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September 13, 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: In the Matter of the Petition by Otter Tail Power Company for Approval of an Energy-Intensive, Trade-Exposed Customer Rate  
Docket No. E017/M-16-533  
Supplemental Comments at the Request of Minnesota Public Utilities Commission Staff**

Dear Mr. Wolf:

Otter Tail Power Company (Otter Tail) provides this letter as Supplemental Comments at the Request of Minnesota Public Utilities Commission (Commission) Staff. On September 12, 2016, Commission staff contacted Otter Tail, requesting clarification as to the operation of the cost recovery mechanism in the proposed Energy-Intensive, Trade-Exposed (EITE) Rider included, as revised, as Attachment 1 to Otter Tail's August 11, 2016 Reply Comments.

Otter Tail maintains certain wholesale power purchase agreements (W-PPA) related to the energy needs of specific customers (*See* Docket No. E017/M-16-507 for an example customer for which Otter Tail maintains a W-PPA). Commission staff requested clarification as to the accounting of the EITE Tracker account balance and whether any cost savings experienced by Otter Tail as a result of a rate reduction would be accounted for through the EITE Tracker account. In accordance with these W-PPAs, the cost Otter Tail is charged for that wholesale power is based on Otter Tail's Commission-approved retail rate for that customer. For any W-PPA that is specific to an EITE customer, if the Commission approves a reduction in that specific customer's retail rate as part of this EITE Docket, Otter Tail would experience a reduction in the rate that it must pay under that W-PPA.

Otter Tail confirms that if the Commission approves an EITE rate reduction and Otter Tail experiences any reduction in its customer-specific wholesale cost for an EITE customer, that is not reflected in another recovery mechanism, the resulting reduction in Otter Tail's cost would be accounted for in the EITE Tracker account balance and subsequently in any non-exempt customer EITE Surcharge Factor. The accounting associated with a reduction in costs to be collected through the EITE Surcharge Factor would be included in any annual compliance report that Otter Tail would provide to the Commission.

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Otter Tail has electronically filed this document with the Commission and is serving a copy on all persons on the official service list for this docket. 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  
Senior Rates Analyst

By electronic filing  
c: Service List

## **CERTIFICATE OF SERVICE**

**RE: In the Matter of the Petition by Otter Tail Power Company for Approval of an Energy-Intensive, Trade-Exposed Customer Rate  
Docket No. E017/M-16-533**

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  
Supplemental Comments**

Dated this **13th** day of **September 2016**.

/s/ NANCY L. OLSON

Nancy L. Olson, Regulatory Filing Coordinator  
Otter Tail Power Company  
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