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November 9, 2015



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

**Re: In the Matter of the Petition of Otter Tail Power Company for Approval of a  
Transmission Cost Recovery Rider Annual Adjustment  
Docket No. E017/M-15-874  
REPLY COMMENTS**

Dear Mr. Wolf:

Enclosed for filing in the above-referenced matter are Otter Tail Power Company's (Otter Tail) Reply Comments.

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 Certificate of Service is also enclosed.

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  
Rates Analyst, Regulatory Administration

nlo  
Enclosures  
By electronic filing  
c: Service List

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

**In the Matter of the Petition of  
Otter Tail Power Company for Approval  
of a Transmission Cost Recovery Rider  
Annual Adjustment**

**Docket No. E017/M-15-874**

**OTTER TAIL POWER COMPANY'S  
REPLY COMMENTS**

**I. INTRODUCTION**

These Reply Comments respond to Comments filed by the Department of Commerce, Division of Energy Resources (Department) on October 28, 2015 in the above-captioned matter. In its Comments, the Department requested that Otter Tail Power Company (Otter Tail) respond to two items: (1) whether any of the project costs, other than the Bemidji project, included in the Transmission Cost Recovery (TCR) Rider are over their respective caps, and (2) explain the Midcontinent Independent System Operator (MISO) Schedule 26 revenue calculation included in Attachment 12 of the Initial Filing. These Reply Comments provide the requested information.

**II. PROJECT COSTS ARE BELOW THEIR RESPECTIVE CAPS**

The Department requested in its Comments that Otter Tail note if any projects included in the TCR, other than the Bemidji project, are over their respective cost caps. Otter Tail provides Table 1 below depicting each of the projects, save Bemidji, included in the TCR.

**TABLE 1**

A  Project	B  CON/TCR Eligibility Docket #	C  Estimated Cost in Approved CON/TCR Eligibility Docket (millions)	D  Otter Tail Ownership Percentage	E  Otter Tail's Share of Total Estimated Costs (millions)	F  Otter Tail's Current Estimated Cost at Completion (millions)
Fargo-Monticello	CN-06-1115 (CON)	\$640.0	13.2%	\$84.5	\$80.2
Brookings-Hampton	CN-06-1115 (CON)	\$669.6	4.1%	\$27.5	\$26.0
Ramsey	M-12-514 (TCR Eligibility)	\$0.9	100.0%	\$0.9	\$0.4

In Table 1 above, Column A represents the project, Column B references the filing approving the respective cost cap for each project, Column C is the cost cap that has been

extracted from the filing noted in Column B, Column D is Otter Tail's ownership percentage as noted in the Column C filings, and Column E is the product of Column C and Column D. As shown in Column F, Otter Tail's "Estimate at Completion", none of the projects in Table 1 have exceeded the costs estimated in their respective estimated cost dockets.

### **III. CALCULATION OF MISO SCHEDULE 26 REVENUES**

The Department requested in Section D.1 of its Comments that Otter Tail fully explain in reply comments the calculations resulting in the difference in value between Total Schedule 26 Revenue (Line 1 of Attachment 12) and Schedule 26 Revenue (Line 8 of Attachment 12) in the Initial Filing of this Docket.

Line 1 of Attachment 12 (Total Schedule 26 Revenue) identifies Otter Tail's Schedule 26 revenues [Total system] associated with transmission projects subject to a MISO tariff. Line 8 of Attachment 12 (Schedule 26 Revenue) identifies Otter Tail's [Total system] revenues associated with the projects included in the TCR. The difference between Line 1 and Line 8 is that Line 1 is inclusive of Schedule 26 revenues from projects that are not included in TCR (neither cost nor revenues), whereas line 8 is limited to projects that are included (cost and revenues) in the TCR. Projects that are not in the TCR Rider account for 7.65 percent of Total Schedule 26 Revenue for 2015, and 9.26 percent for 2016. Projects not in the TCR include out-of-state projects previously determined ineligible for TCR recovery. The method of crediting MISO 26 revenues conforms to Otter Tail's previous TCR filings made in compliance with the Commission's March 10, 2014 Order in Docket E-017/M-13-103 and the Department's recommendations that all MISO revenues associated with projects in Otter Tail's TCR Rider (Fargo, Bemidji & Brookings projects) be passed through to Minnesota rate payers. For the Bemidji project specifically, one hundred percent of MISO Schedule 26 revenues are included in the TCR but the costs (over CON estimates) disallowed from Rider recovery pursuant to the cost cap continue to be excluded from the Rider.

#### **IV. CONCLUSION**

Otter Tail appreciates the confirmation from the Department that Otter Tail has calculated the components of the TCR Rider in compliance with previous Orders. Additionally, Otter Tail has provided the above information as requested by the Department.

Dated: November 9, 2015

Respectfully Submitted,

OTTER TAIL POWER COMPANY

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## CERTIFICATE OF SERVICE

**RE: In the Matter of the Petition of Otter Tail Power Company for Approval of a  
Transmission Cost Recovery Rider Annual Adjustment  
Docket No. E017/M-15-874**

I, Nancy Olson, 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  
Reply Comments**

Dated this **9th** day of **November 2015**

/s/ NANCY OLSON

Nancy Olson  
Regulatory Filing Coordinator  
Otter Tail Power Company  
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