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October 3, 2014



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

**Re: In the Matter of the Petition of Otter Tail Power Company for Approval of a
Transmission Cost Recovery Rider Annual Adjustment
Docket No. E017/M-14-375
REPLY TO DOC RESPONSE COMMENTS**

Dear Dr. Haar:

Enclosed for filing in the above-referenced matter are Otter Tail Power Company's ("Otter Tail")
Reply to Response Comments.

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 Certificate of
Service is also enclosed.

If you have any questions regarding this filing, please contact me at 218-739-8279 or at
stommerdahl@otpc.com.

Sincerely,

/S/ STUART TOMMERDAHL
Stuart Tommerdahl
Manager, Regulatory Administration

jce
Enclosures
By electronic filing
c: Service List

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

**In the Matter of the Petition of
Otter Tail Power Company for Approval
of a Transmission Cost Recovery Rider
Annual Adjustment**

Docket No. E017/M-14-375

**OTTER TAIL POWER COMPANY'S
REPLY TO RESPONSE COMMENTS**

I. INTRODUCTION

These Comments address a question raised in the September 24, 2014 Response Comments filed by the Department of Commerce, Division of Energy Resources (“Department”) in the above-captioned matter. The Department requested that Otter Tail Power Company (“Otter Tail”) “confirm that it does not receive any other Midcontinent Independent System Operator (“MISO”) Multi-Value Project (“MVP”) Auction Revenue Rights (“ARR”) revenues related to MVP Projects included in its 2014 TCR Rider including those projects owned by other utilities that OTP is paying for under its share of MISO Schedule 26¹ expenses.” Otter Tail also acknowledges the Department’s recommendations with regard to the recalculation of the TCR Rider rates for the remaining recovery period.

II. CLARIFICATION ON MISO REVENUES DERIVED FROM MVP ARRS

In Otter Tail’s Reply Comments, Otter Tail noted that it had begun receiving a minimal amount of MVP ARR revenue (Approximately \$3,000/month) in June 2014. These are the total revenues allocated to Otter Tail under the new MVP ARR revenue type. This is a correction to Otter Tail’s initial interpretation of the origin of the MVP ARR revenue, which was that these revenues were being allocated to Otter Tail based on its ownership in the Brookings to Hampton MVP project. However, Otter Tail has confirmed with MISO that the MVP ARR revenue allocations are allocated to all MISO market participants in a similar manner that Schedule 26A expenses are allocated to MISO market participants for all MVP projects. This is consistent with

¹ In Response Comments, the Department referenced payment of MVP projects through Schedule 26 expenses. Otter Tail notes, and the Department agrees, that MVP project costs are assigned to all MISO market participants through Schedule 26A expense, not schedule 26 expenses.

the Department's interpretation of the distribution of the MVP ARR revenues. To further clarify, the approximately \$3,000 per month of MVP ARR revenue that Otter Tail is receiving is attributable to Otter Tail's share of MVP projects that Otter Tail is paying for through Schedule 26A expenses and from which these MVP ARR revenues are derived.

Otter Tail is in agreement with the Department that all MVP ARR revenues should be included in the TCR Rider. Otter Tail also agrees with the Department's recommendation that, due to the de minimis level of revenues at this time, Otter Tail will include them as a true-up item in the next (2015) TCR Rider update, including both actual revenues received and estimates for the next recovery period.

III. RECALCULATION OF RATES AND INCLUSION OF COLLECTIONS TO DATE

Otter Tail agrees with the Department's recommendation of our request to recalculate rates to recover its approved costs over the remaining recovery period following the Commission's Order, with the final calculation provided by Otter Tail in a Compliance filing following issuance of the Commission's Order. This recalculation will take into consideration actual collections received up to the end of the month prior to the month Otter Tail submits its compliance filing.

IV. CONCLUSION

Otter Tail respectfully requests Commission approval of its 2014 TCR Rider update under the framework outlined in this Docket and agreed to between Otter Tail and the Department.

Dated: October 3, 2014

Respectfully Submitted,

OTTER TAIL POWER COMPANY

By: /S/ STUART TOMMERDAHL
Stuart Tommerdahl
Manager, Regulatory Administration
Otter Tail Power Company
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CERTIFICATE OF SERVICE

**RE: In the Matter of the Petition of Otter Tail Power Company for Approval of a
Transmission Cost Recovery Rider Annual Adjustment
Docket No. E017/M-14-375**

I, Jana Emery, hereby certify that I have this day served a copy of the following, or a summary thereof, on Dr. Burl W. Haar 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 to Response Comments**

Dated this **3rd** day of **October, 2014**

/s/ JANA EMERY

Jana Emery
Regulatory Filing Coordinator
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