

March 26, 2020

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-20-338

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 Company's Petition for Approval of the Annual Update to its Energy-Intensive, Trade-Exposed Rider Surcharge Rate, Rate Schedule 13.09.

The Petition was filed on March 2, 2020 by:

Darlene C. Mandelke
Rates Analyst, Regulatory Administration
Otter Tail Power Company
215 S. Cascade Street
Fergus Falls, MN 56537

The Department recommends that the Minnesota Public Utilities Commission (Commission) **approve the petition with modifications**. The Department is available to answer any questions that the Commission may have in this matter.

Sincerely,

/s/ STEVE RAKOW
Analyst Coordinator

SR/ar
Attachment



Before the Minnesota Public Utilities Commission

Comments of the Minnesota Department of Commerce Division of Energy Resources

Docket No. E017/M-20-338

I. INTRODUCTION

On June 27, 2016 Otter Tail Power Company (Otter Tail or the Company) filed a petition with the Minnesota Public Utilities Commission (Commission) in Docket No. E017/M-16-533 proposing discounts for certain energy-intensive trade-exposed (EITE) customers and an associated Energy-Intensive, Trade-Exposed Rider (EITE Rider) to recover the cost of the discounts from Otter Tail's customers. The petition was filed pursuant to Minnesota Statutes § 216B.1696. On December 21, 2016, the Commission issued its *Order Denying Petition Without Prejudice*, which rejected Otter Tail's petition but allowed the Company to refile a petition.

On April 3, 2017, pursuant to Minnesota Statutes § 216B.1696, Otter Tail filed a second petition (Docket No. E017/M-17-257). Otter Tail again proposed discounts for certain EITE customers and an EITE Rider to recover the cost of the discounts from Otter Tail's customers. On November 17, 2017 the Minnesota Public Utilities Commission (Commission) issued its *Order Approving EITE Rate and Establishing Cost-recovery Proceeding* which approved Otter Tail's petition with conditions.

On December 18, 2017 Otter Tail made a compliance filing providing a detailed cost-recovery proposal (Docket No. E017/M-17-257).

On May 29, 2018 the Commission issued its *Order Authorizing Cost Recovery with Conditions* (May 29 Order) which approved Otter Tail's proposed cost-recovery proposal with conditions.

Otter Tail's EITE Rider was most recently approved by the Commission by an order issued on June 13, 2019 in Docket No. E017/M-19-199. This order approved updates to the EITE Rider's Surcharge Rate.

On March 2, 2020 the Company filed Otter Tail's *Petition for Approval of the Annual Update to its Energy-Intensive, Trade-Exposed Rider Surcharge Rate, Rate Schedule 13.09* (Petition). The Petition proposes updates to Otter Tail's EITE Rider. The Company proposes to reduce the EITE Surcharge Rate from the \$0.00038 per kWh currently in effect to \$0.00034 for the recovery period beginning October 1, 2020. For a customer using 1,000 kWh per month, this represents a decrease of \$0.04 per month or \$0.48 annually.

II. DEPARTMENT ANALYSIS

A. GOVERNING STATUTES AND RULES

The Company submitted the Petition to the Commission under Minnesota Statutes § 216B.1696 which states, in part:

Upon approval of any EITE rate schedule, the utility shall create a separate account to track the difference in revenue between what would have been collected under the electric utility's applicable standard tariff and the EITE rate schedule. In its next general rate case or through an EITE cost recovery rate rider between general rate cases, the commission shall allow the utility to recover any costs, including reduced revenues, or refund any savings, including increased revenues, associated with providing service to a customer under an EITE rate schedule. The utility shall not recover any costs or refund any savings under this section from any energy-intensive trade-exposed customer or any low-income residential ratepayers as defined in Minnesota Statutes section 216B.16, subdivision 15.^[1]

Also, the Petition qualifies as a miscellaneous tariff filing. Minnesota Rules part 7829.1300 contains the completeness requirements for miscellaneous filings. The Department reviewed the Petition for compliance with the completeness requirements and concludes that the Petition is substantially complete.

