

215 South Cascade Street  
PO Box 496  
Fergus Falls, Minnesota 56538-0496  
218 739-8200  
[www.otpc.com](http://www.otpc.com) (web site)



August 19, 2019

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

**RE: In the Matter of Otter Tail Power Company's 2018 Demand Side Management  
Financial Incentive Project and Annual Filing to Update the Conservation  
Improvement Project Rider  
Docket No. E017/M-19-256  
Reply Comments**

Dear Mr. Wolf:

The Minnesota Department of Commerce Staff (Department) filed response comments on July 26, 2019. Otter Tail provides the following Reply Comments to the Department, responding to the Department's request for adjustments to Otter Tail's requested Conservation Cost Recovery Adjustment rate and financial incentive amount.

Please feel free to contact me at 218-739-8639 or [jgrenier@otpc.com](mailto:jgrenier@otpc.com) with any questions.

Sincerely,

*/s/ JASON GRENIER*  
Jason Grenier, Manager  
Market Planning

mmo  
Enclosures  
By electronic filing  
C: Service List

**OTTER TAIL POWER COMPANY REPLY COMMENTS  
TO THE MINNESOTA PUBLIC UTILITIES COMMISSION**

**REGARDING OTTER TAIL POWER COMPANY'S 2018 DEMAND SIDE  
MANAGEMENT FINANCIAL INCENTIVE PROJECT AND ANNUAL FILING TO  
UPDATE THE CONSERVATION IMPROVEMENT PROJECT RIDER**

**DOCKET NO. E017/M-19-256  
August 19, 2019**

**I. BACKGROUND**

Otter Tail Power Company (Otter Tail or the Company) respectfully responds to the Minnesota Department of Commerce, Division of Energy Resources (Department or Staff) Reply Comments, dated July 26, 2019, in Otter Tail's 2018 Demand Side Management Financial Incentive Project and Annual Filing to Update the Conservation Improvement Program (CIP) Rider.

The following Reply Comments from Otter Tail attempt to provide discussion on areas of agreement with the Department and also discuss areas where Otter Tail and Department remain in disagreement.

**II. LED STREET LIGHT PROJECT EXPENDITURE ELGIBILITY  
TOWARDS THE FINANCIAL INCENTIVE SPENDING CAP  
PROVISION**

A large area of disagreement between the Department and Otter Tail centers around the eligibility of expenses from Company projects being counting toward the financial incentive spending cap provision. As the Department stated in their July 26, 2019 Reply Comments, "Three issues have been discussed by the parties: whether the Minnesota Public Utilities Commission's (MPUC or Commission) July 16, 2013 Order in Docket No. E,G999/DI-12-1342 (July 16, 2013 Order) supported including expenditures from Company-owned CIP projects when applying the financial incentive expenditure cap; the nature and context of the financial incentive at the time of the July 16, 2013 Order; and whether lost sales due to the LED program support including LED expenses when applying the expenditure cap."

- 1. Whether the Commission's July 16, 2013 Order supported including expenditures from Company-owned CIP projects when applying the financial incentive expenditure cap.**

Otter Tail and the Department agree double recovery is not an issue in this docket. Otter Tail believes it is important to establish this fact through formal comments, so all stakeholders are clear on what issues need addressing going forward.

In the Departments July 26, 2019 Reply Comments, the Department concludes Otter Tail has not demonstrated past Commission Orders support including expenditures on Company-owned CIP projects in the financial incentive calculation.

It is important to distinguish the difference between Company-owned projects by themselves counting towards the financial incentive and Company projects in combination with customer projects counting towards the financial incentive. Otter Tail agrees, Company projects by themselves should not increase the Company's financial incentive, but in this docket, the Company is requesting Company projects paired with customer projects to be eligible towards the latest financial incentive mechanism approved on August 5, 2016, (August 5, 2016 Order) in docket no. E,G-999/CI-08-133.

#### **Example 1: A Company-owned project on its own**

Otter Tail spends \$11 million on customer CIP projects with an additional \$500,000 on a Company owned project. Customer projects produce \$30 million of net benefits. Under this scenario in 2018, the eligible financial incentive calculation would be 35 percent of \$11 million (\$3.85 million) and 12 percent of net benefits (\$3.6 million). The resulting financial incentive is the lesser of the two or \$3.6 million. Under this scenario if an additional \$500,000 from a Company-owned project is added to spending the financial incentive does not increase. The Company-owned project may produce positive net benefits for customers, but these net benefits are ineligible towards the financial incentive, per the Commission's July 16, 2013 Order. This example shows how a Company-owned project by itself does not increase the Company's financial incentive.

#### **Example 2: A Company-owned project paired with customer projects**

Otter Tail spends \$9 million on customer CIP projects with an additional \$500,000 on a Company owned project. Customer projects produce \$30 million of net benefits. Under this scenario in 2018, the eligible financial incentive calculation would be 35 percent of \$9 million (\$3.15 million) and 12 percent of net benefits (\$3.6 million). The resulting financial incentive is the lesser of the two or \$3.15 million. Under this scenario if an additional \$500,000 from a Company-owned project is added to spending the financial incentive would increase. While no net benefits from the Company-owned projects increase the financial incentive, the additional spending paired with net benefits from customer projects increase the financial incentive by \$175,000. The Commission's July 16, 2013 Order does not disqualify the pairing of Company and Customer projects from the financial incentive. At the time of the July 16, 2013 Order the financial incentive mechanism was focused solely on Company-owned projects.

These two scenarios are another example to why the spending cap provision and the net benefits cap provision should not be combined under the same financial mechanism. Significant confusion is

created to what expenses count and if utilities should spend more money solely for increasing financial incentives. Otter Tail will discuss this more later in its comments.

## **2. The nature and context of the financial incentive at the time of the Commission's July 16, 2013 Order.**

In the Departments May 31, 2019 Comments the Department noted

- At the time of the July 16, 2013 Order, the financial incentive was calculated based on net benefits and energy savings. There was no expenditure cap, as there is now, and thus no need to specify whether expenditures should count towards the financial incentive.

