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July 24, 2024

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

RE: In the Matter of Otter Tail Power Company's Petition for Approval of the Annual Forecasted Rates for its Energy Adjustment Rider, Rate Schedule Section 13.01 Docket No. E017/AA-24-065 Reply Comments

Dear Mr. Seuffert:

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

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

Sincerely,

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

vjm Enclosures By electronic filing c: Service List



STATE OF MINNESOTA BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

In the Matter of Otter Tail Power Company's Petition for Approval of the Annual Forecasted Rates for its Energy Adjustment Rider, Rate Schedule Section 13.01 Docket No. E017/AA-24-065

REPLY COMMENTS

I. INTRODUCTION

On May 1, 2024, Otter Tail Power Company (Otter Tail) petitioned the Minnesota Public Utilities Commission (Commission) for approval of its 2025 forecasted Energy Adjustment Rider (EAR) rates (May 2024 Filing) in response to decisions rendered by the Commission in Docket No. E999/CI-03-802 and where applicable, in compliance with annual reporting requirements pursuant to Minn. R. 7825.2800 to 7825.2840 governing Automatic Adjustment of Charges and prior Otter Tail Fuel Clause Adjustment (FCA) forecast dockets.

On July 1, 2024, the Minnesota Department of Commerce, Division of Energy Resources (Department) filed Comments in the above captioned docket recommending the Commission approve Otter Tail's proposed 2025 net system FCA costs and associated rates. Otter Tail appreciates the Department's thorough and thoughtful analysis of Otter Tail's May 2024 Filing.

Otter Tail would like to note that since the May 2024 filing, Otter Tail filed a supplemental filing to Docket No. E017/AA-23-181 returning approximately \$12 million due to an overcollection from January 2024 to April 2024 that will be refunded from July 2024 to December 2024. Since Otter Tail's May 2024 filing 2025 forward natural gas pricing forecasts and Locational Marginal Price (LMP) forecasts have been falling. Compared to the forward energy pricing used in Otter Tail's May 2024 Filing,¹ the Peak and the Off-Peak OTP. OTP load zone LMPs decreased on average approximately \$2.62/MWh (5 percent decrease) per month and \$4.22/MWh (11 percent decrease) per month, respectively.² The Ventura Hub decreased on average approximately \$0.09/MMBtu (2 percent decrease) per month.³

Otter Tail's "refresh" of its 2025 FCA forecast and associated rates for 2025 did not produce a material change of more than five percent; and, therefore, Otter Tail will continue to use its May 2024 filing forecast. Otter Tail will keep the Commission apprised if forward market energy prices are suspected to have a significant impact on Otter Tail's 2025 forecast and associated rates.

¹ Forward natural gas and LMP pricing in Otter Tail's May 2024 filing is from April 1, 2024.

² Based on forward LMP pricing from July 1, 2024.

³ Based on forward natural gas pricing from June 28, 2024.

II. OTTER TAIL RESPONSES

Otter Tail provides responses to the following comments raised by the Department in its Comments filed on July 1, 2024:

"The Department requests Otter Tail provide information on the 2024 MISO actual PRA costs and revenues in Otter Tail's reply comments."

The MISO 2024/2025 Planning Resource Auction (PRA) revenues Otter Tail received in May 2024 were \$555,213. As discussed in the May 2024 filing, the PRA revenues are immaterial representing under a quarter percentage point change. Otter Tail proposes they be included in the 2025 annual FCA True-Up filing.

III. REQUEST

Otter Tail appreciates the Department's thorough and thoughtful analysis of Otter Tail's May 2024 Filing. No material changes have occurred that warrant updating Otter Tail's forecasted rates for 2025. Otter Tail supports the Department's recommendations as listed in Section III of their July 1, 2024, Comments, and requests the Commission approve Otter Tail's 2025 FCA forecast and associated rates submitted in its May 2024 filing.

Dated: July 24, 2024

Respectfully submitted,
OTTER TAIL POWER COMPANY

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

CERTIFICATE OF SERVICE

RE: In the Matter of Otter Tail Power Company's Petition for Approval of the Annual Forecasted Rates for its Energy Adjustment Rider, Rate Schedule Section 13.01
Docket No. E017/AA-24-065

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

Otter Tail Power Company Reply Comments

Dated this 24th day of July, 2024.

/S/ Valerie Moxness
Valerie Moxness
Regulatory Filing Coordinator
Otter Tail Power Company
215 South Cascade Street
Fergus Falls MN 56537

(218) 739-8346

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Rate Case Inbox	Rate Case Inbox	mnratecase@otpco.com	Otter Tail	N/A	Electronic Service	No	OFF_SL_24-65_AA-24-65
Generic Notice	Regulatory	regulatory_filing_coordinato rs@otpco.com	Otter Tail Power Company	215 S. Cascade Street Fergus Falls, MN 56537	Electronic Service	Yes	OFF_SL_24-65_AA-24-65
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_24-65_AA-24-65
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