

215 South Cascade Street
PO Box 496
Fergus Falls, Minnesota 56538-0496
218 739-8200
www.otpc.com (web site)



December 29, 2025

Ms. Sasha Bergman
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 Petition for Approval of the
Distributed Solar Energy Standard Projects
Docket No. E017/M-25-338
Supplemental Filing**

Dear Ms. Bergman:

Otter Tail Power Company (Otter Tail Power or Company) submits this supplement (Supplemental Filing) to the Company's Initial Filing to address recent developments affecting one of the distributed solar energy projects detailed in the Company's Initial Filing. Specifically, recent interconnection studies indicate the Pelican Rapids Project has significantly higher than projected interconnection costs. Given this development, and the materiality of the interconnection costs, the Company proposes substituting the Fergus Falls Project for the Pelican Rapids Project, as described in the Supplemental Filing.

The Company's Initial Filing requested expedited review of the proposed distributed solar energy projects to retain flexibility in the face of potential changes to federal tax credit standards and safe harbors. The Company requested that the Commission address the matter at hearing by the end of February 2026. The Company recognizes the delay necessitated by this Supplemental Filing, and respectfully requests the Commission address the matter at hearing by the end of April 2026. Related to this, we respectfully request that this matter be removed from the Commission's January 8, 2026, hearing agenda.

Ms. Bergman
December 29, 2025
Page 2

Please contact me at 218-739-8956 or cstephenson@otpc.com if you have any questions regarding this filing.

Sincerely,

/s/ Cary Stephenson
Cary Stephenson
Associate General Counsel

kde
Enclosures
By electronic filing
c: Service Lists

STATE OF MINNESOTA
BEFORE THE
MINNESOTA PUBLIC UTILITIES COMMISSION

**In the Matter of Otter Tail Power
Company’s Petition for Approval of
the Distributed Solar Energy
Standard Projects**

**Docket No. E017/M-25-338
Supplemental Filing**

I. INTRODUCTION

Otter Tail Power Company (Otter Tail Power or Company) makes this supplemental filing updating the Company’s Initial Filing in this docket, which sought the Minnesota Public Utilities Commission’s (Commission) approval for two distributed solar generation projects: (1) the 4.55 MW Pelican Rapids Project and (2) the 4.2 MW Parkers Prairie Project. The reason for this filing is that Otter Tail Power has recently identified significantly higher than expected interconnection costs for the Pelican Rapids Project, rendering the Project financially infeasible. With this filing the Company proposes replacing the 4.55 MW Pelican Rapids Project with the 3.85 MW Fergus Falls Project, the next most competitive project assessed and scored by Otter Tail Power.

II. PROCEDURAL BACKGROUND

On August 29, 2025 Otter Tail Power filed a petition (Initial Filing) requesting the Commission determine the Pelican Rapids and Parkers Prairie Projects qualified for application towards Otter Tail Power’s obligations under Minnesota’s renewable energy objective (REO) and standards, including compliance with the Minnesota Distributed Solar Energy Standard (DSES) under Minn. Stat. § 216B.1691 Subd 2h. The Initial Filing also requested the Commission authorize future cost recovery for the Projects through Otter Tail Power’s Renewable Resources Cost Recovery Rider (RRCR), subject to Commission review and approval of specific costs to be presented by Otter Tail Power in a future petition under Minn. Stat. § 216B.1645, subd. 2a.

On September 9, 2025, the Commission issued a Notice of Comment Period noting the following:

Issue: Should the Commission approve Otter Tail Power’s investments in Distributed Solar Energy Standard (DSES) Projects?

Topics Open for Comment:

1. Should the Commission approve Otter Tail Power’s investments in the Pelican Rapids and Parkers Prairie Projects?
2. Should the Commission determine the Projects qualify towards the DSES?
3. Should the Commission authorize future cost recovery of the Projects through the Renewable Resources Cost Recovery (RRCR) Rider?
4. Are there other issues or concerns related to this matter?

