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December 18, 2017



Daniel P. Wolf  
Executive Secretary  
Minnesota Public Utilities Commission  
121 7<sup>th</sup> Place East, Suite 350  
St. Paul, MN 55101-2147

**PUBLIC DOCUMENT- NOT PUBLIC  
(OR PRIVILEGED) DATA HAS BEEN EXCISED**

**RE: In the Matter of the Petition by Otter Tail Power Company for Approval of an Energy-Intensive, Trade-Exposed Customer Rate  
Docket No. E017/M-17-257  
COST-RECOVERY**

Dear Mr. Wolf:

Otter Tail Power Company (Otter Tail) hereby submits its Compliance filing to the Minnesota Public Utilities Commission (Commission) for approval of its recovery mechanism related to the Commission's November 17, 2017 Order approving Otter Tail's Energy-Intensive, Trade-Exposed Customer Rate and to commence Otter Tail's Rate Schedule 13.09.

This Petition contains information that is protected by the Minnesota Data Practices Act. That information has economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by other persons and is subject to efforts by Otter Tail to protect the information from public disclosure. Otter Tail maintains this information as a trade secret based on its economic value from not being generally known and not being readily ascertainable by proper means by other persons who can obtain economic value from its disclosure or use. For this reason, Otter Tail asks that the data be treated as non-public data pursuant to Minn. Stat. § 13.37, subd. 1(b). The enclosed are marked as **NOT PUBLIC DOCUMENT – NOT FOR PUBLIC DISCLOSURE** and **PUBLIC – NOT PUBLIC (OR PRIVILEGED) DATA HAS BEEN EXCISED**.

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 Summary of the filing has been served on all persons on Otter Tail's general service list. A Certificate of Service is also enclosed.

Mr. Wolf  
December 18, 2017  
Page 2

If you have any questions regarding this filing, please contact me at 218-739-8385 or at [bhaugen@otpc.com](mailto:bhaugen@otpc.com).

Sincerely,

*/s/ BRYCE C. HAUGEN*  
Bryce C. Haugen, Senior Rates Analyst  
Regulatory Administration

ljh  
Enclosures  
By electronic filing  
c: Service List

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

**In the Matter of the Petition by Otter Tail  
Power Company for Approval of an  
Energy-Intensive, Trade-Exposed  
Customer Rate**

**Docket No. E017/M-17-257  
COST-RECOVERY**

**I. INTRODUCTION**

On June 29, 2017, the Minnesota Public Utilities Commission (Commission) approved Otter Tail Power Company’s (Otter Tail’s) Petition for an Energy-Intensive, Trade-Exposed (EITE) Rate. On November 17, 2017, the Commission issued its Order authorizing the EITE Customer Rate (the Order).<sup>1</sup> Minn. Stat. § 216B.1696, sub. 2(d), requires that Otter Tail be allowed to recover the costs of provided service under an EITE rate schedule either through a rider or in its next general rate case. Otter Tail proposed a cost-recovery mechanism in its Initial Filing in this Docket. In the Order, the Commission requested additional information to approve Otter Tail’s EITE Cost Recovery Mechanism. Otter Tail submits this Compliance filing to address Order points 2, 4, 5, and 6 and details its proposed EITE Cost Recovery Mechanism.

**II. Response to Order Points**

**A. Order Point 2 – Low-Income Funding**

Minn. Stat. §216B.1696, subd. 3, requires a utility seeking approval of an EITE rate schedule to deposit \$10,000 into an account earmarked for expanding the outreach of a low-income residential-ratepayer affordability program “approved by the commission under Minnesota Statutes, section 216B.16, subdivision 15.”<sup>2</sup> The Commission found that Otter Tail complied with this statute by funding a separate account and proposing to deposit \$10,000 with the Roseville Salvation Army to expand the outreach of Great Plains’ Commission-approved affordability program.

Order point 2 reads:

*Otter Tail’s \$10,000 payment to the Roseville Salvation Army is suspended  
for 120 days from the date of this order to give the Company the*

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<sup>1</sup> Commission Order Approving EITE RATE AND ESTABLISHING COST-RECOVERY PROCEEDING in Docket No. E017/M-17-257, *In the Matter of the Petition of Otter Tail Power Company for an Energy-Intensive, Trade-Exposed Customer Rate* (November 17, 2017).

<sup>2</sup> Minn. Stat. § 216B.16, subd. 15 requires, a public utility serving low-income residential ratepayers who use natural gas for heating to file an affordability program with the Commission.

*opportunity to apply for approval of a low-income affordability program under Minn. Stat. § 216B.16, subd. 15, to be administered by one or more of the community action agencies providing LIHEAP benefits within its service territory.*

*If Otter Tail files an application during the 120-day period, the \$10,000 payment will remain suspended until such time as the Commission acts on the application. If the application is approved, the \$10,000 will be divided among those agencies included in the application. If the application is not approved, the \$10,000 payment will be made to the Roseville Salvation Army.*

*The suspension of the \$10,000 payment does not affect Otter Tail's ability to implement an EITE rate immediately.*

Otter Tail explored the opportunity to apply for approval of a low-income affordability program under Minn. Stat. § 216B.16, subd. 15, to be administered by one or more of the community action agencies operating within its service territory. Through communication with these agencies since the June 29, 2017 Commission meeting, Otter Tail verified that none of them currently administer a LIHEAP program under the statute required for compliance with the EITE Statute. Otter Tail determined it will not seek to apply for an affordability program of its own under this statute to be administered by the community action agencies that are located in its service territory.

Otter Tail will comply with the statute by depositing the \$10,000 with the Roseville Salvation Army to be used for outreach for its LIHEAP program.