Otter Tail would like to directly address this point since its June 24, 2019 comments indirectly addressed this point. As the Department point states, “there was no expenditure cap, as there is now, and thus no need to specify whether expenditures should count towards the financial incentive.” Since there is an expenditure cap now the Commission should specify whether expenditure should count towards the financial incentive. The Commission's July 16, 2013 Order and the Commission's August 5, 2016 Order are not clear on what expenses are eligible towards the financial incentive. Otter Tail believes the Commission should allow Company-owned project expenses when paired with customer project net benefits to count towards the financial incentive.

## **3. Whether lost sales resulting from conservation supports inclusion of LED expenses towards the expenditure cap.**

Otter Tail would like to clear up the issue of lost sales from the Company's LED project. Otter Tail is not claiming lost sales are a result of the Company's LED project. In its June 24, 2019 Reply Comments Otter Tail is raising the issue that if Company-owned LED project expenses are not eligible towards the financial incentive, customer projects which do represent lost sales will also not count toward the financial incentive. The financial incentive is often called, “a performance incentive”, but in this instance some customer projects are not eligible due to a lack of spending by Otter Tail, not by lack of performance by Otter Tail. Allowing expenses from Otter Tail's Company-owned LED project to be counted towards the financial incentive, would help mitigate not earning the full incentive on all customer projects, even though Otter Tail's performance was record setting.

Company-owned project expenses should be included since the Commission's July 16, 2013 Order is not specific to the combination of Company and Customer-owned projects and also the Commission's August 5, 2016 Order allows “expenses” to be included but does not describe which expenses. Otter Tail has always believed all expenses to be eligible towards the financial incentive. The Department's comments from June 3, 2018 in docket no. E017/M-18-119, the Department agrees with eligibility of the Company's LED street light project costs, just delayed until 2019. The Department's comments are as follows:

*“However, the Company can count the spending towards the 2018 expenditure cap; and as the LED Program is expected to incur costs for five years, the associated incentive will simply be shifted to the year(s) in which the costs are incurred.”*

### **III. OTTER TAIL’S PROPOSED CIP TRACKER**

In the Department’s July 26, 2019 Reply Comments the Department included 2018 CIP Tracker for Otter Tail’s 2018 month CIP expenses, recoveries, and sales. Otter Tail has reviewed this tracker and believes two adjustments need to be made. First the Annual Summary balance of \$19,448,454 does not include the \$3,745. Also, the \$3,745 adjustment to January 2018 does not include a carry charge rate applied to it which results in an additional \$8. Otter Tail has made these adjustments in Attachment 1 to these comments.

In Otter Tail’s initial filing in this docket on April 1, 2019 the Company included sales and recoveries by month for 2019 through September 2020 in its CIP Tracker, in Exhibit 1 of the CCRA section discussion. Otter Tail has reviewed the Department’s request for Otter Tail to include sales and recoveries by month and believes the request is for 2018 or the CIP year just completed. Otter Tail has no issues with including both sales and recoveries for the CIP actual year in future filings and will plan to do so on a forward basis.

### **IV. OTTER TAIL’S PROPOSED CCRA**

In Otter Tail’s initial April 1, 2019 filing in this docket the Company requested an increase to the CCRA surcharge of 18.3 percent. Increasing the rate from \$0.00600/kWh to \$0.00710/kWh. In the Department’s July 26, 2019 Reply Comments, the Department recommended a CCRA surcharge increase of 15 percent or \$0.006900/kWh. Otter Tail has reviewed the Department’s recommendation and agrees that if the Commission determines expenses and net benefits from the combination of Company-owned projects and customer projects to not count towards the financial incentive then the CCRA surcharge should be \$0.006900/kWh. However, if the Commission finds that the combination of Company-owned and customer projects are eligible towards the financial incentive or if the Commission approves Otter Tail’s requested exemption from the expenditure cap provision for 2018 and 2019 then Otter Tail requests the Commission approve its initial request of \$0.00710/kWh, effective October 1, 2019.

### **V. DISCUSSION OF OTTER TAIL’S REQUEST THAT THE COMMISSION EXEMPT THE COMPANY FROM THE SHARED SAVINGS CIP EXPENDITURE CAP FOR 2018 AND 2019**