On October 9, 2025, the Minnesota Department of Commerce (Department) filed Comments recommending the Commission determine the Projects qualify toward the DSES, that Otter Tail Power be allowed cost recovery through the RRCR, subject to Commission review of Otter Tail Power’s future detailed filings, and that the Commission grant the Company’s request for expedited treatment. The Department also recommend certain reporting obligations to ensure transparency, cost control, and timely delivery. The Minnesota Solar Energy Industries Association and Coalition for Community Solar Access (Joint Solar Associations) jointly filed Comments requesting that the Commission determine that the Projects qualify towards the Company’s achievement of the DSES standard (if the Commission approved Otter Tail Power’s investments in the Projects).¹

On October 20, 2025, Otter Tail Power filed Reply Comments agreeing with the Department’s findings and recommendations and noting appreciation for the Joint Solar Associations’ Comments.

III. PELICAN RAPIDS PROJECT & INTERCONNECTION COSTS

Otter Tail Power recently completed the first step of the Minnesota Distributed Energy Resource Interconnection Process (MN DIP) for the Pelican Rapids Project, to include a System Impact Study that (SIS) identified affected systems that were not apparent in the Project’s initial assessment.² Addressing the affected systems requires significant network upgrades estimated to add approximately \$6 million to the Project’s cost. The additional interconnection expense raises the projected cost of the Pelican Rapids Project from

¹ Joint Solar Associations Comments at p.2. The Joint Solar Associations also encouraged, in future proceedings, that utilities maximize the opportunity for battery storage to be paired with DSES projects and other distribution-sited renewables. *Id.* at pp. 4-5.

² The initial screening of the Pelican Rapids Project’s interconnection indicated that only minimal network upgrades were necessary. All eight projects evaluated by the Company were similarly assessed; interconnection costs were initial assessment subject to further refinement through the MN DIP.

[PROTECTED DATA BEGINS...

...PROTECTED DATA ENDS] rendering the Project less competitive than all the projects initially evaluated by the Company. Otter Tail Power will continue to investigate and evaluate alternative interconnection options for this Project for potential future solar installations. At this time, however, the Project's interconnection costs support moving ahead with an alternative project – the Fergus Falls Project.

IV. FERGUS FALLS PROJECT

Otter Tail Power proposes to substitute the Fergus Falls Project for the Pelican Rapids Project. The potential for this was briefly noted in the Company's Initial Filing: "Although this Petition is limited to the Pelican Rapids and Parkers Prairie Projects, the Company intends to maintain the Fergus Falls project in a status where it could be developed in case of unanticipated problems and costs in the selected projects."⁴

The Fergus Falls Project was one of three projects submitted by Otter Tail Power's development team. The other five projects assessed by the Company's evaluation team (separate and distinct from the development team) were submissions from developers, as reflected in Table 4 of Otter Tail Power's Initial Filing:

Table 4 – Initial Filing

[PROTECTED DATA BEGINS...

...PROTECTED DATA ENDS]

³ For purposes of this estimate, the \$6 million in interconnect costs was reduced by the initial estimated interconnection costs included in the Initial Filing.

⁴ Initial Filing at p.12, fn. 13.

As described in the Company's Initial Filing, the Otter Tail Power evaluation team reviewed and scored the projects, as reflected in Table 5 of the Initial Filing. The Fergus Falls Project was the third most competitive project after the Pelican Rapids and Parkers Prairie Projects:

Table 5 – Initial Filing

[PROTECTED DATA BEGINS...

...PROTECTED DATA ENDS]