**B. Order Point 4 – Cost-Recovery Mechanism**

Order point 4 reads:

*Otter Tail's cost-recovery mechanism shall use a flat per-kWh charge.*

In its Initial Petition, Otter Tail proposed that its EITE Surcharge be calculated as a percent of bill. In compliance with Order Point 4, Otter Tail includes updates to Tariff Schedule 13.09, as Attachment 7, to reflect its cost-recovery mechanism utilizing a flat charge of \$0.00055 per-kWh.

**C. Order Point 5 – Outside Attorney Fees**

Order point 5 reads:

*Otter Tail's EITE cost-recovery mechanism shall not include outside attorney fees.*

Otter Tail removed outside attorney fees from its revenue requirement calculation for the EITE Surcharge in compliance with Order Point 5.

**D. Order Point 6 – Low-Income Designation**

Order point 6 reads:

*The Commission approves Otter Tail’s proposal to allow low-income customers to self-certify for exemption from the EITE surcharge, with the effective date being on or after the date of self-certification.*

Minn. Stat. § 216B.1696, sub. 2(d), prohibits recovery of costs or refund of any savings associated with the EITE Rate from any EITE customer or any low-income residential ratepayer as defined in Minn. Stat. § 216B.16, subd. 15. Under that statute, a low-income residential ratepayer is defined as one who receives “energy assistance from the low-income home energy assistance program (LIHEAP).”

Otter Tail designates ratepayers in its system as low-income for whom it receives LIHEAP funds. To ensure that low-income residential ratepayers are not charged to recover the EITE Rate, Otter Tail will, each year, manually identify those customers that have applied for and been accepted into the LIHEAP. Once identified as a LIHEAP participant in the Otter Tail billing system (annually), the customer will not be charged the EITE Surcharge Factor.

As part of the discovery process in this proceeding, Commission Staff asked if Otter Tail is able to identify its customers who receive LIHEAP funds for fuel sources other than electricity. Attachment 10 to this filing is Otter Tail’s response to the request. Otter Tail recommended, and the Commission approved, in Order Point 6, that residential customers be allowed to self-declare for low-income designation and exemption from the EITE Surcharge.

**1. Communication of EITE Rate Impact on Non-EITE Customers**

Otter Tail takes the following efforts to notify its residential customers of this EITE proceeding and potential eligibility for exemption from the EITE Surcharge:

- a. *Notice of Proceeding*: Upon its Initial Filing in the current proceeding and in its last EITE proceeding<sup>3</sup>, Otter Tail notified customers of the proceeding in bills in the month of the Initial Filing. As all Otter Tail customers are billed monthly, this ensures that all customers received the information on this request during the months of July 2016 and April 2017. The bill notices directed customers to Otter Tail’s website to learn more about the filing or to comment on the request. Attachment 8 to this filing includes the

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<sup>3</sup> In Docket No. E017/M-16-533, Initially Filed June 27, 2016, Otter Tail included a bill notice in July 2017 bills. In Docket No. E017/M-17-257, Initially filed April 3, 2017, Otter Tail included a bill notice in April 2017 bills.

language provided in those notices.

- b. *Website:* The information related to Otter Tail’s EITE proposals, including exemption information, is posted on the Company’s website.<sup>4</sup> The information included on the website is included with this filing as Attachment 9.
- c. *EITE Surcharge Notice:* When the Commission approves the EITE Surcharge, Otter Tail will provide customers with information regarding the bill adjustment and an explanation of the charge to their electric bill. Otter Tail proposes that the message to customers on bills be included as a separate page to the customer bill as follows:

*The Minnesota Public Utilities Commission approved the Energy-Intensive, Trade-Exposed (EITE) Rider to be included as part of the Resource Adjustment on your monthly electric service statement. This rider recovers costs associated with the energy policy of the state of Minnesota to ensure competitive electric rates for EITE customers. The table below shows the new rate, effective May 1, 2018, for all classes of customers subject to the charge (excluding electric service statements of EITE customers and low-income residential ratepayers). A residential customer who uses 1,000 kWh per month will see a bill increase of about \$0.55. Customers participating in a low-income home energy assistance program through an approved organization and EITE customers will not be subject to this EITE Rider.*

<b>Class</b>	<b>May 1, 2018 Rate per kWh</b>
All Service	\$0.00055

*For more information, contact Customer Service at 800-257-4044 or place an inquiry through our website at [www.otpc.com/eite](http://www.otpc.com/eite).*

### **III. EITE Tracker and Cost Recovery**

#### **A. Establishing the EITE Tracker**

EITE Statute, subd. 2(d), provides that upon approval by the Commission, Otter Tail “shall create a separate account to track the” amount of revenue no longer collected from the EITE Customers. The EITE Statute provides that the Commission “shall allow the utility to recover any costs, including reduced revenues, or refund any savings, including increased revenues, associated with” the EITE Rate. Otter Tail requests recovery be done “through an EITE cost recovery rate rider between general rate

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<sup>4</sup> <https://www.otpc.com/eite>

cases.”<sup>5</sup> Otter Tail provides Attachments 1 through 4 to this filing detailing the tracking of the revenues associated with the EITE Rate and calculation of the EITE Surcharge (the EITE Tracker).

The EITE Tracker includes the following Attachments:

1. Rate Design: The total revenues associated with the EITE Rate provide the revenue requirement for the EITE Surcharge. Total revenues divided by projected kWh sales for the time period, not including LIHEAP nor the EITE customers, results in the proposed rate of \$0.00055 per kWh.
2. Summary of Revenue Requirements: This attachment details the components of the Net Revenue Requirement.
3. Tracker: This Attachment lists the total revenues associated with the EITE Rate by month. It details the forecasted sales in kWh over which the revenue requirement is spread for the recovery period.
4. LIHEAP Customer Data: Otter Tail uses the 2012 through 2016 five-year average of LIHEAP data for the purposes of the EITE Tracker to estimate the rate for the recovery period. At the time of this filing, 2017 data is not yet available. At the time of this filing, Otter Tail expects 2017 data to be relatively close to the 2012 through 2016 average and views it as an appropriate forecast assumption to produce the EITE Surcharge.

