Mid-Peak		\$0.02605	\$0.07094	\$0.0568	\$0.0120	26.62%	-19.88%		
3rd-party Secondary Off-Peak	\$0.0009	\$0.02605	\$0.02692	\$0.0284	\$0.0276	3167.82%	5.61%		
. ,									
3rd-party Primary On-Peak	\$0.1285	\$0.02605	\$0.15451	\$0.1715	\$0.0430	33.50%	10.99%		
3rd-Party Primary Mid-Peak	\$0.0422	\$0.02605	\$0.06822	\$0.0554	\$0.0132	31.28%	-18.85%		
3rd-Party Primary Off-Peak	\$0.0008	\$0.02605	\$0.02687	\$0.0278	\$0.0270	3295.12%	3.61%		
Company On-Peak	\$0.1338	\$0.02605	\$0.15988	\$0.1954	\$0.0616	46.00%	22.21%		
Company Mid-Peak	\$0.0490	\$0.02605	\$0.07504	\$0.0625	\$0.0135	27.62%	-16.68%		
Customer Off-Peak	\$0.0009	\$0.02605	\$0.02692	\$0.0313	\$0.0304	3494.25%	16.16%		
Energy/Demand Charge per kWh									
(Winter)									
3rd-party Secondary On-Peak		\$0.02605	\$0.09703	\$0.1379	\$0.0669	94.28%	42.12%		
3rd-party Secondary Mid-Peak		\$0.02605	\$0.05040	\$0.0738	\$0.0494	202.87%	46.33%		
3rd-party Secondary Off-Peak	\$0.0059	\$0.02605	\$0.03196	\$0.0500	\$0.0441	745.35%	56.32%		
			1.						
3rd-Party Primary On-Peak		\$0.02605	\$0.09460	\$0.1329	\$0.0643	93.84%	40.47%		
3rd-Party Primary Mid-Peak		\$0.02605	\$0.04902	\$0.0714	\$0.0484	210.80%	45.63%		
3rd-Party Primary Off-Peak	\$0.0051	\$0.02605	\$0.03110	\$0.0486	\$0.0435	861.58%	56.14%		
	40.0=:5	40.05.55	40.05=55	40.4-1-	40.000	440 = 444	EC 5511		
Customer On-Peak		\$0.02605	\$0.09703	\$0.1517	\$0.0807	113.71%	56.33%		
Customer Mid-Peak	-	\$0.02605	\$0.05040	\$0.0811	\$0.0568	233.14%	60.95%		
Customer Off-Peak	\$0.0059	\$0.02605	\$0.03196	\$0.0550	\$0.0491	829.95%	71.96%		

Calculations are available upon request.

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

The Department requests that Otter Tail provide in its reply comments, a breakdown of the component costs contained in the connection fee rates and provide the calculations, in spreadsheet format, it had used to determine the current per connection fee based on a cost study and the calculations it used to determine its proposed \$/kWh connection rates based on the cost study. Finally, the Department requests that Otter Tail attach all supportive material it used for calculating the \$/kWh rate connection fee.

EV Connection Fees			Assumed Average
Ev connection rees	(per connection)	(φ/Κννπ)	KVVII per conficction
DC Level 2 Chargers	\$3.00	\$0.11586	25.9
DCFC 100 kW or Less	\$6.00	\$0.17551	34.2
DCFC More than 100 kW	\$8.00	\$0.17724	45.1

Otter Tail's proposal continues to collect the same revenue requirement for the Connection Fee, only changing from a fixed fee to a volumetric fee. The calculation involves dividing the current connection fee charge by the estimated average kWh usage in a single charge. The estimated average kWh is based on a single 50 kW DCFC site with supporting level 2 charges. The kWh estimate for the more than 100 kW sites, is based on recent trends of larger sized sites and larger EV batteries in newer models.

D. PROPOSAL TO REMOVE RIDER COSTS FROM THE CUSTOMER'S CHARGING BILL FOR BOTH THIRD-PARTY PROVIDER AND COMPANY PROVIDER RATES

The Department requests Otter Tail provide a breakdown of the estimate for the \$6,000 in rider costs and how it was calculated. In its breakdown, Otter Tail should list riders impacted and the forecast amounts uncollected for each rider.

Otter Tail took each of the riders to determine a total cost per kWh as seen in Table 7.