## **1. Background.**

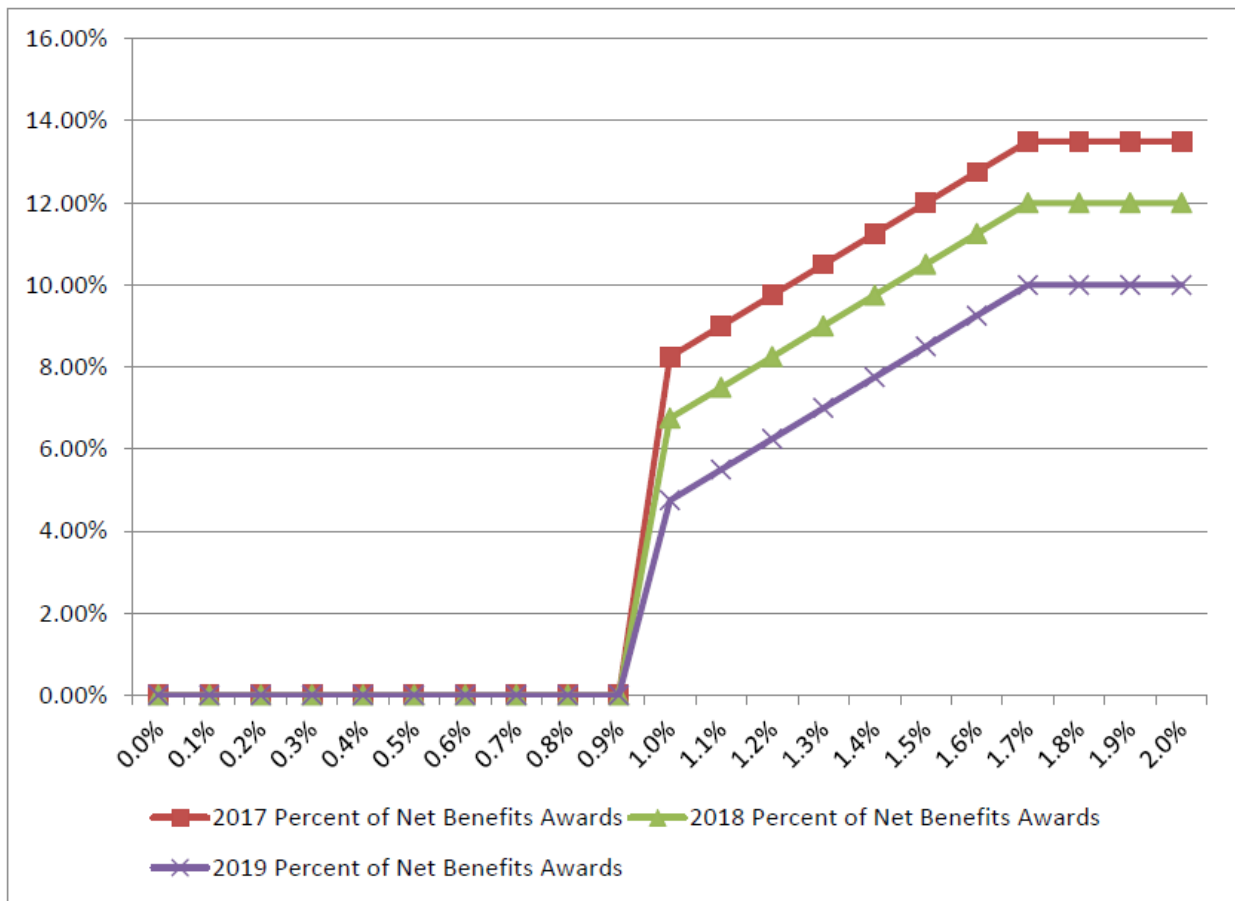
In its June 24, 2019 Reply Comments, Otter Tail requested the Commission grant Otter Tail an exemption from the expenditure cap provision for 2018 and 2019. Otter Tail maintains its justification for this proposal as follows:

- a. The incentive expenditure cap conflicts with Minnesota Statute § 216B.16 Subd. 6c.
- b. The expenditure cap treats Otter Tail differently from the other two Minnesota electric investor owned utilities.
- c. The expenditure cap incentivizes non-cost-effective program spending encouraging more costs to customers.

In the Department's July 26, 2019 Reply Comments, the Department provided background of how the expenditure cap provision was recommended by the Office of Attorney General - Residential Utilities and Antitrust Division (OAG) and the Chamber of Commerce (Chamber) in January 19, 2016 Reply Comments, in docket no. E,G999/CI-08-133. The Department responded to the OAG's comments on February 19, 2016, agreeing that a CIP expenditure cap provision should be introduced to the CIP financial incentive mechanism. Then on August 5, 2016 the Commission approved the new Shared Savings incentive mechanism which includes the expenditure cap provision that are in place today.

While the Department agreed with the OAG and Chamber's proposal to introduce an expenditure cap provision, no analysis was provided to the Commission of the expenditure cap impact on the financial incentive. The Department's February 19, 2016 Reply Comments agreed to introduce a spending cap provision but all analysis of the financial incentive was solely focused on net benefits. See Figure 4: Percent of Net Benefits Awarded Electric IOUs Under the Department's 2017-2019 Shared Savings Proposal below. This figure shows the Department didn't consider an expenditure cap when presenting the change to the Commission and only focused on net benefits.

**Figure 4: Percent of Net Benefits Awarded Electric IOUs Under the Department's 2017-2019 Shared Savings Proposal**



The Department and all stakeholders did not believe the expenditure cap would result in substantial impacts to utilities. At the same time, avoided costs were changing for the utilities so it was very difficult to truly understand the impacts of a new expenditure cap provision on the financial incentive.

The Department included further analysis, specific to Otter Tail, in their February 19, 2016 Reply Comments in Attachment 1 shown in the below table. This analysis also did not factor in the expenditure cap proposal since it assumed Otter Tail's performance would not reach 1.7 percent energy savings causing the maximum payout to be limited. The analysis also assumed that Otter Tail would only achieve an incentive of 39.11 percent of spending at 13.5 percent net benefits, 34.55 percent of spending at 12 percent of net benefits, and 28.48 percent of spending at 10 percent of net benefits. However, Otter Tail's performance has greatly exceeded expectations in both 2017 and 2018 causing the current consequences of the expenditure cap that were unknown to all stakeholders in 2016.

OTTER TAIL, 40% REDUCTION IN AVOIDED COSTS, DEPARTMENT PROPOSAL CAPPED AT 1.7%						
	Max % of Benefits Awarded	% of Net Benefits Awarded	Financial Incentive Awarded	Incentive/First Year Unit of Energy Saved	Incentive/Net Benefits	Incentive/CIP Expenditures
2013 Otter Tail Actuals Under Present Shared Savings			\$4,026,600	\$0.112	12.29%	76.64%
2014 Otter Tail Actuals Under Present Shared Savings			\$2,957,972	\$0.088	11.26%	57.01%
Department Proposal Assuming 2014 Otter Tail Achievements	7.0%	6.37%	\$1,004,697	\$0.0297	6.37%	19.36%
	10.0%	9.37%	\$1,477,661	\$0.0437	9.37%	28.48%
	12.0%	11.37%	\$1,792,971	\$0.0530	11.87%	34.55%
	13.5%	12.87%	\$2,029,453	\$0.0600	12.87%	39.11%

**2. The incentive expenditure cap conflicts with Minnesota Statute § 216B.16 Subd. 6c.**

As stated in Otter Tail June 24, 2019 Reply Comments, the Company believes the introduction of the expenditure cap conflicts with Minnesota Statute § 216B.16 Subd. 6c and is not in the best interest of customers. The expenditure cap encourages Otter Tail to spend additional dollars without the interests of customers in mind. To put it simply, the more the utility spends the more the utility can receive in financial incentive, unless spending unrealistic levels. While 2018 spending is complete, Otter Tail and the Department were aware of this phenomenon after the completion of 2017 CIP. Although the opportunity presented itself, Otter Tail deliberately did not spend additional dollars in 2018 in preparation for the discussion on this topic in this docket. The Commission has the authority to review this issue in the present docket and decide Otter Tail’s exemption request to the expenditure cap to once again align Minnesota statute with the financial incentive.