#### **a. Production at the EITE Facilities**

The EITE Customers are currently operating at or near their full capacity. The EITE Rate allows the EITE Customers to maintain their current operation levels into the foreseeable future. Given the status of production, Otter Tail does not anticipate any sales growth due to the EITE Rate. The EITE statute requires that Otter Tail “refund any savings, including increased revenues”<sup>6</sup> of the EITE rate.

The Commission recently ruled on Otter Tail’s 2016 general rate case filing<sup>7</sup> based on a 2016 test year. A representative amount of sales to these customers was included in that case. Otter Tail recommends that the baseline for these customers be set at the levels established in that case and includes them in Attachment 6.

EITE eligibility is established to last for four years. Otter Tail’s EITE customer sales remain relatively constant. Otter Tail proposes to credit any additional marginal revenues above the baseline in the EITE Rider at the conclusion of the eligibility period. Otter Tail will use the methodology for

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<sup>5</sup> Minn. Stat. § 216B.1696

<sup>6</sup> Minn. Stat. § 216B.1696, subd. 2(d)

<sup>7</sup> Commission’s May 1, 2017 FINDINGS OF FACT, CONCLUSIONS, AND ORDER in Otter Tail’s General Rate Case Docket No. E017-GR-15-1033.

calculating margin as provided in Attachment 6 to its Initial Filing<sup>8</sup> and provided for convenience as Attachment 11 to this filing. This approach complies with the EITE Statute and accounts for variations that may occur annually from the baseline.

**b. Impact on Non-Exempt Customers**

Otter Tail developed the following estimates of annual cost increases associated with its customers subject to the EITE Surcharge Factor as summarized in Table 2. As shown in Table 2 below, the average residential customer will have an increase of \$0.44 per month due to the EITE Surcharge.

**Table 2. Non-EITE Customer Rate Increase<sup>9</sup>**

<b>Class</b>	<b>Average Annual Usage (kWh)</b>	<b>Monthly Cost Increase (\$)</b>	<b>Annual Cost Increase (\$)</b>
Residential	9,678	\$0.44	\$5.32
Farms	23,959	\$1.10	\$13.18
General Service	31,225	\$1.43	\$17.17
Large General Service	3,019,917	\$138.41	\$1,660.95
Irrigation	18,587	\$0.85	\$10.22
Lighting	13,007	\$0.60	\$7.15
OPA	40,834	\$1.87	\$22.46
Controlled Service Water Heating	2,553	\$0.12	\$1.40
Controlled Service Interruptible	23,651	\$1.08	\$13.01
Controlled Service Deferred	18,136	\$0.83	\$9.97

The EITE Surcharge Factor will be multiplied by a non-exempt customer’s monthly bill to calculate the EITE Surcharge. The EITE Surcharge Factor will not apply to any sales tax or any local assessments. The EITE Surcharge Rate will be included in the Resource Adjustment line item on non-exempt customer bills. The Commission-approved 20 percent rate reduction for all three EITE Customers results in an EITE Surcharge Factor of \$0.00055 per kWh.<sup>10</sup>

The EITE Surcharge Factor is proposed to be the quotient of the forecasted recoverable EITE Tracker Balance (the amount of revenue Otter Tail will not recover from the EITE Customers) divided by the projected Minnesota non-exempt retail kWh sales for the May 2018 through April 2019 recovery period, including any true-up balances for EITE Tracker Balances prior to the time the EITE Surcharge is effective. The EITE Tracker Balance is determined annually, starting with the first of the month following the date the Commission approves an EITE Rate for the EITE Customers. All revenues

<sup>8</sup> Otter Tail’s April 3, 2017 Initial Filing In the Matter of the Petition by Otter Tail Power Company for Approval of an Energy-Intensive, Trade-Exposed Customer Rate in Docket No. E017/M-17-257.

<sup>9</sup> The workpaper supporting this table are included with this filing as Attachment 5.

<sup>10</sup> Commission Order Point 4 of Order Approving EITE RATE AND ESTABLISHING COST-RECOVERY PROCEEDING in Docket No. E017/M-17-257, *In the Matter of the Petition of Otter Tail Power Company for an Energy-Intensive, Trade-Exposed Customer Rate* (November 17, 2017).



received from the application of the EITE Surcharge Factor will be credited to the EITE Tracker account. For each 12-month recovery period, a true-up adjustment to the EITE Tracker account will be calculated between actual EITE Surcharge Factor billed recoveries and the respective actual rate discount realized by the EITE Customer(s). Any resulting over or under recovery will be reflected as a carryover balance and included in calculating the EITE Surcharge Factor for the next 12-month recovery period.

#### **IV. CONCLUSION**

For the reasons set forth in this Filing, Otter Tail requests approval to implement the EITE Surcharge effective May 1, 2018.

