## COMMERCE DEPARTMENT

July 2, 2024

Will Seuffert Executive Secretary Minnesota Public Utilities Commission 121 7th Place East, Suite 350 Saint Paul, Minnesota 55101-2147

RE: **Comments of the Minnesota Department of Commerce, Division of Energy Resources** Docket No. E017/M-24-49

Dear Mr. Seuffert:

Attached are the Comments of the Minnesota Department of Commerce, Division of Energy Resources (Department) in the following matter:

Otter Tail Power's 2023 Annual Filing of the Demand Side Management Financial Incentive Project and Annual Filing to Update the Conservation Improvement Project Rider (*Petition*)

The *Petition* was filed on April 1, 2024 by:

Cristina Zuniga Otter Tail Power Company 215 South Cascade Street P.O. Box 496 Fergus Falls, MN 56538-0496

The Department recommends that the Commission **approve Otter Tail's** *Petition*. The Department is available to answer any questions that the Minnesota Public Utilities Commission may have.

Sincerely,

/s/ DR. SYDNIE LIEB Assistant Commissioner of Regulatory Analysis

SL/ad Attachment

## COMMERCE DEPARTMENT

## Before the Minnesota Public Utilities Commission

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

Docket No. E017/M-24-49

### I. INTRODUCTION

On April 1, 2024, Otter Tail Power Company (Otter Tail, OTP, or the Company) submitted its annual Conservation Improvement Program (CIP) filing (*Petition*) for 2023 with the Minnesota Public Utilities Commission (Commission) in Docket No. E017/M-24-49. The *Petition* contains the following requests:

- Approval of a Demand Side Management (DSM) financial incentive of \$2,705,283;
- Approval of proposed recoveries and expenditures in the Company's CIP tracker account during 2023 resulting in a year-end 2023 balance of (\$3,321,343);
- Approval of a 2023/2024 Conservation Cost Recovery Adjustment (CCRA) of \$0.00555 per kWh for bills rendered on and after October 1, 2024;
- Approval of a variance to Minnesota Rules part 7820.3500 (K) to allow Otter Tail to continue to include CCRA within the Resource Adjustment on customer bills; and
- Approval of specific administrative changes to Otter Tail's Conservation Improvement Project Rider.

The filing also contains the Company's 2023 CIP Status Report (Status Report). The Status Report is intended to fulfill the requirements of the Department's annual conservation reporting rules contained in Minnesota Rules part 7690.0550. Since the Company's Status Report does not require Commission approval, this portion of the *Petition* has been assigned to a separate docket.<sup>1</sup>

### II. COMMISSION'S 2023 ORDER

Prior to the Commission's 2023 Order in Docket No. E017/M-23-150, the Commission issued a series of Orders that permitted Otter Tail to eliminate its Conservation Cost Recovery Charge (CCRC) and recover all conservation costs through its Conservation Cost Recovery Adjustment (CCRA). A narrative of these decisions can be found in pages 1-3 of the Department's May 31, 2023 Comments in Docket No. E017/M-23-150.

On July 21, 2023, the Commission issued its Order in Otter Tail's 2022 CIP Filing in Docket No. E017/M-23-150. In that Order the Commission:

1. Approved a financial incentive of \$2,414,490 for Otter Tail's 2022 CIP achievements;

<sup>&</sup>lt;sup>1</sup> See Docket No. E017/CIP-20-475.

- 2. Approved Otter Tail's 2022 CIP tracker account resulting in a December 31, 2022 tracker balance of \$210,329;
- 3. Approved a CCRA of \$0.00682 per kWh, to be effective October 1, 2023 or the first month after Commission approval, whichever is Otter Tail's preference;
- 4. Granted a variance to Minnesota Rules parts 7820.3500(K) for one year after the issue date of the Order; and
- 5. Directed Otter Tail to submit a compliance filing within ten days of the Order with revised tariff sheets reflecting the Commission's determinations in this matter.

The Company submitted a compliance filing on July 31, 2023, using a CCRA of \$0.00600, which was not the rate approved in the Commission's July 21, 2023 Order. Otter Tail filed an updated compliance filing on January 5, 2024 with the approved \$0.00682 and apologized for any inconvenience the mistake may have caused.

