

**DECOUPLING  
AND  
DECOUPLING PILOT PROGRAMS**

**Report to the Legislature**

**February, 2017**

**As required by  
Minnesota Statutes § 216B.2412**

**Submitted by the Minnesota Public Utilities Commission**

## **INTRODUCTION**

### **Statutory Reporting Requirement**

Minnesota Statutes (2016), Section 216B.2412, subdivision 3 requires the Minnesota Public Utilities Commission (Commission) to report annually to the Legislature on decoupling and decoupling pilot programs.

This report is to fulfill the reporting requirement of this section.

### **Costs of Preparing Report**

Pursuant to Minnesota Statutes (2016), Section 3.197, it is estimated that the costs incurred by the Commission in preparing this Report are minimal. Special funding was not appropriated for the costs of preparing this report.

## **BACKGROUND**

Minnesota Statutes (2016), Section 216B.2412 is a provision of law regarding the decoupling of energy sales from revenues.

### **Definition of Decoupling**

Subdivision 1 of that section defines decoupling as:

a regulatory tool designed to separate a utility's revenue from changes in energy sales. The purpose of decoupling is to reduce a utility's disincentive to promote energy efficiency.

In other words, decoupling is intended to neutralize the risks of lost revenue from fewer sales of electricity due to customer or utility investments in cost effective energy efficiency and other clean energy resources that reduce total customer consumption.

### **Decoupling Programs**

Subdivisions 2 and 3 of that section go on to provide the following:

Subd. 2. Decoupling criteria. The commission shall, by order, establish criteria and standards for decoupling. The commission may establish these criteria and standards in a separate proceeding or in a general rate case or other proceeding in which it approves a pilot program, and shall design the criteria and standards to mitigate the impact on public utilities of the energy savings goals under section 216B.241 without adversely affecting utility ratepayers. In designing the criteria, the commission shall consider energy efficiency, weather, and cost of capital, among other factors.

Subd. 3. Pilot programs. The commission shall allow one or more rate-regulated utilities to participate in a pilot program to assess the merits of a rate-decoupling strategy to promote energy efficiency and conservation. Each pilot program must utilize the criteria and standards established in subdivision 2 and be designed to determine whether a rate-decoupling strategy achieves energy savings. On or before a date established by the commission, the commission shall require electric and gas utilities that intend to implement a decoupling program to file a decoupling pilot plan, which shall be approved or approved as modified by the commission. A pilot program may not exceed three years in length. Any extension beyond three years can only be approved in a general rate case, unless that decoupling program was previously approved as part of a general rate case. . . .

## COMMISSION ACTIONS

### **CenterPoint Energy Annual Revenue Decoupling Report for Period July 1, 2015 through June 30, 2016 – Docket Number 13-316**

On June 9, 2014, the Commission issued its Findings of Fact, Conclusions of Law, and Order (CenterPoint Order) in CenterPoint Energy's 2013 General Rate Case. As part of the CenterPoint Order, the Commission authorized a three-year, full-decoupling pilot program that encompassed all customer classes except for market-rate customers.<sup>1</sup> In the CenterPoint Order, the Commission instructed CenterPoint to file an annual evaluation report. The first year under the revenue decoupling mechanism ran from July 1, 2015 through June 30, 2016.

On September 1, 2016, CenterPoint submitted its initial report covering the year of July 1, 2015 through June 30, 2016. The Company stated that, as a result of weather that was 14 percent warmer than the ten-year average, the reporting period's revenue shortfall was \$24,895,492; however, since the decoupling adjustment surcharge only applies to non-gas margins, ratepayers retained their cost-of-gas savings. For instance, during the evaluation year, residential customers used approximately 8.2 million less dekatherms of natural gas which translated into a \$45.2 million cost-of-gas savings; therefore, despite the \$16.8 million decoupling adjustment, residential ratepayers still saved \$28.4 million. This is expressed in Table 1, as follows.<sup>2</sup>

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<sup>1</sup> This is CenterPoint's second revenue decoupling pilot program. CenterPoint's first decoupling pilot program was a partial decoupling program and was in effect from July 1, 2010 through June 30, 2013. Please see Docket No. G-008/GR-08-1075, In the Matter of an Application by CenterPoint Energy for Authority to Increase Natural Gas Rates in Minnesota, for information about this program.

<sup>2</sup> In the Matter of an Application by CenterPoint Energy for Authority to Increase Natural Gas Rates in Minnesota, Staff Briefing Papers at 2 (December 14, 2016).