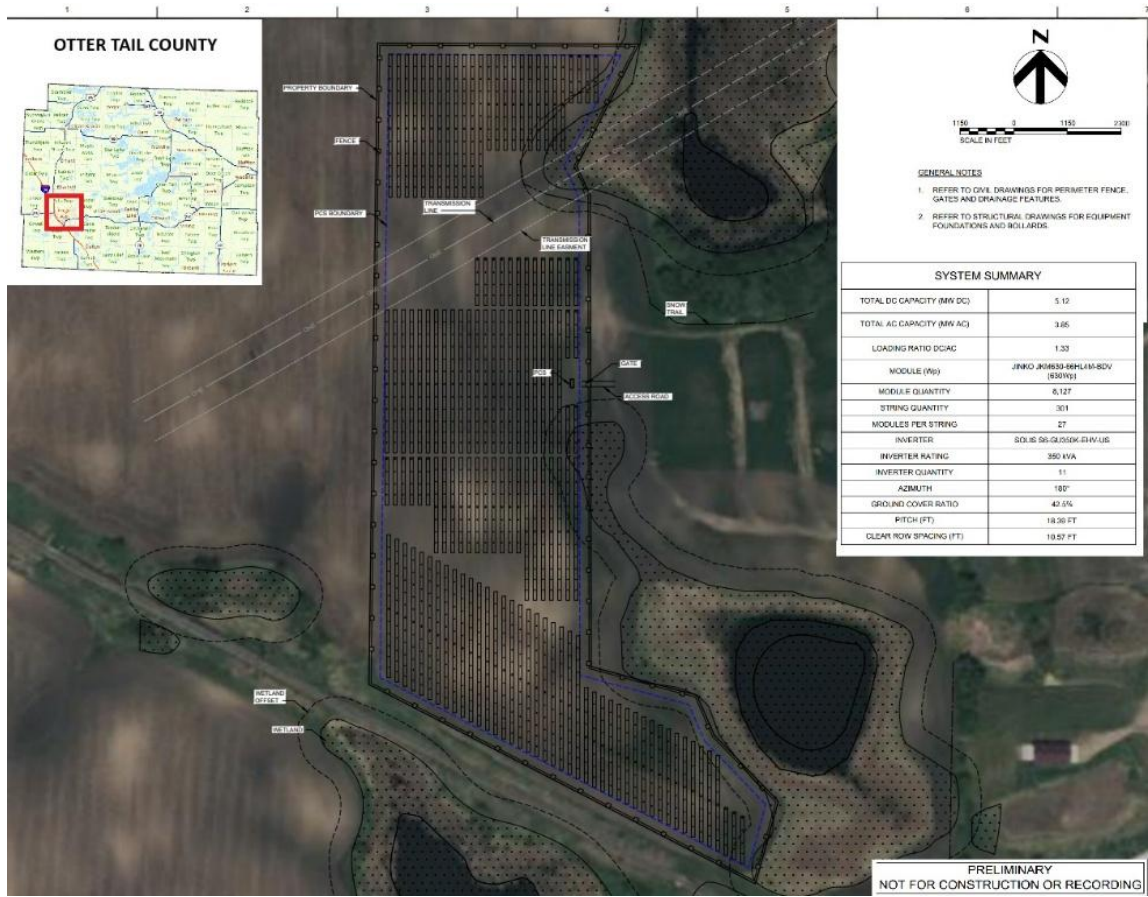
By removing the Pelican Rapids Project from consideration, the Fergus Falls Project becomes the second most competitive project.

The following provides information for the Fergus Falls Project consistent with the information provided for the Pelican Rapids and Parkers Prairie Projects in Otter Tail Power's Initial Filing.

Fergus Falls Project Description

The 3.85 MW Fergus Falls Project, as depicted by the following map, will be developed on approximately 24 acres in Fergus Falls, Minnesota.

Fergus Falls Project Site Map



The projected aggregate cost of the Fergus Falls Project is **[PROTECTED DATA BEGINS... ...PROTECTED DATA ENDS.]** Project Costs by segment and the Project’s price/kW(AC) are provided in the following Table 1.

Table 1

[PROTECTED DATA BEGINS...

...PROTECTED DATA ENDS]

Fergus Fall Project Schedule

The Fergus Falls Project has the same project schedule as provided in the Company’s Initial Filing for the Pelican Rapids and Parker’s Prairie Projects.

Minnesota DSES & Compliance

Substituting the Fergus Falls Project for the Pelican Rapids Project does not materially alter the Company’s DSES compliance estimates noted in Table 3 of Otter Tail Power’s Initial Filing. The Company provides the following updated compliance table, noting that the Parkers Prairie and Fergus Falls Projects will constitute 128 percent of Otter Tail Power’s DSES need based on Minnesota retail electric sales by the end of 2030.⁵

Table 3 - DSES Compliance with Parkers Prairie and Fergus Falls Projects

A	B	C	D	E
2030 MN Retail Electric Sales Forecast (MWh)	2030 Industrial Customers MN Retail Electric Sales Forecast (MWh)	2030 DSES MN Retail Electric Sales (MWh) ((A – B) * .01)	2030 Combined Annual DSES Solar Generation (MWh)	% of MN Retail Electric Sales 128%
2,797,978	1,502,101	12,959	16,617 MWh	

The revised DSES Projects continue to provide a reasonable margin of safety for DSES compliance of approximately 30 percent which will help the Company satisfy the DSES should Minnesota retail electric sales increase more than expected by 2030 and/or exempt industrial sales decrease. This margin also supports the Company’s compliance with other standard obligations under Minn. Stat. § 216B.1691, including the Carbon Free Standard.