### III. DEPARTMENT ANALYSIS

The Department provides its analysis of Otter Tail's *Petition* below in the following sections:

- In Section III.A, A review of Minnesota's updated conservation statutes;
- In Section III.B, Otter Tail's Proposed 2023 Shared Savings DSM Financial Incentive;
- In Section III.C, Otter Tail's Proposed 2023 CIP Tracker;
- In Section III.D, Otter Tail's proposed CCRA for 2024/2025;
- In Section III.E, Otter Tail's request for a variance to Minnesota Rules part 7820.3500 (K);
- In Section III.F, Otter Tail's request for approval of administrative changes to its rider; and
- In Section III.G, Otter Tail's historical conservation achievements and incentives.

### A. MINNESOTA'S UPDATED CONSERVATION STATUTES

In 2021, the Minnesota Legislature passed the Energy Conservation and Optimization (ECO) Act. This Act updated Minnesota's existing "CIP" Statutes, which have since become known as the "ECO" statutes. Subsequently, the state's Conservation Improvement Program (CIP) was re-branded as the state's Energy Conservation and Optimization (ECO) program. As a result, Otter Tail's triennial filing governing the 2021-2023 years was considered a "CIP" Triennial Filing (Docket No. E017/CIP-20-475) and Otter Tail's most recent triennial filing covering years 2024-2026 was considered its first "ECO" Triennial Filing (Docket No. E017/CIP-23-94). The Department expects future Otter Tail Status Reports will also incorporate the "ECO" language change.

The ECO Statutes impacting Investor-Owned Utilities are as follows:

- Minnesota Statutes § 216B.2401 (Energy Savings and Optimization Policy Goal);
- Minnesota Statutes § 216B.2402 (Definitions);

- Minnesota Statutes § 216B.241 (Public Utilities; Energy Conservation and Optimization);
- Minnesota Statutes § 216B.2411 (Distributed Energy Resources); and
- Minnesota Statutes § 216B.2412 (Decoupling of Energy Sales from Revenues).

The Department has reviewed the ECO Statutes for any changes that potentially impact the Commission. As under the former CIP Statutes, the ECO Statutes grant jurisdiction to the Department over most of the state's conservation activities. However, the Commission continues to have jurisdiction over two specific conservation items relevant to this proceeding: the financial incentive and the recovery of ECO (formerly CIP) costs. The Department found no substantive changes to those sections concerning the Commission's authority that would impact this proceeding. However, the Department's review of the Company's Shared Savings Financial Incentive will be impacted in next year's filing, as that future review will incorporate the Commission's January 25, 2024 Order Adopting Modifications to Shared Savings Demand-Side Management Financial Incentive Plan from Docket No. E,G999/CI-08-133 (In the Matter of Commission Review of Utility Performance Incentives for Energy Conservation).

Therefore, the Department has determined that its current review of Otter Tail's Petition can proceed as it has in past years.

- B. OTTER TAIL'S 2023 DSM FINANCIAL INCENTIVES
  - 1. Background of the DSM Financial Incentive

The Shared Savings DSM financial incentive plan was initially approved by the Commission in Docket No. E,G999/CI-08-133 on January 27, 2010. On August 5, 2016, in the same docket, the Commission adopted an Order modifying the Demand Side Management Financial Incentive Plan for the years 2017-2019. In an Order issued November 15, 2021 in Docket No. 017/M-21-228, the Commission extended the modification through 2020. On December 9, 2020, the Commission approved the parameters for the Shared Savings financial incentive mechanism covering the 2021-2023 CIP triennial (December 9 Order). In the December 9 Order, the Commission capped electric and gas incentives at 10 percent of net benefits and 30 percent of expenditures. The December 9 Order approved an expenditure cap of 35 percent if electric utilities meet or exceed energy savings of 2 percent and gas utilities of 1.2 percent of retail sales. For more details about the December 9 Order, see Attachment A.

The instant filing covers conservation activities occurring in 2023, and so the 2023 financial incentive is subject to the following two caps: 10.0 percent of net benefits and up to 35 percent of expenditures.

### 2. The Department's Review of Otter Tail's Proposed 2023 DSM Financial Incentive

For its 2023 achievements, OTP reported first-year energy savings of 61,144,189 kWh, expenditures of \$7,729,380, and net benefits of \$30,263,795.<sup>2</sup> These first-year savings equate to 3.62 percent of OTP's CIP-applicable three-year weather-normalized sales average of 1,689,628,350. Based on the terms and conditions of its approved Shared Savings DSM financial incentive plan, Otter Tail requested recovery of a DSM financial incentive of \$2,705,283. Otter Tail Power's proposed incentive is equal to 8.94 percent (\$2,705,283/\$30,263,795) of the Company's 2023 calculated net benefits and 35 percent (\$2,705,283/\$7,729,380) of the Company's 2023 expenditures.