**Table 1 - Decoupling Adjustment Balance through June 30, 2016**

<b>Class</b>	<b>Decoupling Adjustment Balance through June 30, 2016</b>	<b>Adjustment Made to Reflect 10% Cap</b>	<b>Adjusted Balance</b>
Residential	\$16,813,103		\$16,813,103
Commercial A	\$823,119		\$823,119
Commercial & Industrial B	\$1,459,372	(\$110,013)	\$1,349,359
Commercial & Industrial C	\$3,175,766		\$3,175,766
SVDF A	\$1,340,206	(\$177,196)	\$1,163,010
SVDF B	\$708,785	(\$5,393)	\$703,392
LVDF	\$573,345		\$573,345
Large Volume General Firm	\$1,796		\$1,796
Total	\$24,895,492	(\$292,602)	\$24,602,890

CenterPoint pointed out that, since interim rates in the Company's subsequent 2015 Rate Case were in effect during most of the evaluation year, a final true-up will be necessary.

Regarding conservation, CenterPoint stated that, when compared to the 2007-2009 pre-decoupling period, 2015 energy savings increased by 114 percent and Conservation Improvement Program (CIP) expenditures increased by 198 percent.<sup>3</sup>

On November 1, 2016, the Department of Commerce (Department) filed comments on CenterPoint's Evaluation Report and recommended that the Commission allow CenterPoint to continue its decoupling program and approve the Company's annual decoupling rate adjustments.

The Department showed the annual historical amounts of lifetime energy savings created through CenterPoint's CIP achievements and attributed them to the following factors:

- the level of first-year energy savings;
- the different lifetimes of the mix of energy savings achieved each year (for example, large commercial and industrial projects generally have longer lifetimes; even if CPE achieved the same first-time energy savings in two years, the lifetime energy savings for CIP achievements can be higher if it has a higher concentration of long lifetime projects); and
- changes in lifetime assumptions between triennial CIPs (*e.g.*, the assumed lifetime for behavioral change projects is lower now than when first introduced).

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<sup>3</sup> *Id.* at 3.

The Department noted that the third factor makes it difficult to compare changes in lifetime energy savings between triennial CIPs; however, based on the assumptions used at the time for each CIP triennial, CenterPoint's 2013-2015 lifetime energy savings were 55 percent higher than the Company's 2007-2009 lifetime energy savings. To put CenterPoint's savings in context, the Company's residential customer uses approximately 92 dekatherms per year on average. In 2015 CPE's lifetime energy savings were 18 million dekatherms. Consequently, the Company's 2015 lifetime energy savings were enough to provide natural gas service to more than 195,000 residential customers for a year.<sup>4</sup>

Based on its analysis, the Department concluded that CenterPoint's energy savings have continued to grow since the Company implemented its revenue decoupling mechanisms. The Department determined that CenterPoint's 2015 CIP expenditures were almost triple its pre-decoupling annual CIP expenditures. The cost per first-year energy savings peaked in 2012 and has declined slightly since then. CenterPoint's 2015 cost of energy savings of \$13.98 per dekatherm was 39 percent higher the average of CPE's pre-decoupling cost of energy savings of \$10.06 per dekatherm (Dth). The Department stated that CenterPoint's lifetime energy savings cost an average of \$1.28 per Dth in 2013-2015 as compared to \$0.71 per Dth in 2007-2009 (three years prior to decoupling), and that the 2013-2015 cost per lifetime energy saved increased by 80% compared to the 2007- 2009 average.<sup>5</sup>

The Department noted that warmer than normal weather conditions resulted in the \$24,895,492 under-recoveries summarized in Table 1 above. The Department also calculated that the \$292,602, 10 percent cap impact shown in the same table represented 1.2 percent of the total under-recovered amount.<sup>6</sup>

As shown in Table 2, as follows, the Department also calculated the average annual surcharge/(refund) and the average percent increase/(decrease) expected for each class.<sup>7</sup>

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<sup>4</sup> *Id.* at 6.

<sup>5</sup> *Id.* at 7-8.

<sup>6</sup> *Id.* at 9.

<sup>7</sup> *Id.* at 10.

