

February 22, 2024

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

RE: **Supplemental Comments of the Minnesota Department of Commerce, Division of Energy Resources**
Docket No. E017/M-23-152

Dear Mr. Seuffert:

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

Petition of Otter Tail Power Company (Otter Tail) for Approval of the Annual Rates Update to its Transmission Cost Recovery Rider Annual Adjustment, Rate Schedule 13.05.

The Department recommends **approval, with modifications**, and is available to answer any questions the Minnesota Public Utilities Commission may have.

Sincerely,

/s/ LOUISE MILTICH
Assistant Commissioner of
Regulatory Analysis

/S/ CRAIG ADDONIZIO
Public Utilities
Analyst Coordinator

/S/ ANDREW GOLDEN
Public Utilities
Financial Analyst

wp initials
Attachment



Before the Minnesota Public Utilities Commission

Comments of the Minnesota Department of Commerce Division of Energy Resources

Docket No. E017/M-23-152

I. INTRODUCTION

On April 7, 2023, Otter Tail Power Company (Otter Tail or the Company), filed a [petition](#) (Petition) requesting the Minnesota Public Utilities Commission (Commission) approve modifications to its Transmission Cost Recovery Rider (TCRR) in Section 13.05 of the Company's Electric Rate Schedule. In its Petition, the Company requested Commission approval to:

- continue recovering the costs of two previously approved transmission projects;
- continue recovering its net MISO expenses; and
- begin recovering the costs of two new transmission projects.

On May 26, 2023, the Company submitted a [Supplemental Filing](#) requesting changes to its Petition after identifying errors in its forecasts of 2023 MISO Schedules 26 and 26A revenue and Schedule 26A expense. The Company subsequently provided additional information in support of its proposals in Reply Comments and a Letter filed on September 28, 2023 and January 31, 2024, respectively.

The Minnesota Department of Commerce (Department) filed [Comments](#) and [Response Comments](#) on August 14, 2023 and November 13, 2023, respectively, addressing Otter Tail's proposals.

The Department offers these Supplemental Comments to update its recommendation related to Otter Tail's proposed 115 kV Oslo Breaker Station and Oslo - Lake Ardoch Line project (the Oslo/Lake Ardoch Project or the Project), one of the two new transmission projects proposed in the Company's Petition. Based on new information provided in Otter Tail's January 31st Letter, the Department now recommends that the Commission approve the Company's request for cost recovery for the Project.

II. DEPARTMENT ANALYSIS

A. TCRR ELIGIBILITY OF THE OSLO/LAKE ARDOCH PROJECT

In its Response Comments, the Department concluded that the Oslo/Lake Ardoch Project was not eligible for cost recovery via the TCRR because it did not satisfy one of the two the eligibility requirements set forth in [Minn. Stat. §216B.16, subdivision 7b](#) (the TCRR statute), paragraph (a)(2). Because of this, the Department recommended that the Commission deny Otter Tail's request to begin recovering the Project's costs.

The two applicable eligibility requirements included in the TCRR Statute are:

1. the proposed project must have been approved by the regulatory commission in the state in which it is to be constructed, *and*
2. the proposed project must have been found by the Midcontinent Independent System Operator (MISO) to benefit the utility or integrated transmission system.

At the time the Department filed its Response Comments in November, the Oslo/Lake Ardoch Project satisfied the first requirement, but not the second. Otter Tail had requested that MISO consider and approve the project as part of its 2023 MISO Transmission Expansion Plan ("MTEP23"), but MISO had not yet acted.

In its subsequent January 31st Letter, Otter Tail stated that MISO approved the Project on December 7, 2023 as part of its larger MTEP23 cycle. However, the Company noted that MISO excluded the Project from the MTEP23 report. The Company offered other evidence that MISO had approved the Project and offered to arrange a meeting with MISO to clarify the Project's status.

On Thursday, February 8, 2024, representatives from MISO, Otter Tail, and the Department met, and MISO confirmed that from its perspective, the project is fully approved, and comparable to any other project included Appendix A of an MTEP report.

Based on this confirmation from MISO, the Department concludes that the Oslo/Lake Ardoch Project is eligible for cost recovery via the TCRR, and now recommends that the Commission approve Otter Tail's request to begin recovering the costs of the Project at the level proposed in the Company's Petition, or approximately \$76,000 per year based on total capital expenditures of \$4.2 million.