Otter Tail agrees with the Department that changes to the financial incentive mechanism should be made in the shared savings financial incentive docket no. E,G/CI-08-133. However, when the incentive contradicts Minnesota statute, as in the case in this instance, the Commission should take action and make the necessary changes to maintain cost-effective customer CIP programming.

**3. Expenditure cap treats Otter Tail differently than other utilities.**

In Otter Tail’s June 24, 2019 Reply Comments, the Company compared its CIP achievements and incentive levels to the other two Minnesota electric investor owned utilities (IOUs). As the Company pointed out, Otter Tail’s achievement level has been much greater but incentive levels per a percent of net benefits is approximately 25 percent less than the other two electric IOUs.



The Department’s July 26, 2019 Reply Comments state the expenditure cap has limited utility financial incentives three out of fourteen possible times during 2017 and 2018. Once for Centerpoint Energy and twice for Otter Tail. The Department goes on to state,

“Otter Tail encountered the incentive expenditures cap in 2017 and 2018 chiefly because Otter Tail had very large commercial and industrial (C&I) projects., which tend to be more cost-effective and thus provide higher net benefits.”

This statement by the Department is incorrect and Otter Tail would appreciate an explanation by the Department for the basis of it. In 2017 and 2018 Otter Tail did not have any large projects which require formal measurement and verification and approval by the Department. For both 2017 and 2018, Otter Tail’s CIP participation in CIP was widespread achieving goals in every customer segment across dozens of programs. The following table shows Otter Tail’s achievement compared to energy and demand savings goals for each segment.

Segments	2017		2018	
	Energy Savings	Demand Savings	Energy Savings	Demand Savings
<b>Residential</b>	126%	118%	134%	118%
<b>Low-Income</b>	111%	109%	133%	134%
<b>Commercial</b>	137%	109%	147%	109%

In the Commercial segment Otter Tail met or exceeded its participation goals in ten out of fifteen programs. Otter Tail’s CIP achievements are not driven by large commercial/industrial projects but instead by many projects involving many customers. It is Otter Tail’s understanding that Centerpoint had an extremely large industrial project that led to very high net benefits and limitations by the expenditure cap, but this is clearly not the case for Otter Tail. Based on achievements, Otter Tail believes the financial incentive mechanism is treating the Company unfairly compared to the other Minnesota utilities.

**4. The expenditure cap incentivizes non-cost-effective program spending encouraging more costs to customers.**

In Otter Tail’s June 24, 2019 Reply Comments the Company requested an exemption from the Commission from the expenditure cap provision for 2018 and 2019 since the expenditure cap provision is in conflict with Minnesota statute, it treats Otter Tail differently than other utilities, and it creates the potential to harm customers by encouraging non-cost-effective spending. Otter Tail maintains its position on this issue.

The Departments July 26, 2019 Reply Comments opposed Otter Tail’s exemption request. The Department states Otter Tail’s request is “untimely” and “would undermine the integrity of the Shared Savings incentive mechanism and harm Otter Tail’s ratepayers.” Otter Tail believes its request for exemption to the expenditure cap is timely. As Otter Tail stated in its June 24, 2019 Reply Comments the Company and stakeholders now have a better understanding of the impacts or the

expenditure cap now that both 2017 and 2018 CIP years are completed. As described in Otter Tail's comments above, analysis of the new financial incentive mechanism included in the record when approved by the Commission did not include any analysis on the expenditure cap provision.

Otter Tail's June 24, 2019 Reply Comments provided Table 1 showing the Company's 2018 results and a scenario that if the Company simply spent \$2.1 million more the Company would have received an additional \$744,710 financial incentive for 2018. The Department claims that Otter Tail's example is unreasonable since the Company cannot know its actual energy and demand savings prior to the end of the year. However, the Department's claim is not accurate. Since Otter Tail is an investor owned utility with quarterly earnings reports the Company tracks all known CIP projects, their total energy and demand savings, their probability of completion, and their impact to the financial incentive. Otter Tail tracks its budgets and goals very closely. If program achievements are not meeting goals, customer rebate amounts can be adjusted mid-year to ensure energy saving goals are met.

Otter Tail has no intention of gaming the incentive but understands how the mechanism is currently set-up does encourage non-cost-effective spending. Additional spending by a utility does not add any risk to the utility as the Department assumes. The Department's Table 7 example is inaccurate and not relevant to the issue raised by Otter Tail. Otter Tail's Table 1 used actual 2018 CIP achievements in its scenario plus an additional \$2 million spend. To build its risk argument, the Department's Table 7 starts with an additional \$2 million of spending then adds a total of \$4 million of spending which is far from reality. Based on prior year results, and known projects, utilities are able to fairly accurately forecast a range of achievements during the year.

The Department also included Table 8 which is a scenario analyzing 2019. Again, this analysis is flawed since it starts with a budget \$4 million higher than Otter Tail's 2019 budget and then adds another \$2 million in spending. Otter Tail's example of spending an extra \$2 million applies to 2017, 2018 and likely 2019 and 2020. For 2019, every dollar Otter Tail spends the Company receives thirty cents in financial incentive. For Otter Tail, the current incentive mechanism with the expenditure cap provision no longer encourages net benefits for customers; instead, it only encourages spending.

## **VI. MAINTAINING RULES OF THE INCENTIVE DURING A CIP YEAR PROTECTS BOTH RATEPAYERS AND UTILITIES**

The Department's July 26, 2019 Reply Comments explained how Otter Tail's request to modify the Shared Savings incentive mechanism is untimely, unreasonable and undermines protection for ratepayers and utilities. Otter Tail agrees in part with the Department, it is important to keep CIP rules in place throughout a utility's triennial plan; however, if a rule is contrary to Minnesota statute, Otter Tail believes the Commission must take action to correct the rule.

