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July 9, 2018

Daniel P. Wolf
Executive Secretary
Minnesota Public Utilities Commission
350 Metro Square Building
121 East Seventh Place
St. Paul, MN 55101

**RE: In the Matter of the Petition of Otter Tail Power Company for Approval of 2018
Capital Structure and Permission to Issue Securities
Docket No. E017/S-18-313
Reply Comments**

Dear Mr. Wolf:

Otter Tail Power Company (OTP or Company) appreciates the Comments of the Minnesota Department of Commerce, Division of Energy Resources (Department) dated June 15, 2018. OTP supports the Department's conclusion that OTP's petition complies with all applicable reporting requirements. In its Comments the Department recommended that the Commission require OTP to provide the following in all future capital structure filings:

- In all future capital structure filings, OTP must provide a schedule comparing its actual capital investments in the past year with the capital investments projected by OTP in the preceding year's capital structure filing.
- In all future capital structure filings, OTP must provide the Company's investment plan for at least the next five years.
- In all future capital structure filings, OTP must report on its use of its multi-year credit facility, including how often the facility was used, the amount involved in any usage, rates and financing costs, and the intended uses of the financing.
- To the extent practicable, evidence to demonstrate that any bond issuances since the date of OTP's last annual capital structure filing were cost competitive, with the analysis including, at a minimum, a detailed comparison of OTP's bond issuances to all other utility bond issuances over the same period.

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With respect to a comparison of actual capital investment in the past year with the preceding year's projections, we believe this information is largely provided by Attachment 10C which in the current filing compares 2017 budgeted capital spending with 2017 actual capital spending. To the extent the Department would like OTP to include the preceding year's capital spending data in future filings (in this example 2016 budgeted and actual capital spending would be included with 2017 data) OTP does not object.

With respect to OTP providing the Company's investment plan for at least the next five years, this information is provided in Attachment 10B included with each year's capital structure filing. In future filings we are happy to work with the Department to make the attachment more informative and/or respond to information requests concerning this data.

With respect to OTP reporting its use of its multi-year credit facility, including how often the facility was used, the amount involved in any usage, rates and financing costs, and the intended uses of the financing, OTP notes that this information is provided in Attachment 11 to our annual filing, except for a report of intended uses of the short-term financing. The Company can provide general information regarding the intended uses of the short-term credit facility in future filings as requested.

Finally, OTP does not object to providing information in future filings reasonably demonstrating the cost competitiveness of any bond issuances since the date of OTP's last annual capital structure filing. We are however concerned that the scope of the Department's requested analysis may be too broad in seeking a comparison to *all* other utility bond issuances. We believe a more helpful approach would be an analysis based on a representative sample of comparable peer issuances, subject to data availability.

Sincerely,

/s/ *CARY STEPHENSON*

Cary Stephenson

Associate General Counsel

Otter Tail Power Company

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Enclosures

By electronic filing

c: Service List

Gary L. Tygesson, Dorsey & Whitney LLP (w/ encl.)