Selection Process

Substituting the Fergus Falls Project for the Pelican Rapids Project relies on the same selection process detailed in the Company’s Initial Filing, which identified the Fergus Falls Project as the third most competitive project. By removing the Pelican Rapids Project from consideration at this time because of the additional interconnection costs, the Fergus Falls Project is now the second most competitive project evaluated. It is also worth noting that all

⁵ For comparison purposes, Otter Tail Power’s Initial Filing projected that the Pelican Rapids and Parkers Prairie Projects would constitute 140 percent of Otter Tail’s DSES need based on Minnesota retail electric sales by the end of 2030

the projects considered by the Otter Tail Power evaluation team in the Company's Initial Filing were similarly situated in that none had been subject to application of the MN DIP.

Interconnection Status of Parkers Prairie and Fergus Falls Projects

The Parkers Prairie and Fergus Falls projects have been evaluated under MN DIP study criteria and there were no system upgrades identified through the distribution System Impact Studies. However, due to net power injections onto the transmission system at Parkers Prairie, the Company is required to notify the Midcontinent Independent System Operator (MISO). MISO's screening process will determine if further study work is required through MISO's quarterly DER AFS study process. MISO anticipates this screening process will be completed in mid-March 2026. The Company does not expect there to be substantive cost at this time due to the minimal net power injections.

Cost Allocations

The cost allocation requested in Otter Tail Power's Initial Filing remains unchanged.

V. CONCLUSION

Based on the foregoing, Otter Tail Power respectfully requests the Commission:

- a. approve Otter Tail Power's investment in the Fergus Falls and Parkers Prairie Projects;
- b. determine that the Projects qualify for application toward Otter Tail Power's DSES obligations; and
- c. authorize future cost recovery of the Projects through the RRCR Rider, subject to Commission review and approval of specific costs to be presented by Otter Tail Power in a future petition under Minn. Stat. § 216B.1645, subd. 2a.

Dated: December 29, 2025

Respectfully submitted,

OTTER TAIL POWER COMPANY

By: /s/ NATHAN JENSEN

Nathan Jensen
Manager Resource Planning
Resource Planning
Otter Tail Power Company
215 S. Cascade Street
P.O. Box 496
Fergus Falls, MN 56537
(218) 739-8989
njensen@otpc.com

By: /s/ CARY STEPHENSON

Cary Stephenson
Associate General Counsel
Otter Tail Power Company
215 S. Cascade Street
P.O. Box 496
Fergus Falls, MN 56537
(218) 739-8956
cstephenson@otpc.com

CERTIFICATE OF SERVICE

**RE: In the Matter of Otter Tail Power Company's Petition for Approval
of the Distributed Solar Energy Standard Projects
Docket No. E017/M-25-338**

I, Khris Ekstrom, hereby certify that I have this day served a copy of the following, or a summary thereof, on Sasha Bergman 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
Supplemental Filing**

Dated this **29th** day of **December, 2025**.

/s/ KHRIS EKSTROM
Khris Ekstrom
Regulatory Filing Coordinator
Otter Tail Power Company
215 South Cascade Street
Fergus Falls MN 56537
(218) 739-8334

