

STATE OF MINNESOTA
BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION
121 Seventh Place East, Suite 50
St. Paul, Minnesota 55101-2147

In the Matter of Petition of Otter Tail Power Company for Approval of an Environmental Upgrades Cost Recovery Rider	MPUC Docket No. E-017/M-13-648
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COMMENTS of the MINNESOTA CHAMBER OF COMMERCE

The Minnesota Chamber of Commerce (“Chamber”) appreciates this opportunity to comment *In the Matter of the Petition of Otter Tail Power Company for Approval of an Environmental Upgrades Cost Recovery Rider* Docket No. E-017/M-13-648, (“ECR Rider”). The Chamber represents over 2,300 businesses throughout the state of Minnesota, of which many members are Otter Tail’s customers. As the voice of Minnesota businesses on statewide policy issues, the Chamber’s main goal is to make Minnesota’s business environment competitive relative to other states and nations. Energy is a critical component to a successful business environment. Therefore, a focal point of the Chamber’s policy is ensuring Minnesota has competitively priced, reliable, and environmentally sound energy rates.

Otter Tail submitted this petition pursuant to Minnesota Stat. § 216B.1692 (the “Emissions-Reduction Rider Statute”). The ECR Rider will allow Otter Tail to commence rate recovery for its share of costs for the Air Quality Control System (“AQCS”) project being installed at the Big Stone Generation Station Plant located near Big Stone, South Dakota (“Big Stone Plant”).

In the current petition, Otter Tail seeks to recover \$6.1 million in revenue requirements for the period October 2013- September 2014. The Chamber’s comments are related to the cost allocation and rate design of the revenue requirements. The Chamber supports Otter Tail’s method using the percent of bill approach.

Otter Tail proposes to use the “percent of bill” method to allocate costs to classes and within the class. This approach consists of calculating the revenue requirements as a percentage of base rates and utilizing this percentage to allocate and recover costs. In support of this method, Otter Tail states the following:

The customer’s base rate charges in the bill are an appropriate reflection of the Company’s CCOSS and energy and demand components and therefore, the percent of bill method provides a fair and suitably representative rate design for cost responsibility among and within classes. Furthermore, this method is also simple to administer.¹

The Chamber agrees with Otter Tail and supports this method since it is consistent in matching the rate design with other baseload plant ratebase and operating expenses by applying the percent to only base rates. The environmental upgrades are to a baseload generation plant which has demand and energy components. The percent of bill method applied to base rates mimics the current rate design used for all customers.

¹ See ECR Rider Petition, page 13