

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

LeRoy Koppendraye  
Marshall Johnson  
Thomas Pugh  
Phyllis A. Reha

Chair  
Commissioner  
Commissioner  
Commissioner

In the Matter of Otter Tail Corporation d/b/a  
Otter Tail Power Company August 2005 Fuel  
Clause Adjustment

ISSUE DATE: June 14, 2007

DOCKET NO. E-017/AA-05-1228

In the Matter of Electric and Gas 2006 Annual  
Fuel Report

DOCKET NO. E,G-999/AA-06-1208

ORDER DEFERRING RESOLUTION OF  
OTTER TAIL POWER COMPANY'S FUEL  
CLAUSE ADJUSTMENT

**PROCEDURAL HISTORY**

On July 27, 2005, Otter Tail Corporation d/b/a Otter Tail Power Company (OTP) filed its August 2005 fuel clause adjustment (FCA).

On August 10, 2005, the Minnesota Department of Commerce (the Department) filed comments expressing concern about the magnitude of the proposed adjustment and announcing the start of an investigation into the matter.

On December 9, 2005, the Department filed comments identifying factors contributing to OTP's increased FCA costs, including costs related to participation in the "Day 2 Energy Market" conducted by the Midwest Independent Transmission System Operator, Inc.

On December 19, 2005, OTP filed comments defending its FCA costs.

On March 5, 2007, the Department recommended that the Commission revise OTP's FCA to offset Day 2 Energy Market costs with certain Day 2 Energy Market revenues starting in 2006.

On March 16, 2007, the Residential and Small Business Utilities Division of the Office of the Attorney General made a similar recommendation, noting that the Commission had adopted such a policy in a recent rate case.<sup>1</sup>

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<sup>1</sup> See *In the Matter of the Application of Northern States Power Company d/b/a Xcel Energy for Authority to Increase Rates for Electric Service in Minnesota*, Docket No. E-002/GR-05-1428, FINDINGS OF FACT, CONCLUSIONS OF LAW AND ORDER (September 1, 2006).

On April 25, 2007, OTP asked the Commission to defer consideration of this matter to OTP's impending rate case.<sup>2</sup>

On May 7, 2007, the Department provided additional support for its position.

On May 17, 2007, OTP provided additional support for its position.

The Commission met on June 7, 2007, to consider this matter. At the hearing parties agreed that the matters under discussion could be addressed in the context of the pending review of annual automatic adjustments, Docket E,G-999/AA-06-1208, *In the Matter of Electric and Gas 2006 Annual Fuel Report*.

### **FINDINGS AND CONCLUSIONS**

In the interest of administrative efficiency, the Commission will defer consideration of OTP's FCA to Docket E,G-999/AA-06-1208, *In the Matter of Electric and Gas 2006 Annual Fuel Report*.

### **ORDER**

1. Consideration of OTP's FCA is deferred to Docket E,G-999/AA-06-1208, *In the Matter of Electric and Gas 2006 Annual Fuel Report*.
2. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Burl W. Haar  
Executive Secretary

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<sup>2</sup> By October 1, 2007, OTP must propose and justify new rates for regulated electric service, and include data regarding its allocation of costs between retail and wholesale transactions. *In the Matter of Otter Tail Power Company's Report on a Call to its Ethics Hotline*, Docket No. E-017/M-04-1751, ORDER REQUIRING FURTHER FILINGS (March 10, 2006).