Dated: December 18, 2017

Respectfully Submitted,

OTTER TAIL POWER COMPANY

By: /s/ BRYCE C. HAUGEN

Bryce C. Haugen

Senior Rates Analyst, Regulatory Administration

Otter Tail Power Company

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OTTER TAIL POWER COMPANY  
EITE FILING ATTACHMENTS

Attachment 1	Rate Design
Attachment 2	Summary of Revenue Requirements
Attachment 3	EITE Tracker Summary
Attachment 4	Average LIHEAP kWh
Attachment 5	Class Impacts
Attachment 6	EITE Customer kWh
Attachment 7	EITE Rider, Tariff 13.09
Attachment 8	Notice to Customers
Attachment 9	Otter Tail Power Company Website Content
Attachment 10	Information Request MN-PUC-10
Attachment 11	Attachment 6 to Otter Tail's April 3, 2017 Initial Filing

**Rate Design**

**Minnesota Revenue Requirements** **\$1,412,537**

Line No.	Rate per kWh	
1		
2	Forecasted Retail Sales, all classes (May 2018 - Apr 2019)	2,577,774,184
3		
4	12 Month Revenue Requirement	\$1,412,537
5		
6	Rate per kWh	0.00055
7		

Summary of Revenue Requirements  
2017 Annual Filing

Line No.	Revenue Requirements	
1	Revenue Requirement (May 2018 - April 2019)	\$975,434
2		
3	Carrying (Credit)/Charge	9,897
4	True-Up	427,207
5		
6	Net Revenue Requirement	<u>\$1,412,537</u>

Line No.	TRACKER SUMMARY Requirements Compared to Billed:	2017	2017	2018	2018	2018	2018	2018	2018	2018	2018	2018	2018	2018	2018	
		December Forecast	YE Forecast	January Forecast	February Forecast	March Forecast	April Forecast	May Forecast	June Forecast	July Forecast	August Forecast	September Forecast	October Forecast	November Forecast	December Forecast	YE Forecast
1	EITE Customer Revenue Requirement	76,076	76,076	86,639	88,175	80,286	80,613	76,658	79,718	75,623	80,615	81,089	80,816	86,790	78,411	975,434
2	Affordability Program Fee	10,000	10,000	0	0	0	0	0	0	0	0	0	0	0	0	0
3	Costs Assessed by Department		0													0
4	External Attorney Fees for Establishing EITE Rate		0													0
5	<b>Net Revenue Requirement</b>	<b>86,076</b>	<b>86,076</b>	<b>86,639</b>	<b>88,175</b>	<b>80,286</b>	<b>80,613</b>	<b>76,658</b>	<b>79,718</b>	<b>75,623</b>	<b>80,615</b>	<b>81,089</b>	<b>80,816</b>	<b>86,790</b>	<b>78,411</b>	<b>975,434</b>
6																
7	Billed (forecast \$ x rate)	0	0	0	0	0	0	106,379	105,275	112,667	115,480	111,166	107,277	114,472	125,745	898,460
8																
9	Monthly Revenue Difference	86,076	86,076	86,639	88,175	80,286	80,613	(29,721)	(25,556)	(37,044)	(34,866)	(30,076)	(26,460)	(27,682)	(47,333)	76,973
10	Carrying Charge	0	0	538	1,084	1,642	2,154	2,672	2,503	2,359	178	160	145	131	117	92
11	Life-to-Date Revenue Requirement (Cumulative Difference)	86,076	86,076	173,253	262,512	344,440	427,207	400,159	377,105	342,420	307,732	277,816	251,501	223,950	176,734	90,657
12																
13	Carrying Charge/Credit Calculation	538		1,084	1,642	2,154	2,672	2,503	2,359	178	160	145	131	117	92	
14	Cumulative Carrying Charge	538		1,622	3,264	5,419	8,091	10,594	12,953	13,131	13,291	13,436	13,567	13,684	13,776	
15	Carrying cost	0.63%		0.63%	0.63%	0.63%	0.63%	0.63%	0.63%	0.63%	0.63%	0.63%	0.63%	0.63%	0.63%	
16																
17																
18	Forecasted Sales (kWh)		0					194,133,306	192,118,099	205,609,327	210,743,198	202,869,065	195,772,094	208,902,852	229,474,400	1,639,622,340

Line No.	TRACKER SUMMARY Requirements Compared to Billed:	2019	2019	2019	2019	Collection Period
		January Forecast	February Forecast	March Forecast	April Forecast	
1	EITE Customer Revenue Requirement	86,639	88,175	80,286	80,613	975,434
2	Affordability Program Fee	0	0	0	0	0
3	Costs Assessed by Department					0
4	External Attorney Fees for Establishing EITE Rate					0
5	<b>Net Revenue Requirement</b>	<b>86,639</b>	<b>88,175</b>	<b>80,286</b>	<b>80,613</b>	<b>975,434</b>
6						
7	Billed (forecast \$ x rate)	136,986	132,830	126,486	117,775	1,412,537
8						
9	Monthly Revenue Difference	(50,347)	(44,655)	(46,200)	(37,162)	(437,104)
10	Carrying Charge	92	791	517	231	9,897
11	Life-to-Date Revenue Requirement (Cumulative Difference)	126,479	82,614	36,931	0	0
12						
13	Carrying Charge/Credit Calculation	791	517	231	0	
14	Cumulative Carrying Charge	14,567	15,084	15,315	15,315	
15	Carrying cost	0.63%	0.63%	0.63%	0.63%	
16						
17						
18	Forecasted Sales (kWh)	249,988,606	242,405,215	230,827,927	214,930,095	2,577,774,184

<b>SUMMARY</b>		<b>May 2018 - April 2019</b>
Revenue requirements		\$975,434
Carrying Charge		9,897
True-up		427,207
Total requirements		\$1,412,537
May 2018 - April 2019 projected kWh sales		2,577,774,184
Rate per kWh		0.00055

Line No.	LIHEAP Customer Data		
	A	B	C
1		<b>Customer Count</b>	<b>Average Monthly kWh</b>
2	2012	4,798	986
3	2013	4,897	1,060
4	2014	5,145	1,111
5	2015	4,627	996
6	2016	5,077	884
7			
8			
9			<b>Average kWh per year</b>
10		2012	56,769,936
11		2013	62,289,840
12		2014	68,593,140
13		2015	55,301,904
14		2016	53,875,032
15		<b>Total</b>	<b>59,365,970</b>
16			