**Table 2 - Annual Surcharge/(Refund)**

<b>Class</b>	<b>Average Annual Decoupling Adjustment (\$)</b>	<b>Average Annual Decoupling Adjustment (%)</b>
Residential	\$21.72	3.40%
Commercial A	\$28.44	4.60%
Commercial & Industrial B	\$68.88	3.70%
Commercial & Industrial C	\$169.08	2.00%
SVDF A	\$605.04	3.10%
SVDF B	\$1,822.68	2.80%
LVDF	\$2,516.00	2.80%
Large Volume General Firm	\$898.08	1.30%

The Department recommended that the adjustment factors be approved and that, in Reply Comments, CenterPoint provide information in a 20-year weather normal format that was previously based on 10-year weather normal. The Department also recommended that, in subsequent annual evaluation plan filings, CenterPoint provide information based on 20-year normal weather. CenterPoint agreed to include 20-year weather normalized figures in future Decoupling Evaluation Reports.<sup>8</sup>

On December 21, 2016, the Commission accepted CenterPoint's 2016 revenue decoupling evaluation report, approved CenterPoint's revenue decoupling rate adjustments that went into effect on September 1, 2016, and ordered CenterPoint to provide information based on 20-year normal weather in subsequent annual evaluation plan filings.<sup>9</sup>

**Minnesota Energy Resources Corporation Annual Revenue Decoupling Evaluation Report-Docket Number 10-977**

On July 13, 2012, the Commission issued its Findings of Fact, Conclusions of Law, and Order (MERC Order) in Minnesota Energy Resources Corporation's (MERC) 2010 general rate case, in this docket. As part of the MERC Order, the Commission authorized a three year pilot "full" revenue decoupling mechanism ("RDM") that encompassed the Residential and the Small Commercial and Industrial customer classes. In conjunction with the implementation of rates authorized as a result of the 2010 rate case, MERC's revenue decoupling pilot program became effective on January 1, 2013.

MERC's pilot revenue decoupling program was scheduled to run through December 31, 2015; however, in the MERC Order after last year's annual filing, the Commission indefinitely

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<sup>8</sup> *Id.* at 10-11.

<sup>9</sup> *In the Matter of an Application by CenterPoint Energy for Authority to Increase Natural Gas Rates in Minnesota*, Order, Docket No. G008/GR-13-316 (December 21, 2016).

extended MERC's decoupling pilot "until such time as the Commission makes a determination as to its permanence."<sup>10</sup>

One of the conditions of the Commission's approval of MERC's RDM was that MERC was required to file an annual Revenue Decoupling Evaluation. The Commission reaffirmed the Evaluation requirement in its 2015 Order approving the 2014 Evaluation.

On April 29, 2016, MERC submitted its full Evaluation for the period of January 1 to December 31, 2015. The Report provides a large amount of information about the Company's various conservation programs, their costs and, ultimately, their overall results and energy savings.

This is the Company's third annual Evaluation and it encompasses the period of January 1 to December 31, 2015.

The 2015 RDM adjustment calculation resulted in surcharges to both classes subject to decoupling - Residential customers' total surcharge is \$3,283,235 and Small Commercial & Industrial customers' is \$59,398. Since the Company recovers surcharges/refunds on a volumetric basis, a true up of a previous year's adjustment is necessary to make the Company and ratepayers "whole"; therefore, the coming year's adjustment will include 2013 true-up surcharges for both classes. Residential customers' 2013 true-up surcharge is \$145,449 and Small Commercial & Industrial customers' is \$71,636 thus making the total surcharges \$3,428,684 and \$131,034, respectively. MERC began collecting these surcharges on March 1, 2016.<sup>11</sup>

On June 1, 2016, the Department filed comments on MERC's Evaluation Report and recommended that the Commission allow MERC to continue its revenue decoupling pilot program and approve the Company's proposed change (adjustment) to the annual revenue decoupling rate.

The Department analyzed MERC's filing and confirmed that, as a result of under-recoveries in calendar-year 2015, surcharges for Residential and Small C&I customers in 2016 will be approximately \$3.3 million and \$59,000, respectively. As mentioned above, the Company began collecting these surcharges on March 1, 2016. The Department explained that, for a gas utility, distribution costs are recovered through the customers' variable rate. During years in which sales are lower than forecasted, the utility does not fully recover its distribution costs; during years in which sales are higher than forecasted, the utility over-collects the amount of revenues needed. The purpose behind a revenue decoupling mechanism is to allow the Company to recover forecasted distribution costs, regardless of sales.<sup>12</sup>

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<sup>10</sup> *In the Matter of an Application by CenterPoint Energy for Authority to Increase Natural Gas Rates in Minnesota*, Order, Docket No. G-007,011/GR-10-977 (August 11, 2015).