The Department argues that allowing Otter Tail's request is retroactive and harms ratepayers. Otter Tail does not believe its request is retroactive since the Commission has not decided Otter Tail's 2018 financial incentive yet. As Otter Tail has explained, both the Department and Otter Tail knew of this phenomenon after Otter Tail reported its 2017 CIP results in March 2018. Otter Tail

deliberately did not engage in excess spending in preparation to have the conversation with the Commission on the issue in this docket.

Otter Tail disagrees with the Department's assessment that if an exemption is given to Otter Tail for 2018 and 2019 that Centerpoint will request an exemption for 2017. Otter Tail is not asking for an exemption to 2017 since the spending issue was fairly unknown at the time and the Commission has already reviewed Otter Tail's and Centerpoint's results for 2017.

## **VII. SUMMARY AND CONCLUSIONS**

Otter Tail believes its proposal to allow Company-project expenses when combined with customer project expenses to be eligible towards the CIP financial incentive. As Otter Tail demonstrated in these comments without the customer projects supporting the Company-project expenses the Company-project expenses would not be eligible for an incentive.

Otter Tail believes the current CIP performance incentive mechanism when applied to Otter Tail's high-performance results is not consistent with Minnesota statute, harms the Company and potentially its customers, and does not serve the public interest. The mechanism with the new spending cap provision is counter-intuitive to cost-effective conservation offerings since it encourages an otherwise high-performing utility to increase program costs, simply to increase the Company's financial incentive.

The Commission has the authority to approve Otter Tail's request for exemption to the spending cap provision for 2018 and 2019 in the current docket. This issue only impacts Otter Tail's financial incentive making the current docket the appropriate place for the Commission to decide this issue. At the time the expenditure cap was approved by the Commission in 2016 no analysis was performed showing the potential impacts of the expenditure cap. Thorough analysis has now been completed showing the impacts and how the expenditure cap encourages non-cost-effective spending and no longer encourages performance the Commission should take corrective action.

Otter Tail's maintains that its request is similar to the exception the Commission provided to Minnesota Power's financial incentive in 2013. In this docket Otter Tail's request is simply to be treated equally to the other utilities in Minnesota and not be limited because of the Company's highest CIP performance in the history of CIP in Minnesota.

## **VIII. OTTER TAIL'S REQUEST**

Otter Tail respectfully requests the Commission to approve the following items:

1. The inclusion of the Company's LED Street Light project expenses, less any rate of return for the project within the financial incentive mechanism. This inclusion is reflected to include adjustments to the CIP tracker account of:
  - a. a 2018 financial incentive of \$3,004,311 based on total 2018 eligible CIP expenditures of \$9,008,847 (2018 financial incentive of \$3,153,096 reduced by \$148,785 to account for actual 2018 LED Street Light expenses).

2. The 2018 CIP tracker year-end balance of \$5,994,438; which includes a 2017 financial incentive of \$2,938,110 based on total 2017 eligible CIP expenses of \$6,973,310.
3. The implementation of the CCRA factor of \$0.00710/kWh reflected on customers' bills through the Resource Adjustment starting with bills rendered on and after October 1, 2019.
4. A variance to Minnesota Rule 7820.3500 to allow Otter Tail to continue to combine the FCA with the Conservation Improvement Adjustment on customer bills.

Otter Tail prefers the following alternative to item number 1(a) above.

1. An exemption for Otter Tail from the performance incentive's expenditure cap provision for 2018 and 2019. This results in a performance incentive payout of 12 percent of net benefits or \$4,044,350 for 2018 CIP achievements (2018 financial incentive of \$4,153,135 reduced by \$148,785 to account for actual 2018 LED Street Light expenses).

If the Commission does not accept the Company's proposals for inclusion of Company-owned project expenses or the exemption to the expenditure cap for 2018 and 2019 and instead accepts the Department's recommendations, the Company believes the Department has calculated the CCRA correctly at \$0.006900/kWh.

Dated: August 19, 2019

Respectfully submitted,

**OTTER TAIL POWER COMPANY**

By: /s/ JASON A. GRENIER

Jason A. Grenier

Manager, Market Planning

Otter Tail Power Company

215 South Cascade Street

P. O. Box 496

Fergus Falls, MN 56538-0496

(218) 739-8639

[jgrenier@otpc.com](mailto:jgrenier@otpc.com)