Class Impacts

A	B		
Line No.	Annual kWh from E017/GR-15-1033 <sup>1</sup>	Average Annual Usage (kWh)	Approximate Customer Count <sup>2*</sup>
1	<b>Class</b>		
2	Residential	472,631,691	9,636
3	Farms	34,696,538	25,663
4	General Service	340,796,051	31,934
5	Large General Service	1,575,520,978	3,024,033
6	Irrigation	4,210,143	19,402
7	Lighting	20,021,566	13,321
8	Other Public Authority	18,900,349	37,426
9	Controlled Service Water Heating	21,485,546	2,626
10	Controlled Service Interruptible	124,881,689	22,052
11	Controlled Service Deferred	27,222,582	17,078
12			1,594

<sup>1</sup> Class revenue forecast provided in Otter Tail's January 20, 2017 Corrected Compliance Filing in MPUC Docket No. E017-15-10

<sup>2</sup> ALJ Corrected Schedule E-2 from Docket E017/GR-15-1033

\*Customers may appear in more than one category.



	A	B	C
Line No.	EITE Customer kWh	Baseline kWh	EITE Four Year Eligibility Term
1	Norbord [PROTECTED DATA BEGINS...		
2	Potlatch		
3	Cass Forest Products		
4	Total Revenue		

...PROTECTED DATA ENDS]

**Attachment 7**

**EITE Rider, Tariff 13.09**

**Redline and Clean**



Fergus Falls, Minnesota

**ENERGY-INTENSIVE, TRADE-EXPOSED (EITE) RIDER**

DESCRIPTION	RATE CODE
EITE Surcharge	32-0580
EITE Exemption Adjustment	32-0585

**RULES AND REGULATIONS:** Terms and conditions of this electric rate schedule and the General Rules and Regulations govern use of this rider.

**APPLICATION OF RIDER:** This rider is applicable to any electric service under all of the Company's retail rate schedules pursuant to Minn. Stat. 216B.1696 Competitive Rate for Energy-Intensive, Trade-Exposed Electric Utility Customer, except for those Customers with Low-Income Home Energy Assistance Program (LIHEAP) designation in the Company's billing system at the time of billing, as defined in Minn. Stat. 216B.16, Subd. 15, and the EITE Customers pursuant to Minn. Stat. 216B.1696, Subd.2(d). The exemptions are as follows:

EITE and LIHEAP Customers will be exempted from the Company's EITE charges (EITE Surcharge) pursuant to Minn. Stat. 216B.1696, Subd. 2(d) Competitive Rate for Energy-Intensive, Trade-Exposed Electric Utility Customer. LIHEAP Customer designations will be reset each September 1. Residential Customers must annually reapply for such designation and be granted assistance from a LIHEAP to continue to be exempt from the EITE Surcharge.

**EITE SURCHARGE AND EXEMPTION ADJUSTMENT:** There shall be added to each non-exempt Customer's bill an EITE Surcharge, ~~which shall be the -based on the applicable-~~ EITE Surcharge Factor multiplied by the Customer's billing kWh for electric servicemonthly bill. ~~The Customer's monthly bill shall be based on all applicable charges and credits under the Company's retail rate schedules in Sections 9, 10, 11, 12, and 14. The EITE Surcharge will not apply to any Mandatory Riders or sales tax and any local assessments as provided in the General Rules and Regulations for the Company's electric service.~~ The EITE Surcharge will be included in the Resource Adjustment line item on the Customer's bill.

The EITE Surcharge Factor shall not be applied to Customer Account(s) granted exemption by the Commission from EITE costs pursuant to Minn. Stat. 216B.1696, Subd. 2(d).

The EITE Surcharge Factor is \$0.00055 per kWh%.



Fergus Falls, Minnesota

**DETERMINATION OF EITE SURCHARGE FACTOR:** The EITE Surcharge shall be the quotient of the forecasted Recoverable EITE Tracker Balance, divided by projected Minnesota non-exempt retail revenue for a designated 12-month recovery period. The Surcharge shall be rounded to the nearest 0.001%. The Surcharge may be adjusted annually by approval of the Minnesota Public Utilities Commission (Commission). The Recoverable EITE Tracker Balance is determined as described below, starting with the Commission-accepted EITE Tracker account balance as of the end of the prior year.

All costs appropriately charged to the EITE Tracker account shall be eligible for recovery through this Rider and all revenues received from the application of the EITE Surcharge Factor shall be credited to the EITE Tracker account.

**TRUE-UP:** For each recovery period, a true-up adjustment to the EITE Tracker account will be calculated reflecting the difference between actual prior period EITE Adjustment recoveries and the respective EITE Customer actual prior period revenue requirements. Any resulting over/under recovery will be reflected as a carryover balance and included in calculating the EITE Surcharge Factor.

**EITE ELIGIBILITY:** An EITE Customer’s eligibility to be excluded from this rider will be determined on a case-by-case basis and shall be approved by the Commission prior to impacting the EITE Surcharge Factor.

Ongoing EITE eligibility will be determined by the Commission. To maintain eligibility, an EITE Customer must prove to the Commission that it continues to qualify for a reduced rate under Minn. Stat. 216B.1696 and the rate reduction should be included in the EITE Surcharge calculation once every four years calculated from when the Commission most recently approved the EITE Customer’s eligibility under this rider and Minn. Stat. 216B.1696.

**DETERMINATION OF DISCOUNT:** The discount for each EITE Customer and the appropriate EITE Surcharge Factor are verified during Otter Tail Power Company’s annual EITE compliance filing reporting the EITE Tracker balance and necessary true-up adjustment. The discount for each EITE Customer will be in effect for four years from the Commission’s approval of this rider or the termination of this rider, whichever occurs first, unless otherwise extended by Order of the Commission.