<sup>11</sup> *In the Matter of the Application by Minnesota Energy Resources Corporation for Authority to Increase Rates for Natural Gas Service in Minnesota*, Staff Briefing Papers at 2 (August 3, 2016).

<sup>12</sup> *Id.* at 5.

On August 11, 2016, the Commission accepted MERC's revenue decoupling evaluation report for 2015 and MERC's revenue decoupling adjustment calculations and approved its implementation effective March 1, 2016.<sup>13</sup>

**Minnesota Energy Resources Corporation Application for Authority to Increase Rates for Natural Gas Service in Minnesota- Docket Number 15-736**

On September 30, 2015, MERC submitted to the Commission its general rate case. In this application, MERC proposed to extend the pilot program for another three years.

MERC's revenue-decoupling mechanism generally works as follows: The Commission has approved an interclass revenue apportionment for non-gas costs. At the end of each year, MERC calculates the revenues generated by each applicable customer class (excluding revenues reflecting the cost of the gas itself), and compares them to each class' revenue requirements. For each class, the Company then adjusts future delivery charges to return any surplus to, or recover any deficit from, members of the same class. To mitigate any perceived financial risk arising from this program, MERC caps the size of any adjustment arising from the program at 10 percent. Finally, MERC must file reports annually on the status of its program, including a final evaluation report at the end of the pilot period.<sup>14</sup>

The Department generally supported MERC's proposal, but recommended that the Commission direct MERC to provide supplementary analyses in the future, as follows:

- In its next rate case, MERC should explain why extending decoupling to all classes with more than 50 customers is not reasonable.
- If MERC seeks a further extension in its next rate case or at the end of its decoupling pilot program, MERC should address evidence showing that energy savings achieved by the Residential class has declined since MERC's decoupling program began.<sup>15</sup>

In contrast, the Office of Attorney General (OAG) stated that, unless the Commission modified it in three ways, the program should be cancelled. First, the OAG argued that MERC should have to implement decoupling for all customer classes with at least 50 customers. While MERC argued that its large customer classes have too few customers to participate in decoupling, the OAG stated that MERC provided no quantitative analysis to determine how many customers a class must have before it can be decoupled. The OAG found arguments against implementing decoupling in classes with fewer than ten members, but no objections to classes with 50 or more members. Second, the OAG argued that MERC should have to forgo implementing any surcharge if it cannot reduce its annual energy sales by at least 1.2 percent through its CIP. Since MERC justified its decoupling program as a means to reduce disincentives for conservation, the OAG argued that MERC should have to demonstrate its accomplishments in

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<sup>13</sup> *In the Matter of the Application by Minnesota Energy Resources Corporation for Authority to Increase Rates for Natural Gas Service in Minnesota*, Order, Docket No. G007, 011/GR-10-977 (August 11, 2016).

<sup>14</sup> *Id.* at 44.

<sup>15</sup> *Id.*



order to receive the benefits of the program. The OAG selected a savings level of 1.2 percent based on target levels that the OAG and the Department recommend for demand-side management programs operated by gas utilities. Third, the OAG argued that MERC should have to forgo any increase in the customer charges for the customers in the decoupling program—members of Residential and Small Commercial & Industrial classes. The OAG explained that any increase in the customer charge results in a decrease in the distribution charge—that is, the charge per unit of gas consumed—and that higher distribution charges would help deter consumption. Consequently, the OAG argued that increasing the customer charge would tend to undermine the conservation goals for which MERC adopted revenue decoupling in the first place.<sup>16</sup>

The Administrative Law Judge recommended granting MERC's request to continue the pilot revenue-decoupling program for another three years. Regarding the OAG's proposed condition that MERC refrain from increasing the customer charges for the Residential and Small Commercial and Industrial classes, the Administrative Law Judge noted that she would in fact recommend holding customer charges unchanged for the great majority of MERC's customers. Regarding the OAG's other conditions—requiring MERC to extend decoupling to all of its customer classes with 50 or more members, and to forgo decoupling surcharges if MERC fails to achieve specified conservation goals—the Administrative Law Judge noted that the Commission had declined to adopt such conditions in the past. Consequently the Administrative Law Judge declined to adopt these conditions here. However, the Administrative Law Judge did recommend adopting the Department's proposals to direct MERC to provide further analyses of these issues in the future.