In most years, there is a lag between the Company's request for recovery of an incentive and the completion of the Department's engineering-oriented analysis of the demand and energy savings that underpin the proposed incentive. In last year's review, the Department compensated for this lag by simply assuming Otter Tail's claimed energy savings for 2022 were correct as filed, with the intent to make, in the instant filing, any adjustments approved by the Deputy Commissioner of the Department. The Deputy Commissioner approved Otter Tail Power's 2022 Status Report without adjustments in Docket No. E017/CIP-20-475 and so no adjustments are required for 2022 activities.<sup>3</sup>

On May 22, 2024, Department staff recommended that the Deputy Commissioner accept Otter Tail's 2023 Status Report, pending a review of custom projects. If any adjustments should be required in the Deputy Commissioner's final decision, the Department will account for those in comments on the Company's 2024 filing.

The Department's review indicates that the Company correctly calculated its DSM financial incentive for 2023 CIP achievements and did not violate either of the Commission-approved caps. Therefore, the Department recommends that the Commission approve OTP's 2023 Shared Savings financial incentive of \$2,705,283.

### B. OTTER TAIL'S PROPOSED 2023 CIP TRACKER

In its *Petition*, Otter Tail requested approval of its report on recoveries and expenditures included in the Company's 2023 CIP tracker account. This activity can be found in Exhibit 5 of OTP's *Petition* and is summarized below in Department Table 1.

<sup>&</sup>lt;sup>2</sup> Savings, spending, and net benefits figures do not include specific amounts from the Company's Publicly-Owned Solar Program, Low-Income program, and Next Generation Energy Act Assessments. Further details can be found in the Company's Financial Incentive Calculation in Appendix A, page 3 of the *Petition*.

<sup>&</sup>lt;sup>3</sup> Approved by the Department's Deputy Commissioner on July 6, 2023.

Department Table 1: A Summary of Otter Tail's Proposed 2023 CIP Tracker Account <sup>4</sup>					
Line	Description	Time Period	Amount		
1	Beginning Balance	December 31, 2022	\$210,328		
2	CIP Expenses	January 1, 2023 through December 31, 2023	\$7,729,380		
3	DSM Financial Incentive	Approved in 2023 for 2022 activities	\$2,414,490		
4	Carrying Charges	January 1, 2023 through December 31, 2023	(\$53 <i>,</i> 636)		
5	CIP Expenses Subtotal [Line 1 + Line 2 + Line 3 + Line 4]	January 1, 2023 through December 31, 2023	\$10,300,563		
6	CCRA Recovery <sup>5</sup>	January 1, 2023 through December 31, 2023	(\$13,621,906)		
7	Ending Balance [Line 5 + Line 6]	December 31, 2023	(\$3,321,343)		

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The Department reviewed Exhibit 5 of the Petition and concludes that the Company correctly calculated its 2023 CIP Tracker account. Therefore, the Department recommends the Commission approve Otter Tail's 2023 CIP Tracker, resulting in a year-end balance of (\$3,321,343)

#### С. OTTER TAIL'S PROPOSED CCRA

### 1. CCRA

OTP's current composite CCRA is \$0.00682 per kWh, as approved by the Commission in its 2023 Order. For October 2024 through September 2025 (2024/2025), Otter Tail proposed to decrease the CCRA to \$0.00555 per kWh.

Otter Tail projected its 2024/2025 CIP tracker activities assuming a \$0.00555/kWh CCRA that goes into effect at the beginning of October 2024. This information can be found in OTP's Exhibit 1 of its Petition and is summarized in Department Table 2 below.

<sup>&</sup>lt;sup>4</sup> The detailed projection can be found in full in the Exhibit 5 spreadsheet attachment to OTP's filing.

<sup>&</sup>lt;sup>5</sup> The Department notes that the unapproved composite CCRA of \$0.00600/kWh was applied through the duration of the 2023 year.