Otter Tail Power Company shall discontinue an EITE Customer’s discount during an annual EITE update if the EITE Customer’s annual electric energy usage for the prior year falls below 60 percent of the average annual energy usage of the most recent five years established immediately prior to receiving approval of an EITE discount. The 60 percent threshold will be reset at each four year review of eligibility. If an EITE Customer’s operations fall below 60 percent of normal consumption, Otter Tail Power Company will bill the EITE Customer accordingly to recover any amounts inappropriately discounted and those recovered amounts will be deposited in the EITE Tracker account.



Fergus Falls, Minnesota

**APPLICATION OF DISCOUNT:** An eligible EITE Customer receives a discount on each monthly bill. The discount applies to all appropriate billed amounts, excluding taxes.

**TERMINATION OF RIDER:** This rider shall expire four years after its effective date, unless otherwise extended by Order of the Commission.

**MANDATORY AND VOLUNTARY RIDERS:** The amount of a bill for service will be modified by any Mandatory Rate Riders that must apply and by any Voluntary Rate Riders selected by the Customer, unless otherwise noted in this schedule. See Sections 12.00, 13.00 and 14.00 of the Minnesota electric rates for the matrices of riders.



Fergus Falls, Minnesota

**ENERGY-INTENSIVE, TRADE-EXPOSED (EITE) RIDER**

DESCRIPTION	RATE CODE
EITE Surcharge	32-0580
EITE Exemption Adjustment	32-0585

**RULES AND REGULATIONS:** Terms and conditions of this electric rate schedule and the General Rules and Regulations govern use of this rider.

**APPLICATION OF RIDER:** This rider is applicable to any electric service under all of the Company's retail rate schedules pursuant to Minn. Stat. 216B.1696 Competitive Rate for Energy-Intensive, Trade-Exposed Electric Utility Customer, except for those Customers with Low-Income Home Energy Assistance Program (LIHEAP) designation in the Company's billing system at the time of billing, as defined in Minn. Stat. 216B.16, Subd. 15, and the EITE Customers pursuant to Minn. Stat. 216B.1696, Subd.2(d). The exemptions are as follows:

EITE and LIHEAP Customers will be exempted from the Company's EITE charges (EITE Surcharge) pursuant to Minn. Stat. 216B.1696, Subd. 2(d) Competitive Rate for Energy-Intensive, Trade-Exposed Electric Utility Customer. LIHEAP Customer designations will be reset each September 1. Residential Customers must annually reapply for such designation and be granted assistance from a LIHEAP to continue to be exempt from the EITE Surcharge.

**EITE SURCHARGE AND EXEMPTION ADJUSTMENT:** There shall be added to each non-exempt Customer's bill an EITE Surcharge, which shall be the EITE Surcharge Factor multiplied by the Customer's billing kWh for electric service. The EITE Surcharge will be included in the Resource Adjustment line item on the Customer's bill. C  
C  
C

The EITE Surcharge Factor shall not be applied to Customer Account(s) granted exemption by the Commission from EITE costs pursuant to Minn. Stat. 216B.1696, Subd. 2(d).

The EITE Surcharge Factor is \$0.00055 per kWh. R

**DETERMINATION OF EITE SURCHARGE FACTOR:** The EITE Surcharge shall be the quotient of the forecasted Recoverable EITE Tracker Balance, divided by projected Minnesota non-exempt retail revenue for a designated 12-month recovery period. The Surcharge shall be rounded to the nearest 0.001%. The Surcharge may be adjusted annually by approval of the Minnesota Public Utilities Commission (Commission). The Recoverable EITE Tracker Balance is determined as described below, starting with the Commission-accepted EITE Tracker account balance as of the end of the prior year.

All costs appropriately charged to the EITE Tracker account shall be eligible for recovery through this Rider and all revenues received from the application of the EITE Surcharge Factor shall be



Fergus Falls, Minnesota

credited to the EITE Tracker account.

**TRUE-UP:** For each recovery period, a true-up adjustment to the EITE Tracker account will be calculated reflecting the difference between actual prior period EITE Adjustment recoveries and the respective EITE Customer actual prior period revenue requirements. Any resulting over/under recovery will be reflected as a carryover balance and included in calculating the EITE Surcharge Factor.

**EITE ELIGIBILITY:** An EITE Customer's eligibility to be excluded from this rider will be determined on a case-by-case basis and shall be approved by the Commission prior to impacting the EITE Surcharge Factor.

Ongoing EITE eligibility will be determined by the Commission. To maintain eligibility, an EITE Customer must prove to the Commission that it continues to qualify for a reduced rate under Minn. Stat. 216B.1696 and the rate reduction should be included in the EITE Surcharge calculation once every four years calculated from when the Commission most recently approved the EITE Customer's eligibility under this rider and Minn. Stat. 216B.1696.

**DETERMINATION OF DISCOUNT:** The discount for each EITE Customer and the appropriate EITE Surcharge Factor are verified during Otter Tail Power Company's annual EITE compliance filing reporting the EITE Tracker balance and necessary true-up adjustment. The discount for each EITE Customer will be in effect for four years from the Commission's approval of this rider or the termination of this rider, whichever occurs first, unless otherwise extended by Order of the Commission.

Otter Tail Power Company shall discontinue an EITE Customer's discount during an annual EITE update if the EITE Customer's annual electric energy usage for the prior year falls below 60 percent of the average annual energy usage of the most recent five years established immediately prior to receiving approval of an EITE discount. The 60 percent threshold will be reset at each four year review of eligibility. If an EITE Customer's operations fall below 60 percent of normal consumption, Otter Tail Power Company will bill the EITE Customer accordingly to recover any amounts inappropriately discounted and those recovered amounts will be deposited in the EITE Tracker account.

**APPLICATION OF DISCOUNT:** An eligible EITE Customer receives a discount on each monthly bill. The discount applies to all appropriate billed amounts, excluding taxes.