On September 29, 2016, the Commission granted MERC's request to extend the revenue decoupling mechanism pilot for another three years, and declined to adopt the recommendations of the OAG. However, the Commission did adopt the recommendation to require MERC to demonstrate why it should not extend its decoupling program to other customer classes. To this end, the Commission directed MERC to do the following:

- Direct MERC to include in its annual decoupling filings an analysis of the financial consequences for ratepayers and MERC of extending the decoupling program to all customer classes with more than 50 customers;
- Permit MERC to include in its annual decoupling filings an analysis of the financial consequences of extending its decoupling program to any other combination of customer classes; and
- Direct MERC, in its next rate case, to demonstrate why extending its decoupling program to other rate classes with more than 50 members would not be reasonable.<sup>17</sup>

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<sup>16</sup> *Id.* at 44-45.

<sup>17</sup> *Id.* at 46-47.

Finally, the Commission also adopted the recommendation to require MERC to address the fact that the levels of conservation achieved by MERC's Residential class have declined since the program took effect. To this end, the Commission directed MERC to do the following:

- Include in its annual decoupling filings an analysis demonstrating the reasonableness of maintaining MERC's decoupling program given evidence that the level of savings generated by the Residential customer class has declined while the program has been in effect;
- Include in its annual decoupling filings (1) data showing its average CIP savings for the previous five years compared to the savings of its most recent complete year, and (2) an explanation for any differences in the CIP savings, including the likely impact of decoupling; and
- Include in its decoupling evaluation report or in its initial filing of its next rate case an analysis demonstrating the reasonableness of maintaining MERC's decoupling program given the evidence that the level of savings generated by the Residential customer class has declined while the program has been in effect.<sup>18</sup>

#### **Great Plains Natural Gas Company Application for Authority to Increase Natural Gas Rates in Minnesota- Docket Number 15-879**

On September 30, 2015, Great Plains Natural Gas Company, a Division of MDU Resources Group, Inc., filed its general rate case. In this application, Great Plains proposed a revenue decoupling pilot. The question posed by the Commission in this proceeding was the following: If the Commission approves the Company's proposed, pilot revenue-decoupling program, should it cap the annual refunds or surcharges due customers under the program and, if so, should the caps be symmetrical?<sup>19</sup>

Great Plains proposed a three-year pilot program implementing revenue decoupling. Generally the formula would work as follows. The Commission has approved an interclass revenue apportionment for non-gas costs. At the end of each year, Great Plains would calculate the non-gas revenues generated by the class, and compare them to the class's revenue requirement. For each class, the Company would then adjust future delivery charges to return any surplus to, or recover any deficit from, members of the same class.<sup>20</sup>

After receiving recommendations from the Department, Great Plains offered a modified proposal that included the following components:

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<sup>18</sup> *Id.* at 47.

<sup>19</sup> *In the Matter of the Application of Great Plains Natural Gas Company, a Division of MDU Resources Group, Inc., for Authority to Increase Natural Gas Rates in Minnesota*, Findings of Fact, Conclusions, and Order at 7 (December 22, 2016).

<sup>20</sup> *Id.* at 40.

First, Great Plains would implement a full decoupling mechanism, meaning that the mechanism would calculate adjustments when the Company's energy sales differ from forecast, regardless of the reason for the difference.

Second, the new rate design would apply to all customers except the following:

- Flexible rate customers. By statute, a utility may not charge a customer receiving service on the basis of flexible rates less than its incremental cost; a decoupling adjustment might cause the rate to dip below that level.
- One Large Interruptible Transportation customer that has received Commission approval to be exempt from the state's Conservation Improvement Program (CIP).

Third, Great Plains would provide an evaluation report to the Commission each year of the pilot program. Finally, Great Plains proposed no cap on the amount of the rebate or surcharge used to implement the decoupling mechanism, on the theory that any adjustment would be small relative to the size of a customer's total bill. If the Commission were to decide to establish a limit on the size of any surcharge, the Company would propose setting a 10 percent cap on both the size of any surcharge and the size of any rebate.<sup>21</sup>