	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Annual Summary
<b>Expenses</b>													
<b>Beginning Tracker Balance (\$) - Under / (Over) Recovered</b>	7,362,345	\$6,259,722	\$5,944,244	\$5,278,566	\$4,855,118	\$4,493,366	\$3,949,325	\$3,390,462	\$2,736,234	\$2,646,827	\$5,018,121	\$4,539,304	\$7,362,345
<b>Carrying Charge Rate</b>	0.21291%	0.21291%	0.21291%	0.21291%	0.21291%	0.21291%	0.21291%	0.21291%	0.21291%	0.21291%	0.21291%	0.21291%	
<b>Adjustments</b>	\$3,795												\$3,795
<b>Carrying Charge Rate</b>	0.21291%	0.21291%	0.21291%	0.21291%	0.21291%	0.21291%	0.21291%	0.21291%	0.21291%	0.21291%	0.21291%	0.21291%	
<b>Total Carry Charge</b>	\$15,683	\$13,327	\$12,656	\$11,239	\$10,337	\$9,567	\$8,408	\$7,219	\$5,826	\$5,635	\$10,684	\$9,665	\$120,245
<b>CIP Program Expenditures</b>	\$309,062	\$1,030,817	\$515,209	\$663,730	\$603,781	\$440,261	\$477,475	\$365,051	\$880,227	\$430,086	\$671,208	\$2,640,855	\$9,027,762
<b>Performance Incentive</b>										\$2,938,110			\$2,938,110
<b>Total Expenses, Adjustments, Carrying Charge, &amp; Incentive</b>	\$7,690,886	\$7,303,866	\$6,472,109	\$5,953,535	\$5,469,236	\$4,943,194	\$4,435,208	\$3,762,732	\$3,622,286	\$6,020,658	\$5,700,013	\$7,189,823	<b>\$19,452,258</b>
<b>Recovery</b>													
<b>Sales kWh</b>	188,637,723	179,186,268	157,197,911	144,746,611	128,555,749	130,915,479	137,646,680	135,209,983	128,512,732	131,842,590	141,046,175	145,295,520	
<b>Base Rate Recovery (CCRC) (per kWh)</b>	-\$0.00536	-\$0.00536	-\$0.00536	-\$0.00536	-\$0.00536	-\$0.00536	-\$0.00536	-\$0.00536	-\$0.00536	-\$0.00536	-\$0.00600	-\$0.00600	
<b>Base Rate Cost Recovery</b>	-\$420,677	-\$399,608	-\$350,182	-\$322,743	-\$286,911	-\$292,317	-\$307,014	-\$301,695	-\$286,633	-\$294,008	-\$314,675	-\$323,939	-\$3,900,402
<b>CCRA (per kWh)</b>	-\$0.00223	-\$0.00223	-\$0.00223	-\$0.00223	-\$0.00223	-\$0.00223	-\$0.00223	-\$0.00223	-\$0.00223	-\$0.00223	-\$0.00223	-\$0.00223	
<b>CCRA Recovery (\$)</b>	-\$1,010,487	-\$960,014	-\$843,361	-\$775,674	-\$688,958	-\$701,552	-\$737,732	-\$724,803	-\$688,826	-\$708,529	-\$846,035	-\$871,446	-\$9,557,418
<b>Total Recovery</b>	-\$1,431,164	-\$1,359,622	-\$1,193,543	-\$1,098,417	-\$975,870	-\$993,869	-\$1,044,746	-\$1,026,498	-\$975,459	-\$1,002,537	-\$1,160,709	-\$1,195,384	
<b>Ending Balance</b>	6,259,722	5,944,244	5,278,566	4,855,118	4,493,366	3,949,325	3,390,462	2,736,234	2,646,827	5,018,121	4,539,304	<b>5,994,439</b>	<b>\$5,994,439</b>

## CERTIFICATE OF SERVICE

**RE: In the Matter of Otter Tail Power Company's 2018 Demand Side Management  
Financial Incentive Project and Annual Filing to Update the Conservation  
Improvement Project Rider  
Docket No. E017/M-19-256**

I, Mikayla Osterman, 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 **19th** day of **August, 2019**.

*/s/ MIKAYLA OSTERMAN* \_\_\_\_\_

Mikayla Osterman  
Regulatory Filing Coordinator  
Otter Tail Power Company  
215 South Cascade Street  
Fergus Falls MN 56537  
(218) 739-8545

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Christopher	Anderson	canderson@allete.com	Minnesota Power	30 W Superior St  Duluth, MN 558022191	Electronic Service	No	OFF_SL_19-256_M-19-256
Tom	Balster	tombalster@alliantenergy.com	Interstate Power & Light Company	PO Box 351 200 1st St SE Cedar Rapids, IA 524060351	Electronic Service	No	OFF_SL_19-256_M-19-256
Lisa	Beckner	lbeckner@mnpower.com	Minnesota Power	30 W Superior St  Duluth, MN 55802	Electronic Service	No	OFF_SL_19-256_M-19-256
William	Black	bblack@mmua.org	MMUA	Suite 400 3025 Harbor Lane North Plymouth, MN 554475142	Electronic Service	No	OFF_SL_19-256_M-19-256
Christina	Brusven	cbrusven@fredlaw.com	Fredrikson Byron	200 S 6th St Ste 4000  Minneapolis, MN 554021425	Electronic Service	No	OFF_SL_19-256_M-19-256
Charlie	Buck	charlie.buck@oracle.com	Oracle	760 Market St FL 4  San Francisco, CA 94102	Electronic Service	No	OFF_SL_19-256_M-19-256
Ray	Choquette	rchoquette@agp.com	Ag Processing Inc.	12700 West Dodge Road PO Box 2047 Omaha, NE 68103-2047	Electronic Service	No	OFF_SL_19-256_M-19-256
Generic Notice	Commerce Attorneys	commerce.attorneys@ag.state.mn.us	Office of the Attorney General-DOC	445 Minnesota Street Suite 1800  St. Paul, MN 55101	Electronic Service	Yes	OFF_SL_19-256_M-19-256
George	Crocker	gwillc@nawo.org	North American Water Office	PO Box 174  Lake Elmo, MN 55042	Paper Service	No	OFF_SL_19-256_M-19-256
Steve	Downer	sdowner@mmua.org	MMUA	3025 Harbor Ln N Ste 400  Plymouth, MN 554475142	Electronic Service	No	OFF_SL_19-256_M-19-256

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Charles	Drayton	charles.drayton@enbridge.com	Enbridge Energy Company, Inc.	7701 France Ave S Ste 600  Edina, MN 55435	Electronic Service	No	OFF_SL_19-256_M-19-256
Jim	Erchul	jerchul@dbnhs.org	Daytons Bluff Neighborhood Housing Sv.	823 E 7th St  St. Paul, MN 55106	Electronic Service	No	OFF_SL_19-256_M-19-256
James C.	Erickson	jericksonkbc@gmail.com	Kelly Bay Consulting	17 Quechee St  Superior, WI 54880-4421	Electronic Service	No	OFF_SL_19-256_M-19-256
Greg	Ernst	gaernst@q.com	G. A. Ernst & Associates, Inc.	2377 Union Lake Trl  Northfield, MN 55057	Electronic Service	No	OFF_SL_19-256_M-19-256
Melissa S	Feine	melissa.feine@semcac.org	SEMCAC	PO Box 549 204 S Elm St Rushford, MN 55971	Electronic Service	No	OFF_SL_19-256_M-19-256
Sharon	Ferguson	sharon.ferguson@state.mn.us	Department of Commerce	85 7th Place E Ste 280  Saint Paul, MN 551012198	Electronic Service	No	OFF_SL_19-256_M-19-256
Karolanne	Foley	Karolanne.foley@dairylandpower.com	Dairyland Power Cooperative	PO Box 817  La Crosse, WI 54602-0817	Electronic Service	No	OFF_SL_19-256_M-19-256
Rob	Friend	rfriend@mnchamber.com	Minnesota Chamber of Commerce - MN Waste Wise Foundation	400 Robert St N Ste 1500  Saint Paul, MN 55101	Electronic Service	No	OFF_SL_19-256_M-19-256
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_19-256_M-19-256
Angela E.	Gordon	angela.e.gordon@lmco.com	Lockheed Martin	1000 Clark Ave.  St. Louis, MO 63102	Electronic Service	No	OFF_SL_19-256_M-19-256