**TERMINATION OF RIDER:** This rider shall expire four years after its effective date, unless otherwise extended by Order of the Commission.



Fergus Falls, Minnesota

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**MANDATORY AND VOLUNTARY RIDERS:** The amount of a bill for service will be modified by any Mandatory Rate Riders that must apply and by any Voluntary Rate Riders selected by the Customer, unless otherwise noted in this schedule. See Sections 12.00, 13.00 and 14.00 of the Minnesota electric rates for the matrices of riders.



**Attachment 8**  
**Notice to Customers**

On April 3, 2017, we requested approval from the Minnesota Public Utilities Commission for (1) a new Energy-Intensive Trade-Exposed Rate, a lower rate for qualifying commercial or industrial customers (2) an EITE Surcharge of 0.544% of bill, a new surcharge for customers who do not qualify for the EITE Rate. Our company would not profit from these changes. To learn more or to comment on our request, visit [otpc.com/EITE](http://otpc.com/EITE).

**Attachment 9**  
**Website Content**

# Energy-Intensive Trade-Exposed (EITE) Rate

In April 2017 we requested approval from the Minnesota Public Utilities Commission (MPUC) for:

1. A new EITE Rate, which is a lower rate for qualifying commercial or industrial customers.
2. A new EITE Surcharge, which is a surcharge for our other customers who do not qualify for the EITE Rate.

In November 2017 the MPUC approved our request for the new EITE Rate. We're continuing to work with the MPUC to establish the EITE Surcharge.

Our company will not profit from these changes.

To learn more about our request, visit the [MPUC's website](#). The docket number E017/M-17-257.

## Frequently Asked Questions

### What does energy-intensive trade-exposed mean?

Certain industries that require energy-intensive business practices, such as iron mines and paper mills, are highly affected to rising energy costs due to a competitive global market. If global competitors comply with less-strict environmental policies, they often pay lower energy costs and, therefore, are able to provide goods or services at a lower cost to customers. Minnesota's energy policy supports lower electric rates for energy-intensive trade-exposed customers.

### Which customers qualify for the EITE Rate?

Three wood product manufacturers in our services area, Potlatch Corporation, Norbord Corporation, and Cass Forest Products, may qualify for the EITE Rate.

### Which customers are exempt from the EITE Rate?

We automatically exclude customers who receive Low Income Home Energy Assistance Program (LIHEAP) funds from the EITE Surcharge. Customers who receive and use LIHEAP funds for a fuel source other than electricity can self-declare for the exemption by calling 800-257-4044.

### How would the EITE Surcharge affect my bill?

Customer type	Average monthly bill	Monthly bill increase
Residential*	\$76.71	\$0.44
Farm	\$213.88	\$1.10
General Service	\$261.62	\$1.43
Large General Service	\$15,735.81	\$138.41
Irrigation	\$152.52	\$0.85
Lighting	\$173.79	\$0.60
Other Public Authority	\$258.83	\$1.87
Controlled Service Water Heating	\$18.07	\$0.12
Controlled Service Interruptible	\$105.24	\$1.08
Controlled Service Deferred	\$81.58	\$0.83
*Residential customers who participate in the Energy Assistance Program would not pay the EITE Surcharge.		

**Attachment 10**

**Information Request MN-PUC-10**

OTTER TAIL POWER COMPANY

Docket No: E017/M-17-257

Response to: Minnesota Public Utilities Commission

Analyst: Clark Kaml

Date Received: 05/19/2017

Date Due: 05/30/2017

Date of Response: 05/30/2017

Responding Witness: Bryce Haugen, Senior Rates Analyst, Regulatory Administration

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Information Request:

Would Otter Tail Power agree that a residential customer that utilizes LIHEAP funds for a fuel source other than electricity should qualify for exemption from the EITE charge? If so, would Otter Tail Power accept self-declaration from residential customers as acceptable documentation for inclusion in receiving an exemption from the EITE charge?

Attachments: 0

Response:

Otter Tail agrees that a customer who receives LIHEAP funding for a fuel source other than electricity should be considered a LIHEAP customer pursuant to the statute.

Currently, Otter Tail does not have visibility into LIHEAP funds that are received by a customer that are applied to other (non-electric) fuels sources. A self-declaration from residential customers would be acceptable for exclusion from the EITE surcharge. For customers who self-declare, Otter Tail proposes that verification of LIHEAP status be submitted upon request of the Company. An acceptable verification would be a copy of the LIHEAP award letter.

Otter Tail continues to recommend that LIHEAP status, and resulting EITE surcharge exemption, be effective on bills rendered on and after the date of the self-declaration.

**Attachment 11**

**Attachment 6 to Otter Tail's April 3, 2017 Filing**

**PUBLIC DOCUMENT – NOT PUBLIC DATA HAS BEEN  
EXCISED**

Otter Tail Power Company  
Energy-Intensive, Trade-Exposed Rider

Docket No. E017/M-17-  
Attachment 6  
Page 1 of 1

Recovery Period of July 2017 - June 2018										
Line No.	A	B	C	D	E	F	G	H	I	J
		Cents <sup>1</sup> Effective \$/kWh (F / E) [PROTECTED DATA BEGINS...]					Fixed Costs (D * Fixed Costs)	Cost of Energy (E * Cost of Energy)	Total Avoided Costs (G + H)	Lost Margin (F - I)
				kW	Load Factor	kWh	Revenue			
1	Potlatch Corporation		¢							
2	Norbord		¢							
3	Cass Forest Products Inc.		¢							
4	Cass Forest Products		¢							
5	EITE Customer Total									
6	Components									
7	Cost of Energy <sup>2</sup>	2.464								
8	Fixed Costs <sup>3</sup> [PROTECTED DATA BEGINS...]	\$								per kW ...PROTECTED DATA ENDS]
9	MN kWh Total <sup>4</sup>	2,703,080,154								kWh
10	MN Low Income Sales <sup>5</sup>	59,365,970								kWh
11	Low Income % of Total	2.20%								
12	MN kWh Total w/o EITE w/o LIHEAP	2,577,774,184								kWh
13	Lost Margin	\$ 2,571,126								
14	Forecasted LIHEAP Revenue <sup>6</sup>	\$ 5,644,929								
15	2017 MN Revenue <sup>7</sup>	\$ 208,453,774								
16	OTP Total Revenue w/o EITE	\$ 203,812,274								
17	OTP Total Revenue w/o LIHEAP & w/o EITE	\$ 198,167,345								
18	Increase to Recover All Lost Revenue	1.262%								