Line Description Time Period Amount						
Line	Description		Amount			
1	Beginning Balance	October 1, 2024	(\$2,832,492)			
2	CIP Program Expenses	October 1, 2024 - September 30, 2025	\$10,055,378			
3	Forecasted Incentive	Forecasted 2025 incentive for 2024 activities	\$1,600,000			
4	Carrying Charges	October 1, 2024 - September 30, 2025	(\$32,340)			
5	CIP Expenses Subtotal [Line 2 + Line 3 + Line 4]	As of September 30, 2025	\$11,623,038			
6	CCRA Recoveries (\$0.00555/kWh)	October 1, 2024 - September 30, 2025	(\$8,796,263)			
7	Ending Balance [Line 1+ Line 5 + Line 6]	As of September 30, 2025	(\$5,717)			

# Department Table 2: Otter Tail's projected 2024/2024 CIP tracker account, using a CCRA of \$0.00555/kWh<sup>6</sup>

Table 2 shows that if Otter Tail's proposed composite CCRA rate of \$0.00555/kWh were to be in place for a year, the ending tracker balance in September 2025 would be over-recovered at (\$5,717). Due to the elimination of the CCRC in 2022, only revenues from the CCRA are captured in Department Table 2.

The Department typically recommends that the CCRA be set to a value that brings the projected tracker balance to \$0 over the course of a year, or, alternatively, over the course of the time the rate is proposed to be in place. This recommendation is based on the fact that maintaining higher tracker balances (either positive or negative) is associated with a larger mismatch between the time the expenses are incurred and the time they are recovered. This mismatch between expenses and recoveries is considered undesirable from a ratemaking perspective, as customer churn necessitates a corresponding mismatch between the customers benefiting from conservation services and customers paying for them. Moreover, a high positive balance also means higher carrying charges borne by ratepayers. However, the goal of recovering the tracker balance quickly through a higher rate must be balanced with the goal of avoiding rate shock.

The current projected balance for September 30, 2025 is close to zero and avoids rate shock. The Department confirmed that Otter Tail calculated its composite CCRA rate correctly. The Department is therefore supportive of the Company's proposed CCRA and recommends Commission approval.

### 2. Class Rate Factors

Otter Tail's composite CCRA only represents a weighted average rate, with actual rate factors calculated for each rate class via the Commission-approved allocation factor determined in the Company's last rate case.<sup>7</sup> The below table shows the class rate factors and monthly impact for the current CCRA and Otter Tail's proposed CCRA.

<sup>&</sup>lt;sup>6</sup> The detailed projection can be found in full in the Exhibit 1 spreadsheet attachment to OTP's filing.

<sup>&</sup>lt;sup>7</sup> In prior years, Otter Tail has implemented a single rate factor and applied in uniformly across CIP-applicable customers.

Line No.	Class	Average kWh/Bill	Current CCRA (\$0.00682/kWh)		Otter Tail Proposed CCRA (\$0.00555/kWh)	
			Class Rate Factor (\$/kWh)	Monthly Impact	Class Rate Factor (\$/kWh)	Monthly Impact
1	Residential	762	0.00683	\$5.21	0.00545	\$4.16
2	Farm	2,608	0.00689	\$17.97	0.00558	\$14.55
3	General Service	2,627	0.00686	\$18.02	0.00540	\$14.19
4	Large General Service	158,742	0.00682	\$1,082.62	0.00578	\$917.53
5	Irrigation	1,535	0.00362	\$5.56	0.00304	\$4.67
6	Outdoor Lighting	53	0.00778	\$0.41	0.00613	\$0.32
7	OPA	2,876	0.00604	\$17.37	0.00487	\$14.01
8	Controlled Service Deferred	316	0.00657	\$2.07	0.00534	\$1.69
9	Controlled Service Interrupt	132	0.00709	\$0.94	0.00561	\$0.74
10	Controlled Service Off-Peak	5,359	0.00593	\$31.78	0.00453	\$24.28

### Department Table 3. OTP's current vs. proposed CCRA impact<sup>8</sup>

The proposed class rate factors were included in Otter Tail's updated tariff sheets. The Department verified that the calculated class rate factors appear to correctly reflect the proposed composite CCRA of \$0.00555/kWh and the Commission-approved allocation factor from the Company's rate case in Docket No. E017/GR-20-719.

Prior to last year, Otter Tail only charged the single composite CCRA to every CIP-applicable customer. The individual rate factors were first explicitly approved by the Commission in the Company's rate case in Docket No. E017/GR-20-719. However, in last year's CIP financial incentive/tracker/rider filing, the Commission did not explicitly approve the individual class rate factors. Instead, the Commission explicitly approved the composite CCRA, then implicitly approved the class rate factors by approving the Company's updated tariff sheets.<sup>9</sup> It is unclear to the Department whether the individual rate factors need explicit approval, given that they are calculated via the composite CCRA and the rate class apportionment, both of which have been approved by the Commission. Further, Otter Tail did not request explicit approval of the class rate factors.