#	First Name	Last Name	Email	Organization	Agency	Address	Delivery Method	Alternate Delivery Method	View Trade Secret	Service List Name
1	Sasha	Bergman	sasha.bergman@state.mn.us		Public Utilities Commission	121 7th PI E Ste 350 St. Paul MN, 55101 United States	Electronic Service		Yes	Official 25-338
2	Nick	Bowman	nick@communitysolaraccess.org	CCSA		1380 Monroe Street NW #721 Washington DC, 20010 United States	Electronic Service		No	Official 25-338
3	Mike	Bull	mike.bull@state.mn.us		Public Utilities Commission	121 7th Place East, Suite 350 St. Paul MN, 55101 United States	Electronic Service		Yes	Official 25-338
4	Ray	Choquette	rchoquette@agp.com	Ag Processing Inc.		12700 West Dodge Road PO Box 2047 Omaha NE, 68103-2047 United States	Electronic Service		No	Official 25-338
5	Generic	Commerce Attorneys	commerce.attorneys@ag.state.mn.us		Office of the Attorney General - Department of Commerce	445 Minnesota Street Suite 1400 St. Paul MN, 55101 United States	Electronic Service		Yes	Official 25-338
6	Sharon	Ferguson	sharon.ferguson@state.mn.us		Department of Commerce	85 7th Place E Ste 280 Saint Paul MN, 55101-2198 United States	Electronic Service		No	Official 25-338
7	Paula	Foster	pfoster@otpc.com	Otter Tail Power Company		215 S Cascade St PO Box 496 Fergus Falls MN, 56538-0496 United States	Electronic Service		No	Official 25-338
8	Jessica	Fyhrie	jfyhrie@otpc.com	Otter Tail Power Company		PO Box 496 Fergus Falls MN, 56538-0496 United States	Electronic Service		No	Official 25-338
9	Amber	Grenier	agrenier@otpc.com	Otter Tail Power Company		215 S. Cascade St. Fergus Falls MN, 56537 United States	Electronic Service		No	Official 25-338
10	Derek	Haugen	dhaugen@otpc.com	Otter Tail Power Company		215 South Cascade Street PO Box 496 Fergus Falls MN, 56538-0496 United States	Electronic Service		No	Official 25-338
11	Adam	Heinen	aheinen@dakotaelectric.com	Dakota Electric Association		4300 220th St W Farmington MN, 55024 United States	Electronic Service		No	Official 25-338
12	Nick	Kaneski	nick.kaneski@enbridge.com	Enbridge Energy Company, Inc.		11 East Superior St Ste 125 Duluth MN, 55802 United States	Electronic Service		No	Official 25-338
13	James D.	Larson	james.larson@avantenergy.com	Avant Energy Services		220 S 6th St Ste 1300 Minneapolis	Electronic Service		No	Official 25-338

#	First Name	Last Name	Email	Organization	Agency	Address	Delivery Method	Alternate Delivery Method	View Trade Secret	Service List Name
						MN, 55402 United States				
14	Kavita	Maini	kmaini@wi.rr.com	KM Energy Consulting, LLC		961 N Lost Woods Rd Oconomowoc WI, 53066 United States	Electronic Service		No	Official 25-338
15	Andrew	Moratzka	andrew.moratzka@stoel.com	Stoel Rives LLP		33 South Sixth St Ste 4200 Minneapolis MN, 55402 United States	Electronic Service		No	Official 25-338
16	Logan	O'Grady	logrady@mnseia.org	Minnesota Solar Energy Industries Association		2288 University Ave W St. Paul MN, 55114 United States	Electronic Service		No	Official 25-338
17	Matthew	Olsen	molsen@otpc.com	Otter Tail Power Company		215 South Cascade Street Fergus Falls MN, 56537 United States	Electronic Service		No	Official 25-338
18	Generic Notice	Regulatory	regulatory_filing_coordinators@otpc.com	Otter Tail Power Company		215 S. Cascade Street Fergus Falls MN, 56537 United States	Electronic Service		No	Official 25-338
19	Generic Notice	Residential Utilities Division	residential.utilities@ag.state.mn.us		Office of the Attorney General - Residential Utilities Division	1400 BRM Tower 445 Minnesota St St. Paul MN, 55101-2131 United States	Electronic Service		Yes	Official 25-338
20	Cary	Stephenson	cstephenson@otpc.com	Otter Tail Power Company		215 South Cascade Street Fergus Falls MN, 56537 United States	Electronic Service		No	Official 25-338
21	Stuart	Tommerdahl	stommerdahl@otpc.com	Otter Tail Power Company		215 S Cascade St PO Box 496 Fergus Falls MN, 56537 United States	Electronic Service		No	Official 25-338