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Pat	Green	N/A	N Energy Dev	City Hall 401 E 21st St Hibbing, MN 55746	Paper Service	No	OFF_SL_19-256_M-19-256
Jason	Grenier	jgrenier@otpc.com	Otter Tail Power Company	215 South Cascade Street  Fergus Falls, MN 56537	Electronic Service	No	OFF_SL_19-256_M-19-256
Jeffrey	Haase	jhaase@grenergy.com	Great River Energy	12300 Elm Creek Blvd  Maple Grove, MN 55369	Electronic Service	No	OFF_SL_19-256_M-19-256
Tony	Hainault	anthony.hainault@co.henn epin.mn.us	Hennepin County DES	701 4th Ave S Ste 700  Minneapolis, MN 55415-1842	Electronic Service	No	OFF_SL_19-256_M-19-256
Tyler	Hamman	tylerh@bepec.com	Basin Electric Power Cooperative	1717 E Interstate Ave  Bismarck, ND 58501	Electronic Service	No	OFF_SL_19-256_M-19-256
Patty	Hanson	phanson@rpu.org	Rochester Public Utilities	4000 E River Rd NE  Rochester, MN 55906	Electronic Service	No	OFF_SL_19-256_M-19-256
Norm	Harold	N/A	NKS Consulting	5591 E 180th St  Prior Lake, MN 55372	Paper Service	No	OFF_SL_19-256_M-19-256
Scott	Hautala	scotth@hpuc.com	Hibbing Public Utilities	1902 E 6th Ave  Hibbing, MN 55746	Electronic Service	No	OFF_SL_19-256_M-19-256
Kimberly	Hellwig	kimberly.hellwig@stoel.co m	Stoel Rives LLP	33 South Sixth Street Suite 4200 Minneapolis, MN 55402	Electronic Service	No	OFF_SL_19-256_M-19-256
Jared	Hendricks	hendricksj@owatonnautiliti es.com	Owatonna Public Utilities	PO Box 800 208 S Walnut Ave Owatonna, MN 55060-2940	Electronic Service	No	OFF_SL_19-256_M-19-256

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Shane	Henriksen	shane.henriksen@enbridge.com	Enbridge Energy Company, Inc.	1409 Hammond Ave FL 2 Superior, WI 54880	Electronic Service	No	OFF_SL_19-256_M-19-256
Holly	Hinman	holly.r.hinman@xcelenergy.com	Xcel Energy	414 Nicollet Mall, 7th Floor Minneapolis, MN 55401	Electronic Service	No	OFF_SL_19-256_M-19-256
Dave	Johnson	dave.johnson@aeoa.org	Arrowhead Economic Opportunity Agency	702 3rd Ave S Virginia, MN 55792	Electronic Service	No	OFF_SL_19-256_M-19-256
Deborah	Knoll	dknoll@mnpower.com	Minnesota Power	30 W Superior St Duluth, MN 55802	Electronic Service	No	OFF_SL_19-256_M-19-256
Tina	Koecher	tkoecher@mnpower.com	Minnesota Power	30 W Superior St Duluth, MN 558022093	Electronic Service	No	OFF_SL_19-256_M-19-256
Kelly	Lady	kellyl@austinutilities.com	Austin Utilities	400 4th St NE Austin, MN 55912	Electronic Service	No	OFF_SL_19-256_M-19-256
Erica	Larson	erica.larson@centerpointenergy.com	CenterPoint Energy	505 Nicollet Avenue P.O. Box 59038 Minneapolis, Minnesota 55459-0038	Electronic Service	No	OFF_SL_19-256_M-19-256
James D.	Larson	james.larson@avantenergy.com	Avant Energy Services	220 S 6th St Ste 1300 Minneapolis, MN 55402	Electronic Service	No	OFF_SL_19-256_M-19-256
Douglas	Larson	dlarson@dakotaelectric.com	Dakota Electric Association	4300 220th St W Farmington, MN 55024	Electronic Service	No	OFF_SL_19-256_M-19-256
Martin	Lepak	Martin.Lepak@aeoa.org	Arrowhead Economic Opportunity	702 S 3rd Ave Virginia, MN 55792	Electronic Service	No	OFF_SL_19-256_M-19-256