Table 7							
Riders Impacted:	\$/kWh	Total (\$/kWh)	Rider Impact				
Conservation Improvement Program	\$0.00803		\$844.27				
Renewable Resource Adjustment	\$0.00295		\$310.16				
Transmission Cost Recovery Rider	\$0.00262	40.04514	\$275.46				
EITE	\$0.00039	\$0.04714	\$41.00				
Energy Adjustment Rider	\$0.02812		\$2,956.54				
Uplift (converted from per month rate)	\$0.00167		\$175.07				
EUIC (converted from per month rate)	\$0.00337		\$354.01				
		Total:	\$4,956.51				

This rate was then multiplied by Otter Tail's total estimated energy usage. To determine a total estimated energy usage test site data from a site located in Fergus Falls, MN was utilized. The energy usage (13,044 kWh/annually) was divided by the 2021 reported population (14,029) to determine a ratio (0.92 kWhannually/population) that was then multiplied by the population of the eleven company owned site locations (50,914). Resulting in an estimated \$2,231.57 of rider revenue from the total 47,339.24 kWh/annually. Additionally, it should be noted the test site is in Otter Tail's second largest city by population in Fergus Falls and along a major travel corridor of I-94. For these reasons this estimate Otter Tail would consider on the higher end as most of the site location communities aren't located on major corridors, such as Interstate-94, and Federal Highways 10 and 2, thus less charging is likely at these sites. The Company only has one third-party customer participating on the EV DCFC rate at this time and reviewed energy usage data from the first 12-months once the customer took service on the Third-Party DCFC rate. The rider revenue would result in \$2,724.83 annually. The combined estimates of \$2,231.57 and \$2,724.83 results in total projected rider losses of \$4,956.40. This amount is less than the Company's conservative estimate of \$6,000 of loss rider revenue. Likely it will take several years before reaching the \$6,000 level of rider costs.

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

The Company appreciates the Department's August 25, 2023, comments supporting Otter Tail's proposal to combine these fees together for the Company provider rate.

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

The Department requests Otter Tail provide the analysis and justifications for changing the time periods for the EV Pilot TOD rates in its reply comments.

Otter Tail has updated the EV Pilot TOD periods to match our Section 10.05 Large General Service tariff's TOD schedule⁴ that was approved by the Commission's February 1, 2022, order, and is detailed in the Company's latest Minnesota General Rate Case. 5 Specifically, Time of Day is detailed in the testimony of witness Mr. David G Prazak, Volume 2, on pages 29-31 and 36-38. These periods we set based on the latest marginal cost study which was prepared and updated for the Company's 2020 general rate case.

III. CONCLUSION

Otter Tail appreciates the Department's analysis of our proposed modifications to our public EV charging rates. The Company's goal is to provide a better overall customer experience at its Company and Third-Party provider charging sites and appreciates the Department initial supporting comments. The Company is hopeful the supporting documentation contained in these Reply Comments will provide the necessary justification for its proposal. The Company continues to look forward to working with the Department addressing any future questions.

Dated: September 19, 2023 Respectfully submitted,

OTTER TAIL POWER COMPANY

By: /s/ JASON GRENIER Jason Grenier Manager, Retail Energy Solutions Otter Tail Power Company 215 S. Cascade Street Fergus Falls, MN 56537 (218) 739-8639 igrenier@otpco.com

⁴ mn 1005 chart.pdf (otpco.com). ⁵ In the Matter of the Application of Otter Tail Power Company for Authority to Increase Rates for Electric Service in Minnesota, Docket No. E017/GR-20-719.

CERTIFICATE OF SERVICE

RE: In the Matter of Otter Tail Power Company's Electric Vehicle Direct Current Fast Charging (DCFC) General Service – Time of Day Pilot Rates

I, Stacy Wahlund, hereby certify that I have this day served a copy of the following, or a summary thereof, on Will Seuffert and Sharon Ferguson by e-filing, and to all other persons on the attached service list by electronic service or by First Class Mail.

Otter Tail Power Company Reply Comments

Dated this 19th day of September, 2023.

/s/ STACY WAHLUND Stacy Wahlund Regulatory Filing Coordinator Otter Tail Power Company 215 South Cascade Street Fergus Falls MN 56537 (218) 739-8338

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Generic Notice	Residential Utilities Division	residential.utilities@ag.stat e.mn.us	Office of the Attorney General-RUD	1400 BRM Tower 445 Minnesota St St. Paul, MN 551012131	Electronic Service	Yes	OFF_SL_20-181_Official Service List 20-181
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