B. PROPOSED EITE RIDER SURCHARGE RATE

The Department reviewed Otter Tail's Petition and Attachments to confirm the Company's calculations. The Company's current rate is in effect through September 2020. The Petition's Attachment 2 shows Otter Tail's originally forecasted tracker activity for the proposed October 2020 to November 2021 recovery period. However, in response to Department Information Request No. 3 Otter Tail stated that:

Otter Tail made correction to a formula on Attachment 2, Line No. 7 of November 2021. The correction included updating the formula to use the correct rate for the proposed recovery period. The corrected forecasted billed amount increased to \$66,463 from \$69,111. The correction has no impact to the rate of \$0.00034 per kWh.

¹ Note that Minnesota Statutes § 216B.16 subd. 15 defines "low-income residential ratepayers" as meaning ratepayers who receive energy assistance from the low-income home energy assistance program (LIHEAP).

Otter Tail also discovered that the \$10,000 affordability program fee that was disallowed in the Order Authorizing Recovery with Conditions in Docket No. E-017/M/17-257 was incorrectly included in the Initial Filing tracker. Removal of the \$10,000 affordability program fee will reduce total revenue requirements for the recovery period by approximately \$13,000, including carrying costs, and result in a reduction to the rate of \$0.00001 per kWh.

Otter Tail will file revised workpapers and affected attachments for the above corrections within Otter Tail's reply comments to this filing. Otter Tail includes these revisions in the Revised Attachment 2 tracker included as Attachment 1 to IR MN-DOC-003.

The Department reviewed the Revised Attachment 2 tracker as provided in the response to Department Information Request No. 3 and concludes that the Company's revised calculations are reasonable. Based upon the revised data, the current forecasted tracker balance at the beginning of October 2020, when an updated rate is proposed to go into effect, is (\$115,198). During the period October 2020-November 2021 the estimated revenue requirements are \$1,106,466; carrying charges are estimated to be (\$6,663) and projected sales are forecasted to be 2,954,267 MWh. Table 1 below shows a calculation of the Company's proposed EITE Surcharge Rate using these revised numbers.

Table 1: Otter Tail's Revised EITE Rate Calculation

Item	October 2020- November 2021
Revenue Requirement	\$ 1,106,466
Carrying Charge	\$ (6,663)
Estimated Beginning Rider Balance	\$ (115,198)
Total Revenue Requirements	\$ 984,605
Projected Sales kWh	2,954,267,456
Proposed Rate Per kWh	\$ 0.00033

The proposed rate is a decrease of \$0.00005 per kWh from the current rate of \$0.00038 per kWh. This proposal represents a 13.2% decrease from the current rate, or about a decrease of \$0.60 annually for a residential customer using 1,000 kWh per month.

C. CUSTOMER NOTICE

The Company proposed the following language for its customer notice in the Petition's Attachment 7:

On Month xx, 2020, the Minnesota Public Utilities Commission approved our request to decrease our Energy-Intensive Trade-Exposed (EITE) Surcharge Rate. The approved rate of \$0.00034 per kWh will become effective October 1, 2020, for all classes of customers subject to the charge. The EITE rider recovers costs associated with the State of Minnesota's energy policy to ensure competitive electric rates for EITE customers. For more information, contact Customer Service at 800-257-4044 or visit our website at otpc.com/eite.

The Department reviewed the proposed notice language and notes that it is nearly identical to the language approved by the Commission in Docket No. E017/M-19-199. Overall, the Department concludes that the proposed notice language is reasonable. However, the approved rate will be slightly different due to the error discussed above. The Department recommends that the Commission approve the proposed notice language with the modification that the EITE Surcharge Rate be changed to \$0.00033 per kWh.

D. TARIFF CHANGES

The Department reviewed the Company's proposed tariff changes in the Petition's Attachment 7. Otter Tail's proposed changes reflect the updated EITE Rider surcharge rate and related minor changes such as approval date and Docket No. The Department reviewed the proposed changes and concludes that the proposed changes are reasonable. However, the approved rate will be slightly different due to the error discussed above and will have to be revised. Thus, the Department recommends that the Commission approve Otter Tail's proposed tariff revisions with the modification of the EITE Surcharge Rate to \$0.00033 per kWh as calculated above.