III. CONCLUSION AND RECOMMENDATIONS

For the reasons described above, the Department now recommends that the Commission approve Otter Tail's proposal to begin cost recovery for the Oslo/Lake Ardoch Project. The Department maintains all other recommendations included in its Response Comments and provides a complete set of its recommendations below for convenience.

The Department recommends that the Commission:

1. Approve Otter Tail's request as presented in its May 26, 2023 Supplemental Filing, with the following three modifications:
 - a. Deny Otter Tail's request to include its proposed Winger 230/115 kV Transformer project in the TCRR;
 - b. Cap cost recovery of the Erie Substation project based on total costs of \$7.5 million; and
 - c. Cap cost recovery of the Hoot Lake 115/43/13.8 kV Transformer Project based on total costs of \$1.2 million;
2. Require Otter Tail to file a compliance filing within 30 days of the Commission's Order in this Docket demonstrating the Company's recalculation of the TCRR to reflect the changes required by the Commission.

CERTIFICATE OF SERVICE

I, Nicole Westling, hereby certify that I have this day, served copies of the following document on the attached list of persons by electronic filing, certified mail, 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.

Minnesota Department of Commerce
Comments

Docket No. E017/M-23-152

Dated this **22nd** day of **February 2024**

/s/Nicole Westling

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Ray	Choquette	rchoquette@agp.com	Ag Processing Inc.	12700 West Dodge Road PO Box 2047 Omaha, NE 68103-2047	Electronic Service	No	OFF_SL_23-152_M-23-152
Generic Notice	Commerce Attorneys	commerce.attorneys@ag.state.mn.us	Office of the Attorney General-DOC	445 Minnesota Street Suite 1400 St. Paul, MN 55101	Electronic Service	Yes	OFF_SL_23-152_M-23-152
James C.	Erickson	jericksonkbc@gmail.com	Kelly Bay Consulting	17 Quechee St Superior, WI 54880-4421	Electronic Service	No	OFF_SL_23-152_M-23-152
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_23-152_M-23-152
Paula	Foster	pfoster@otpc.com	Otter Tail Power Company	215 S Cascade St PO Box 496 Fergus Falls, MN 56538-0496	Electronic Service	Yes	OFF_SL_23-152_M-23-152
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Adam	Heinen	aheinen@dakotaelectric.com	Dakota Electric Association	4300 220th St W Farmington, MN 55024	Electronic Service	No	OFF_SL_23-152_M-23-152
Nick	Kaneski	nick.kaneski@enbridge.com	Enbridge Energy Company, Inc.	11 East Superior St Ste 125 Duluth, MN 55802	Electronic Service	No	OFF_SL_23-152_M-23-152
James D.	Larson	james.larson@avantenergy.com	Avant Energy Services	220 S 6th St Ste 1300 Minneapolis, MN 55402	Electronic Service	No	OFF_SL_23-152_M-23-152
Kavita	Maini	kmairi@wi.rr.com	KM Energy Consulting, LLC	961 N Lost Woods Rd Oconomowoc, WI 53066	Electronic Service	No	OFF_SL_23-152_M-23-152

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
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Matthew	Olsen	molsen@otpc.com	Otter Tail Power Company	215 South Cascade Street Fergus Falls, MN 56537	Electronic Service	No	OFF_SL_23-152_M-23-152
Generic Notice	Regulatory	regulatory_filing_coordinators@otpc.com	Otter Tail Power Company	215 S. Cascade Street Fergus Falls, MN 56537	Electronic Service	Yes	OFF_SL_23-152_M-23-152
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_23-152_M-23-152
Will	Seuffert	Will.Seuffert@state.mn.us	Public Utilities Commission	121 7th Pl E Ste 350 Saint Paul, MN 55101	Electronic Service	Yes	OFF_SL_23-152_M-23-152
Cary	Stephenson	cStephenson@otpc.com	Otter Tail Power Company	215 South Cascade Street Fergus Falls, MN 56537	Electronic Service	Yes	OFF_SL_23-152_M-23-152
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_23-152_M-23-152