Overall, the Department concludes that the Company's proposed class rate factors are reasonable and recommends Commission approval, if the Commission believes explicit approval is necessary.

<sup>&</sup>lt;sup>8</sup> Any deviation from Otter Tail's figures is due to rounding error.

<sup>&</sup>lt;sup>9</sup> See Commission's July 21, 2023 Order in Docket No. E017/M-23-150.

### 3. Bill Message

Otter Tail provided an example customer notice bill insert to be sent to customers after the proposed rate change would take effect. The insert would be included in each customer bill following the October 2023 implementation date. The text of this bill message is as follows:

The Minnesota Public Utilities Commission approved changes to our Conservation Improvement Project Rider, which is part of the Resource Adjustment on your monthly electric bill. This rider recovers costs associated with energy-efficiency programs that help you save energy. The table below shows new rates by Service Category effective October 1, 2024. In addition to updating these rates, we'll now refer to this rider as our Energy Conservation and Optimization (ECO) Rider.

Otter Tail then included a table of customer class, relevant tariff section, and CCRA rate factor. Finally, the Company provided a customer service number and a link to Otter Tail's website.

Otter Tail did not request Commission approval for the bill message language. The Department notes that for some utilities, the Commission approves proposed bill message language concerning the ECO (formerly CIP) rider, but this approval usually follows a request for approval. The Commission does not appear to have a history of including bill message approvals in its Orders concerning Otter Tail's CCRA, and the benefit of starting now is unclear to the Department. Therefore, the Department will not make a recommendation concerning Otter Tail's notification message, but notes that it is generally supportive of the language.

### D. OTTER TAIL'S ANNUAL REQUEST FOR A VARIANCE FROM COMMISSION RULES

Otter Tail requested a rule variance to Minnesota Rules part 7820.3500 (K), stating that this request is the same one that was made by the Company in prior years so that Otter Tail could continue to combine the Fuel Clause Adjustment with the CCRA on customer bills. As noted in Section II above, the Commission's July 21, 2023 Order in Docket No. E017/M-23-150 granted a variance to Minnesota Rules parts 7820.3500(K) for one year after the date of that Order.

The contents of Minnesota Rules, parts 7820.3500 (K) are as follows:

### 7820.3500 BILLING CONTENT.

Bills rendered periodically to customers for electric and gas service shall include, but are not limited to, the following information:

[...]

K. fuel or power adjustment clause separately itemized, if applicable;

Otter Tail stated that the Company has been combining its FCA and CIP Rider as a Resource Adjustment line item on customers' bills since July 1995, and that customers have become familiar with the single line-item on their bills.

Based on its review of the Company's rationale for the proposed variance, the Department concludes that Otter Tail has met the conditions set forth in Minnesota Rules part 7829.3200 for the Commission to grant a variance to Minnesota Rules part 7820.3500 (K). The Department recommends that the Commission, as it has in past years, grant a variance to this rule until the Commission issues an Order setting the Company's 2025-2026 CCRA.

### E. OTTER TAIL'S REQUEST FOR APPROVAL OF ADMINISTRATIVE CHANGES TO ITS RIDER

Otter Tail requested approval of administrative changes to the Company's tariff sheets. As described on page 4 of its filing, the Company proposed to rename its Section 13.02 "Conservation Improvement Project (CIP) Rider" to the "Energy Conservation and Optimization (ECO) Rider" to align the rider name with statutory changes. This was accompanied by a change from "CIP" to "ECO" throughout the tariff sheets, including the Company's Mandatory Riders—Applicability Matrix. The Company also proposed the following language additions to the rider description on page 2 of Section 13.02:

> DETERMINATION OF CONSERVATION SURCHARGE RATES: <u>The Minnesota</u> <u>Public Utilities Commission (MNPUC) annually approves a Conservation</u> <u>Cost Recovery Adjustment (CCRA) which is used to develop the</u> <u>Conservation Surcharge for each Service Category. The approved CCRA is</u> <u>\$0.00555.</u> The Conservation Surcharge shall be the Recoverable <u>CIP\_ECO</u> Tracker Balance multiplied by the Service Category's <u>CIP\_ECO</u> energy allocator (E2), divided by the corresponding Service Category's projected Minnesota non-exempt retail energy sales for a designated 12-month recovery period. The Surcharge may be adjusted annually by approval <u>of a</u> <u>change in the CCRA of by</u> the <u>Minnesota Public Utilities Commission</u> (MNPUC). The Recoverable <u>CIP\_ECO</u> Tracker Balance is determined as described below, starting with the MNPUC accepted <u>CIP\_ECO</u> Tracker account balance as of the end of the prior year.