E. SALES AND REVENUE FROM EITE CUSTOMERS

Order points 5 and 6 from the Commissions May 29 Order established a baseline sales number for EITE customers and required that any increased revenues for the Company resulting from the EITE discount to be refunded to customers paying the EITE Rider Surcharge Rate and required the Company to provide annual sales data and revenue from EITE Customers.

The Company provided 2019 actual and weather-normalized annual sales data for EITE Customers in Attachment 6 of the Petition. Otter Tail also provided a calculation of the variance from the baseline. Point 5 of the May 29 Order requires Otter tail to refund any increased EITE customer revenues from increased operations after the four-year discount term is complete. As the four-year term is not complete the data is only for tracking purposes at this time.

III. CONCLUSION AND RECOMMENDATIONS

The Department recommends that the Commission approve Otter Tail's EITE Surcharge Rate of \$0.00033 per kWh effective October 1, 2020, and associated tariff revisions. The Department also recommends that the Commission approve the proposed notice language with the modification that the EITE Surcharge Rate be changed to \$0.00033 per kWh.

/ar

CERTIFICATE OF SERVICE

I, Sharon Ferguson, 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. E917/M-20-338

Dated this **26th** day of **March 2020**

/s/Sharon Ferguson

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_20-338_M-20-338
Ray	Choquette	rchoquette@agp.com	Ag Processing Inc.	12700 West Dodge Road PO Box 2047 Omaha, NE 68103-2047	Electronic Service	No	OFF_SL_20-338_M-20-338
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_20-338_M-20-338
James C.	Erickson	jericksonkbc@gmail.com	Kelly Bay Consulting	17 Quechee St Superior, WI 54880-4421	Electronic Service	No	OFF_SL_20-338_M-20-338
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_20-338_M-20-338
Shane	Henriksen	shane.henriksen@enbridge.com	Enbridge Energy Company, Inc.	1409 Hammond Ave FL 2 Superior, WI 54880	Electronic Service	No	OFF_SL_20-338_M-20-338
Douglas	Larson	dlarson@dakotaelectric.com	Dakota Electric Association	4300 220th St W Farmington, MN 55024	Electronic Service	No	OFF_SL_20-338_M-20-338
James D.	Larson	james.larson@avantenergy.com	Avant Energy Services	220 S 6th St Ste 1300 Minneapolis, MN 55402	Electronic Service	No	OFF_SL_20-338_M-20-338
Kavita	Maini	kmairi@wi.rr.com	KM Energy Consulting, LLC	961 N Lost Woods Rd Oconomowoc, WI 53066	Electronic Service	No	OFF_SL_20-338_M-20-338
Darlene C	Mandelke	dmandelke@otpc.com	Otter Tail Power Company	15 S Cascade St PO Box 496 Fergus Falls, MN 56538-0496	Electronic Service	No	OFF_SL_20-338_M-20-338

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Andrew	Moratzka	andrew.moratzka@stoel.com	Stoel Rives LLP	33 South Sixth St Ste 4200 Minneapolis, MN 55402	Electronic Service	No	OFF_SL_20-338_M-20-338
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_20-338_M-20-338
Larry L.	Schedin	Larry@LLSResources.com	LLS Resources, LLC	332 Minnesota St, Ste W1390 St. Paul, MN 55101	Electronic Service	No	OFF_SL_20-338_M-20-338
Will	Seuffert	Will.Seuffert@state.mn.us	Public Utilities Commission	121 7th PI E Ste 350 Saint Paul, MN 55101	Electronic Service	Yes	OFF_SL_20-338_M-20-338
Cary	Stephenson	cStephenson@otpc.com	Otter Tail Power Company	215 South Cascade Street Fergus Falls, MN 56537	Electronic Service	No	OFF_SL_20-338_M-20-338
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_20-338_M-20-338