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May 3, 2021

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 True-Up for its Energy Adjustment Rider,
Rate Schedule 13.01
Docket No. E017/AA-19-297
Reply Comments**

Dear Mr. Seuffert:

Otter Tail Power Company (Otter Tail) hereby submits to the Minnesota Public Utilities Commission (Commission) its Reply to the Department of Commerce – Division of Energy Resources' (Department) April 15, 2021 Comments in the above described matter.

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

cjh
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 True-Up for its Energy
Adjustment Rider, Rate Schedule 13.01**

Docket No. E017/AA-19-297

**OTTER TAIL POWER COMPANY
REPLY COMMENTS**

I. INTRODUCTION

On April 15, 2021, the Minnesota Department of Commerce, Division of Energy Resources (Department) filed Comments in the above captioned docket. In these Reply Comments, Otter Tail Power Company (Otter Tail) responds to the Department's Comments.

II. OTTER TAIL RESPONSES

Otter Tail appreciates the Department's analysis and recommendation of approval of Otter Tail's February 26, 2021 True-up Filing (February 2021 Filing) for the 2020 Fuel Clause Adjustment (FCA or EAR) Forecast year. Otter Tail provides responses to the following requests made by the Department in its Comments filed on April 15, 2021:

- A. The Department also asks that in reply comments Otter Tail (1) explain any objections it would have to refunding customers over a four, instead of twelve, month period for the 2020 EAR/FCA true-up;**

Otter Tail does not object to the Department's proposal to refund the 2020 EAR/FCA true-up over a four-month period. As the Department acknowledged on Page 9 of its April 15, 2021 Comments, Otter Tail's proposed true-up credit rate of \$0.0005/kWh was based on a twelve-month true-up period and consistent with the language of Otter Tail's EAR Rate Schedule, Section 13.01.

*The Company's proposal to return the EAR/FCA refund over a twelve-month period (September 1 – August 31, 2021) is consistent with the language Otter Tail's approved EAR Rate Schedule, Section 13.01, which states "[t]he annual true-up shall be...applied to the subsequent twelve months."*¹

Otter Tail's use of the twelve-month true-up period was also consistent with the Minnesota FCA reform procedural schedule adopted by the Commission's June 12, 2019 Order² in Docket No. E999/CI-03-802³. However, Otter Tail does not object to the Department's proposal to refund the 2020 EAR/FCA true-up over a four-month period, instead of twelve months, especially if the Commission finds it more beneficial to customers.

B. (2) provide the true-up credit factor (\$/kWh), including supporting calculations, that would correspond to the 2020 EAR/FCA true-up if the Company were to return the 2020 refund over a four-month period.

Attachment 1 to these Reply Comments includes the 2020 EAR/FCA true-up factor calculation based on a four-month true-up period (September 2021 through December 2021), which corresponds to a true-up credit rate of \$0.0014/kWh. (Attachment 1, Line No. 25)

III. CONCLUSION

Otter Tail appreciates the opportunity to provide these Reply Comments in this Docket in response to the April 15, 2021 Comments of the Department. Otter Tail requests Commission approval of the following:

- 1) A true-up credit rate of \$0.0005/kWh, as provided in Otter Tail's February 26, 2021 true-up filing, be implemented during the September 2021 through August 2022 twelve-month period.
- 2) Alternatively, if deemed more beneficial by the Commission, approve a four-month true-up period and corresponding true-up credit rate of \$0.0014/kWh be implemented during the September 2021 through December 2021 four-month period.

¹ Page 9 of the Department's April 15, 2021 Comments in Docket No. E017/AA-19-297

² Order Approving Additional Details of New Fuel Clause Adjustment Process in Docket No. E-999/CI-03-802

³ In the Matter of an Investigation into the Appropriateness of Continuing to Permit Electric Energy Cost Adjustments

Dated: May 3, 2021

Respectfully submitted,

OTTER TAIL POWER COMPANY

By: /s/ STUART TOMMERDAHL
Stuart Tommerdahl
Manager, Regulatory Administration
Otter Tail Power Company
215 S. Cascade Street
Fergus Falls, MN 56537
(218) 739-8279

**Otter Tail Power Company True-up for kWh subject to FCA
Docket E017/AA-19-297
Calculation of Annual True-up - January 2020 through December 2020**