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Kavita	Maini	kmaini@wi.rr.com	KM Energy Consulting LLC	961 N Lost Woods Rd Oconomowoc, WI 53066	Electronic Service	No	OFF_SL_19-256_M-19-256
Nick	Mark	nick.mark@centerpointenergy.com	CenterPoint Energy	505 Nicollet Mall Minneapolis, MN 55402	Electronic Service	No	OFF_SL_19-256_M-19-256
Pam	Marshall	pam@energycents.org	Energy CENTS Coalition	823 7th St E St. Paul, MN 55106	Electronic Service	No	OFF_SL_19-256_M-19-256
Scot	McClure	scotmcclure@alliantenergy.com	Interstate Power And Light Company	4902 N Biltmore Ln PO Box 77007 Madison, WI 537071007	Electronic Service	No	OFF_SL_19-256_M-19-256
John	McWilliams	John.McWilliams@DairylandPower.com	Dairyland Power Cooperative	3200 East Ave SPO Box 817 La Crosse, WI 54601-7227	Electronic Service	No	OFF_SL_19-256_M-19-256
Brian	Meloy	brian.meloy@stinson.com	STINSON LLP	50 S 6th St Ste 2600 Minneapolis, MN 55402	Electronic Service	No	OFF_SL_19-256_M-19-256
David	Moeller	dmoeller@allete.com	Minnesota Power	30 W Superior St Duluth, MN 558022093	Electronic Service	No	OFF_SL_19-256_M-19-256
Andrew	Moratzka	andrew.moratzka@stoel.com	Stoel Rives LLP	33 South Sixth St Ste 4200 Minneapolis, MN 55402	Electronic Service	No	OFF_SL_19-256_M-19-256
Carl	Nelson	cnelson@mncee.org	Center for Energy and Environment	212 3rd Ave N Ste 560 Minneapolis, MN 55401	Electronic Service	No	OFF_SL_19-256_M-19-256

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Samantha	Norris	samanthanorris@alliantenergy.com	Interstate Power and Light Company	200 1st Street SE PO Box 351  Cedar Rapids, IA 524060351	Electronic Service	No	OFF_SL_19-256_M-19-256
Audrey	Partridge	apartridge@mncee.org	Center for Energy and Environment	212 3rd Ave. N. Suite 560  Minneapolis, Minnesota 55401	Electronic Service	No	OFF_SL_19-256_M-19-256
Joyce	Peppin	joyce@mrea.org	Minnesota Rural Electric Association	11640 73rd Ave N  Maple Grove, MN 55369	Electronic Service	No	OFF_SL_19-256_M-19-256
Lisa	Pickard	lseverson@minnkota.com	Minnkota Power Cooperative	5301 32nd Ave S  Grand Forks, ND 58201	Electronic Service	No	OFF_SL_19-256_M-19-256
Bill	Poppert	info@technologycos.com	Technology North	2433 Highwood Ave  St. Paul, MN 55119	Electronic Service	No	OFF_SL_19-256_M-19-256
Kathleen A	Prestidge	Kathy.Prestidge@stoel.com	Stoel Rives LLP	33 S 6th St Ste 4200  Minneapolis, MN 55402	Electronic Service	No	OFF_SL_19-256_M-19-256
Dave	Reinke	dreinke@dakotaelectric.com	Dakota Electric Association	4300 220th St W  Farmington, MN 55024-9583	Electronic Service	No	OFF_SL_19-256_M-19-256
Generic Notice	Residential Utilities Division	residential.utilities@ag.state.mn.us	Office of the Attorney General-RUD	1400 BRM Tower 445 Minnesota St St. Paul, MN 551012131	Electronic Service	Yes	OFF_SL_19-256_M-19-256
Chris	Rustad	crustad@mnchamber.com	Minnesota Chamber of Commerce	400 Robert St N Ste 1500  Saint Paul, MN 55101	Electronic Service	No	OFF_SL_19-256_M-19-256

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Larry L.	Schedin	Larry@LLSResources.com	LLS Resources, LLC	332 Minnesota St, Ste W1390  St. Paul, MN 55101	Electronic Service	No	OFF_SL_19-256_M-19-256
Christopher	Schoenherr	cp.schoenherr@smmpa.org	SMMPA	500 First Ave SW  Rochester, MN 55902-3303	Electronic Service	No	OFF_SL_19-256_M-19-256
Lauryn	Schothorst	lschothorst@mnchamber.com		400 Robert St N Ste 1500  Saint Paul, MN 55101	Electronic Service	No	OFF_SL_19-256_M-19-256
Ken	Smith	ken.smith@districtenergy.com	District Energy St. Paul Inc.	76 W Kellogg Blvd  St. Paul, MN 55102	Electronic Service	No	OFF_SL_19-256_M-19-256
Anna	Sommer	ASommer@energyfuturesgroup.com	Energy Futures Group	PO Box 692  Canton, NY 13617	Electronic Service	No	OFF_SL_19-256_M-19-256
Russ	Stark	Russ.Stark@ci.stpaul.mn.us	City of St. Paul	390 City Hall 15 West Kellogg Boulevard  Saint Paul, MN 55102	Electronic Service	No	OFF_SL_19-256_M-19-256
Cary	Stephenson	cStephenson@otpc.com	Otter Tail Power Company	215 South Cascade Street  Fergus Falls, MN 56537	Electronic Service	No	OFF_SL_19-256_M-19-256
Lynnette	Sweet	Regulatory.records@xcelenergy.com	Xcel Energy	414 Nicollet Mall FL 7  Minneapolis, MN 554011993	Electronic Service	No	OFF_SL_19-256_M-19-256
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_19-256_M-19-256

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Kodi	Verhalen	kverhalen@briggs.com	Briggs & Morgan	2200 IDS Center 80 South Eighth Street Minneapolis, Minnesota 55402	Electronic Service	No	OFF_SL_19-256_M-19-256
Michael	Volker	mvolker@eastriver.coop	East River Electric Power Coop	211 S. Harth Ave  Madison, SD 57042	Electronic Service	No	OFF_SL_19-256_M-19-256
Sharon N.	Walsh	swalsh@shakopeeutilities.com	Shakopee Public Utilities	255 Sarazin St  Shakopee, MN 55379	Electronic Service	No	OFF_SL_19-256_M-19-256
Ethan	Warner	ethan.warner@centerpointenergy.com	CenterPoint Energy	505 Nicollet Mall  Minneapolis, Minnesota 55402	Electronic Service	No	OFF_SL_19-256_M-19-256
Robyn	Woeste	robynwoeste@alliantenergy.com	Interstate Power and Light Company	200 First St SE  Cedar Rapids, IA 52401	Electronic Service	No	OFF_SL_19-256_M-19-256
Daniel P	Wolf	dan.wolf@state.mn.us	Public Utilities Commission	121 7th Place East Suite 350 St. Paul, MN 551012147	Electronic Service	Yes	OFF_SL_19-256_M-19-256