Otter Tail stated on page 4 of its filing that it is proposing to add the composite CCRA rate to its tariff to provide more transparency and reduce the risk of administrative errors. The Company notes that currently, the Commission's orders approving the composite rate do not tie directly to Otter Tail's tariff, as the tariff states the individual class rate factors and not the composite rate. The Company stated that this proposed change is directly in response to the unapproved rate of \$0.00600/kWh that was implemented in October 2023.

The Department reviewed Otter Tail's proposal and redlined tariff sheets and concludes that the proposed changes are reasonable. The Department therefore recommends the Commission approve Otter Tail's proposed tariff language changes.

### F. HISTORY OF OTTER TAIL'S ECO (FORMERLY CIP) ACHIEVEMENTS AND FINANCIAL INCENTIVES

The Department provides a summary of historical ECO (formerly CIP) related information for Otter Tail in Attachment B, which covers the period from years 2007 (the year of the passage of the Next Generation Energy Act) through 2023.

The Department further examined energy savings, demand savings, expenditures, and incentive values for select years between 2007 and 2023. In Department Table 4 below, the Department compared 2023 values to 2022 values, 2023 values to average 2021-20223 values, and average 2021-2023 values to average 2011-2013 values.

### Department Table 4: Savings, Expenditures, and Incentives for Selected Years, 2011-2023<sup>10</sup>

	Energy Savings (kWh)	Demand Savings (kW)	CIP Expenditures	Shared Savings Incentive
2023	61,144,189	19 <i>,</i> 598	\$7,729,380	\$2,705,283
2022	50,557,160	22,540	\$7,696,226	\$2,414,490
Average 2021-2023	59,402,499	21,778	\$8,269,038	\$2,673,387
Average 2011-2013	31,514,430	6,805	\$4,805,170	\$3,105,424
Compare 2023 to 2022	20.9%	-13.1%	0.43%	12.0%
Compare 2023 to Avg 2021-2023	2.9%	-10.0%	-6.53%	1.2%
Compare Avg 2021-2023 to Avg 2011-				
2013	88.5%	220.0%	72.09%	-13.9%

The Department observes that Otter Tail's energy savings, expenditures, and incentive increased from 2022 to 2023, with energy savings increasing the most at approximately 21 percent. Otter Tail's 2023 figures appear to have been fairly typical across categories in recent years, as no metric for 2023 exceeded a 10 percent difference when compared to 2021-2023 averages.

The changes between the 2011-2013 period and the 2021-2023 period were more dramatic. Between these periods, the financial incentive decreased approximately 14 percent, while expenditures grew 72 percent, energy savings grew 88.5 percent, and demand savings grew 220 percent.

### IV. DEPARTMENT RECOMMENDATIONS

The Department concludes that Otter Tail's filing is generally reasonable.

The Department recommends that the Commission:

<sup>&</sup>lt;sup>10</sup> Data reflects savings and expenditures used to calculate the financial incentive, and thus does not include savings and spending due to specific programs that were excluded from the financial incentive calculation. For more information on the 2023 figures, see Otter Tail's financial incentive calculation in Appendix A, page 3 of its filing; for more information on figures from other years, see the financial incentive calculation in that year's filing.

- 1. Approve a DSM financial incentive of \$2,705,283;
- 2. Approve Otter Tail's 2023 CIP tracker account, as summarized in Department Table 1 above, resulting in a December 31, 2023 tracker balance of (\$3,321,343);
- Approve a CCRA of \$0.0055/kWh, to be effective October 1, 2024 or the first month after Commission approval, as well as the individual class rate factors, should the Commission deem this approval necessary;
- 4. Grant Otter Tail a variance to Minnesota Rules part 7820.3500 (K) for one year after the issue date of the Commission's Order in the present docket;
- 5. Approve Otter Tail's proposed changes to its tariff sheets; and
- 6. Require Otter Tail to submit a compliance filing, within 10 days of the issue date of the Order in the present docket, with revised tariff sheets reflecting the Commission's determinations in this matter.

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