



85 7th Place East, Suite 500
St. Paul, Minnesota 55101-2198
mn.gov/commerce/
651.539.1500 FAX 651.539.1547
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April 18, 2014

Burl W. Haar
Executive Secretary
Minnesota Public Utilities Commission
121 7th Place East, Suite 300
St. Paul, Minnesota 55101

RE: Comments of the Minnesota Department of Commerce, Division of Energy Resources on
Otter Tail Power Company's *Compliance Filing*
Docket No. E017/M-13-103

Dear Dr. Haar:

On April 9, 2014, Otter Tail Power Company (OTP or the Company) made its *Compliance Filing* in the above-referenced docket. Although OTP appears to have complied with various aspects of the Minnesota Public Utilities Commission's (Commission) March 10, 2014 Order, OTP also chose to update certain costs and revenues included in its Transmission Cost Recovery Rider (TCR Rider) beyond that which was approved in the Commission's Order. Specifically, OTP replaced its projected costs and revenues with unaudited actual costs and revenues for the period through February 2014. In addition, OTP updated its forecasted costs and revenues for March and April 2014. As a result, OTP's proposed annual revenue requirements for the period for May 1, 2013 to April 30, 2014 have increased from \$2,268,907 in the initial filing to \$3,575,856 in the *Compliance Filing*.

The Department of Commerce (Department) opposes OTP's proposal to revise its proposed recovery. Normally, projected amounts are updated to actual amounts in subsequent TCR Rider filings where they are reviewed in detail. It is not appropriate to revise revenue requirements in a compliance filing when the Commission has not approved the change and neither the Department nor Commission staff has had the opportunity to review the changes in detail.

Further, by updating these figures in its *Compliance Filing*, the amounts and balances presented to and relied upon by the Commission at its January 30, 2014 Agenda Meeting have changed dramatically. For example, the Department notes that OTP's previously reported tracker balance has changed from an over-recovery amount of (\$378,716) to an under-recovery amount of \$50,333.

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In conclusion, the Department recommends that the Commission reject OTP's *Compliance Filing* and require the Company to make a subsequent compliance filing incorporating only the changes approved by the Commission.

The Department is available to answer any questions that the Commission may have.

Sincerely,

/s/ MARK JOHNSON
Financial Analyst

MJ/sm

CERTIFICATE OF SERVICE

I, Jan Mottaz, hereby certify that I have this day, served copies of the following document on the attached list of persons by electronic filing, e-mail, or by depositing a true and correct copy thereof properly enveloped with postage paid in the United States Mail at St. Paul, Minnesota.

Comments of the Minnesota Department of Commerce, Division of Energy Resources

Docket No. E017/M-13-103

Dated this 18th day of April 2014

/s/Jan Mottaz

| First Name | Last Name | Email | Company Name | Address | Delivery Method | View Trade Secret | Service List Name |
|------------|------------|-------------------------------|------------------------------------|--|--------------------|-------------------|------------------------|
| Julia | Anderson | Julia.Anderson@ag.state.mn.us | Office of the Attorney General-DOC | 1800 BRM Tower 445 Minnesota St St. Paul, MN 551012134 | Electronic Service | Yes | OFF_SL_13-103_Official |
| Sharon | Ferguson | sharon.ferguson@state.mn.us | Department of Commerce | 85 7th Place E Ste 500 Saint Paul, MN 551012198 | Electronic Service | No | OFF_SL_13-103_Official |
| 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_13-103_Official |
| Burl W. | Haar | burl.haar@state.mn.us | Public Utilities Commission | Suite 350 121 7th Place East St. Paul, MN 551012147 | Electronic Service | Yes | OFF_SL_13-103_Official |
| John | Lindell | agorud.ecf@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_13-103_Official |
| 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_13-103_Official |