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May 27, 2016

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

**Re: RESPONSE to the May 17, 2016 Request for Provisional Adoption and Comment  
Deadline Extension of the by Minnesota Department of Commerce, Division of  
Energy Resources AND to the May 25, 2016 Notice of Extended Comment Period by  
the Minnesota Public Utilities Commission  
Docket Nos. E017/M-16-373 and E017/M-16-374**

Dear Mr. Wolf:

Otter Tail Power Company (Otter Tail) submits this request for provisional approval of its rate reduction requests in the above referenced Dockets (annual updates to its Environmental and Transmission Cost Recovery Riders (ECRR and TCRR)). This request is consistent with the Minnesota Department of Commerce, Division of Energy Resource's (Department's) May 17, 2016 request in the above referenced Dockets.

In its Request, the Department requested an extension for comments and it requested that Otter Tail's proposed rate reductions be granted provisional approval while the matter is pending. The Department also commended Otter Tail for its timeliness in submitting updates in the above referenced Dockets to *reduce rates*. The Commission granted the Department's extension request on May 25, 2016.

Otter Tail supports the DOC's recommendation to provisionally approve both annual updates to be effective September 1, 2016. This approach provides a reduction in rates for customers and meets the goal of keeping the ECRR and TCRR tracker balances as close as possible to zero by the end of the proposed recovery periods. The tables below summarize the proposed rate changes for the ECRR and TCRR:

<b>Environmental Cost Recovery Rider E017/M-16-373</b>	<b>Current Rate (Percent of Bill)</b>	<b>Proposed Rate (Percent of Bill)</b>
All Customers	7.006%	6.927%

<b>Transmission Cost Recovery Rider E017/M-16-374</b>	<b>Current Rates</b>	<b>Proposes Rates</b>
Large General Service	\$1.342/kW	\$0.937/kW
Controlled Service	0.067¢/kWh	0.041¢/kWh
Lighting	0.296¢/kWh	0.158¢/kWh
All Other Service	0.431¢/kWh	0.246¢/kWh

Otter Tail respectfully requests Commission approval of this recommendation.

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.

Sincerely,

*/S/ BRYCE C. HAUGEN*

Bryce C. Haugen  
Senior Rates Analyst, Regulatory Administration

nlo  
Enclosures  
By electronic filing  
c: Service List

## CERTIFICATE OF SERVICE

**RE: In the Matter of Otter Tail Power Company's Environmental Upgrade and  
Transmission Rider Annual Updates  
Docket Nos. E017/M-16-373 and E017/M-16-374**

I, Nancy L. 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  
Response**

Dated this **27th** day of **May 2016**

*/s/ NANCY L. OLSON*

\_\_\_\_\_  
Nancy L. Olson, Regulatory Filing Coordinator  
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