...PROTECTED DATA ENDS]

<sup>1</sup> Based on Total Bill divided by kWh

<sup>2</sup> Base Cost of Energy rate from Otter Tail's Base Cost of Energy Initial Filing in Docket No. E017/MR-15-1034, from Attachment 9.

<sup>3</sup> Represents the average fixed costs per kW for the three customers eligible for the EITE discount, from Attachment 7.

<sup>4</sup> Forecasted MN kWh for the period of July 2017 through June 2018 based on rate case Docket E017/GR-15-1033.

<sup>5</sup> The average LIHEAP kWh for the last 5 years, from Attachment 8.

<sup>6</sup> The average LIHEAP revenue for the last 5 years, from Attachment 8.

<sup>7</sup> Estimate of MN Revenues from Otter Tail's General Rate Case based on March 2, PUC Decision Docket No. E017/GR-15-1033.



## CERTIFICATE OF SERVICE

**RE: In the Matter of the Petition by Otter Tail Power Company for Approval of an Energy-Intensive, Trade-Exposed Customer Rate  
Docket No. E017/M-17**

I, Lindsay Hauer, hereby certify that I have this day served a copy of the following, or a summary thereof, on Daniel P. Wolf 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  
Cost-Recovery Filing**

Dated this **18th** day of **December, 2017**

/s/ LINDSAY HAUER

Lindsay Hauer, Regulatory Filings Coordinator  
Otter Tail Power Company  
215 South Cascade Street  
Fergus Falls MN 56537  
(218) 739-8376

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Christopher	Anderson	canderson@allete.com	Minnesota Power	30 W Superior St  Duluth, MN 558022191	Electronic Service	No	OFF_SL_17-257_M-17-257
Ray	Choquette	rchoquette@agp.com	Ag Processing Inc.	12700 West Dodge Road PO Box 2047 Omaha, NE 68103-2047	Electronic Service	No	OFF_SL_17-257_M-17-257
Generic Notice	Commerce Attorneys	commerce.attorneys@ag.state.mn.us	Office of the Attorney General-DOC	445 Minnesota Street Suite 1800  St. Paul, MN 55101	Electronic Service	Yes	OFF_SL_17-257_M-17-257
Ian	Dobson	Residential.Utilities@ag.state.mn.us	Office of the Attorney General-RUD	1400 BRM Tower 445 Minnesota St St. Paul, MN 551012130	Electronic Service	Yes	OFF_SL_17-257_M-17-257
James C.	Erickson	jericksonkbc@gmail.com	Kelly Bay Consulting	17 Quechee St  Superior, WI 54880-4421	Electronic Service	No	OFF_SL_17-257_M-17-257
Sharon	Ferguson	sharon.ferguson@state.mn.us	Department of Commerce	85 7th Place E Ste 280  Saint Paul, MN 551012198	Electronic Service	No	OFF_SL_17-257_M-17-257
Bruce	Gerhardson	bgerhardson@otpc.com	Otter Tail Power Company	PO Box 496 215 S Cascade St Fergus Falls, MN 565380496	Electronic Service	No	OFF_SL_17-257_M-17-257
Bryce	Haugen	bhaugen@otpc.com	Otter Tail Power Company	215 S Cascade St P.O. Box 496 Fergus Falls, MN 56538	Electronic Service	No	OFF_SL_17-257_M-17-257
Shane	Henriksen	shane.henriksen@enbridge.com	Enbridge Energy Company, Inc.	1409 Hammond Ave FL 2  Superior, WI 54880	Electronic Service	No	OFF_SL_17-257_M-17-257
Douglas	Larson	dlarson@dakotaelectric.com	Dakota Electric Association	4300 220th St W  Farmington, MN 55024	Electronic Service	No	OFF_SL_17-257_M-17-257

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
James D.	Larson	james.larson@avantenergy.com	Avant Energy Services	220 S 6th St Ste 1300 Minneapolis, MN 55402	Electronic Service	No	OFF_SL_17-257_M-17-257
Kavita	Maini	kmairi@wi.rr.com	KM Energy Consulting LLC	961 N Lost Woods Rd Oconomowoc, WI 53066	Electronic Service	No	OFF_SL_17-257_M-17-257
Andrew	Moratzka	andrew.moratzka@stoel.com	Stoel Rives LLP	33 South Sixth St Ste 4200 Minneapolis, MN 55402	Electronic Service	No	OFF_SL_17-257_M-17-257
Larry L.	Schedin	Larry@LLSResources.com	LLS Resources, LLC	332 Minnesota St, Ste W1390 St. Paul, MN 55101	Electronic Service	No	OFF_SL_17-257_M-17-257
Stuart	Tommerdahl	stommerdahl@otpc.com	Otter Tail Power Company	215 S Cascade St PO Box 496 Fergus Falls, MN 56537	Electronic Service	No	OFF_SL_17-257_M-17-257
Daniel P	Wolf	dan.wolf@state.mn.us	Public Utilities Commission	121 7th Place East Suite 350 St. Paul, MN 551012147	Electronic Service	Yes	OFF_SL_17-257_M-17-257