	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)
Line No.	Month	MN FCA Revenue	True-up Rate	Subtract Last Year's True-up (C)*(H)	Refund of Q1 2020 Tracker Balance in Q3 2020 True-up Rate	Refund of Q1 2020 Tracker Balance in Q3 2020 (E)*(H)	Net FCA Revenue (B)-(D)-(F)	MN kWh Sales Subject to COE	Total System Energy Cost	Total System Sales
1	Jan-20	(\$474,998)	\$0.0000	\$0	\$0	\$0	(\$474,998)	251,533,701	\$9,332,364	525,803,882
2	Feb-20	\$748,687	\$0.0000	\$0	\$0	\$0	\$748,687	233,142,380	\$10,452,068	485,700,007
3	Mar-20	\$501,316	(\$0.0005)	(\$108,912)	\$0	\$0	\$610,227	217,823,722	\$10,372,001	447,004,344
4	Apr-20	\$137,639	(\$0.0005)	(\$105,515)	\$0	\$0	\$243,153	211,029,239	\$7,824,207	424,301,304
5	May-20	\$134,980	(\$0.0005)	(\$88,804)	\$0	\$0	\$223,784	177,607,596	\$5,870,251	342,631,227
6	Jun-20	(\$12,417)	(\$0.0005)	(\$84,022)	\$0	\$0	\$71,605	168,043,092	\$6,575,321	318,787,814
7	Jul-20	(\$237,995)	(\$0.0005)	(\$100,022)	(\$0.0057)	(\$1,140,252)	\$1,002,278	200,044,163	\$8,308,216	377,629,725
8	Aug-20	(\$759,051)	(\$0.0005)	(\$98,556)	(\$0.0057)	(\$1,123,535)	\$463,039	197,111,402	\$7,865,824	370,769,899
9	Sep-20	(\$749,698)	(\$0.0005)	(\$90,513)	(\$0.0057)	(\$1,031,848)	\$372,663	181,026,006	\$5,801,508	348,118,753
10	Oct-20	(\$735,129)	(\$0.0005)	(\$89,828)	\$0	\$0	(\$645,301)	179,656,589	\$7,697,716	340,535,416
11	Nov-20	(\$137,040)	(\$0.0005)	(\$96,519)	\$0	\$0	(\$40,521)	193,037,070	\$7,330,897	381,354,135
12	Dec-20	(\$472,337)	(\$0.0005)	(\$106,396)	\$0	\$0	(\$365,941)	212,792,375	\$9,692,490	420,149,651
13	Totals	(\$2,056,044)		(\$969,086)		(\$3,295,635)	\$2,208,677	2,422,847,336	\$97,122,863	4,782,786,157
14		KWH subject to COE		2,422,847,336						
15		Recovery from FCA		\$2,208,677						
16		Recovery from base cost	(1)	\$59,728,033						
17		Total adjusted recovery	(2)	\$61,936,710						
18		Actual energy cost	(3)	\$49,200,166					% over/(under)	
19		Over/(under) recovery	(4)	\$12,736,544					Recovery (5)	
20		Q1 2020 tracker balance refund	(6)	(\$3,295,635)					2.15%	
21		Q2/Q3 2020 track balance refunded in Q1/Q2 2021	(7)	(\$8,383,674)						
22		Plus over collection from prior year	(8)	\$188,910						
23		Refund to Customers		\$1,246,144						
24		Forecasted kWh Sept. 2021 - Dec. 2021	(9)	877,081,642						
25		Annual True-up Factor	(10)	\$0.0014						
26		Base cost = \$0.024652		November 2017 to present						

- (1) Recovery from base cost: \$0.024652 x MN kWh sales subject to FCA (Nov 2017 to present)
- (2) Total adjusted recovery: Sum of recovery from FCA and recovery from base cost
- (3) Actual energy cost: MN kwh sales subject to COE / total sys sales x total sys energy cost
- (4) Over/under recovery: total adjusted recovery - actual energy cost
- (5) % over/under recovery: over/under recovery / actual energy cost
- (6) Amount refunded of Q1 2020 FCA Tracker Balance
- (7) Amount of refund for Q2 and Q3 2020 FCA Tracker Balance
- (8) Over(Under) Collection / MN kwh sales subject to COE:
If Otter Tail over collects (over recovers) or under refunds the prior period's true-up, the amount due the customer is included in the calculation of the next year's true-up.
- (9) Forecasted kWh - Energy Adjustment Rider, Section 13.01 - "The over- or under- recovery amount as shown in the current year Annual Automatic Adjustment True-up report will be divided by the forecasted Minnesota Kilowatt-Hours subject to the fuel adjustment clause for the proposed twelve month recovery period the true-up rate will be in effect and then multiplied by the applicable EAF ratio."
- (10) Refund to customers / Forecasted kWh September 2021 through December 2021

% of MN sales (subject to FCA) to system	50.6577%
Energy costs allocated to MN for sales subject to FCA	\$49,200,166

CERTIFICATE OF SERVICE

**RE: In the Matter of Otter Tail Power Company's Initial Petition for
Approval of the Annual Forecasted Rates for its Energy Adjustment Rider,
Rate Schedule Section 13.01
Docket No. E017/AA-19-297**

I, Carly Haiby, 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 3rd day of May, 2021.

/S/ CARLY HAIBY

Carly Haiby, Regulatory Filing Coordinator
Otter Tail Power Company
215 South Cascade Street
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(218) 739-8472

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Generic Notice	Residential Utilities Division	residential.utilities@ag.state.mn.us	Office of the Attorney General-RUD	1400 BRM Tower 445 Minnesota St St. Paul, MN 551012131	Electronic Service	Yes	OFF_SL_19-297_AA-19-297
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