The Department generally supported Great Plains' proposal but with modifications. The sole unresolved issue involved the implementation of a cap on rate surcharges but not refunds. The Department recommended limiting the size of any surcharge to 10 percent of non-gas margin revenues (excluding revenues for the Conservation Cost Recovery Charge). This cap would foreclose the possibility that a surcharge would provoke rate shock. Moreover, the Department reasoned that Great Plains is in a better position to respond to the consequences of an adverse unanticipated rate adjustment than are ratepayers. Finally, the Department noted that the Commission had authorized caps on decoupling surcharges, but not on decoupling refunds, in other cases. Great Plains opposed the Department's proposed cap on surcharges but not refunds, arguing that creating this kind of regulatory asymmetry was unfair.<sup>22</sup>

The Administrative Law Judge found the Department's analysis persuasive. Thus the Administrative Law Judge recommended that the Commission approve Great Plains' revenue decoupling pilot program with the changes proposed by the Department—including the proposal to establish a cap on surcharges but not refunds.

On August 5, 2016, the Commission approved Great Plains' revenue decoupling pilot program with the modifications proposed by the Department. The Commission also directed Great Plains to calculate its annual decoupling adjustment using both the per customer and per customer class methodology and to report its findings in its annual and final reports on its decoupling program pilot. Finally, the Commission noted that in the next rate case, the Commission may explore how to tie future revenue decoupling adjustments to achievement of

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<sup>21</sup> *Id.* at 41.

<sup>22</sup> *Id.*

a minimum level of energy savings, and asked the Department to propose an appropriate minimum level of savings to use for this purpose.<sup>23</sup>

## **On-Going Activity**

### **Northern States Power Company Application for Authority to Increase Rates for Electric Service in the State of Minnesota- Docket No. 13-868**

In 2015, the Commission authorized Xcel to implement revenue decoupling for its residential and small commercial customers on a three year pilot basis.<sup>24</sup> The implementation date for decoupling was set for January 1, 2016, and was maintained even though Xcel submitted a new rate case before the implementation date.<sup>25</sup> This pilot is on-going and Xcel is to submit annual reports on its experience with decoupling.

### **Northern States Power Company Application for Authority to Increase Rates for Electric Service in the State of Minnesota- Docket No. 15-826**

In Xcel's 2015 rate case,<sup>26</sup> submitted on November 2, 2015, the Company requested approval of a multiyear rate plan. Xcel also proposed to extend its three-year revenue decoupling pilot program to match the term of the multiyear rate plan approved by the Commission. Xcel also proposed an increase to the cap on the RDM surcharge from three to five percent after three years.

The Department agreed with extending the term of the pilot decoupling program and opposed raising the cap on the RDM surcharge.

AARP opposed extending the pilot decoupling program and opposed raising the cap on the RDM surcharge.

In rebuttal testimony and for purposes of settlement, Xcel withdrew its request to raise the cap on RDM rate surcharges.

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<sup>23</sup> *Id.* at 42-43.

<sup>24</sup> *In the Matter of the Application of Northern States Power Company for Authority to Increase Rates for Electric Service in the State of Minnesota*, Findings of Fact, Conclusions, and Order (May 8, 2015).

<sup>25</sup> *In the Matter of the Application of Northern States Power Company for Authority to Increase Rates for Electric Service in the State of Minnesota*, Order Reopening, Clarifying, and Supplementing May 8, 2015 Order (August 31, 2015).

<sup>26</sup> *In the Matter of the Application of Northern States Power Company for Authority to Increase Rates for Electric Service in the State of Minnesota*, Docket No. E-002/GR-15-826, OAH Docket No. 19-2500-33074.

In the August 16, 2016 stipulation and settlement submitted in this rate case, the settling parties<sup>27</sup> agreed with and adopted the position of Xcel and the Department as reflected in all of the pre-filed testimony on revenue decoupling as filed by Xcel and the Department.

AARP remains opposed to extending the pilot program from three to four years.

The ALJ's report and recommendation in this matter is expected in March 2017. The Commission expects to issue its Order in June 2017.

**Otter Tail Power Company Application for Authority to Increase Rates for Electric Utility Service in Minnesota- Docket No. 15-1033**

Otter Tail Power (OTP) submitted a request for a general increase in rates on February 16, 2016.<sup>28</sup>

Fresh Energy intervened in Otter Tail's rate case and recommended the Commission order OTP to adopt an RDM that would apply to OTP's Residential, Farm and General Service classes.

Otter Tail Power is opposed to Fresh Energy's recommendation.

None of the other parties to this matter (*i.e.*, the Minnesota Department of Commerce, Division of Energy Resources; the Office of the Attorney General, Antitrust and Utilities Division; the Minnesota Chamber of Commerce and Cass Forest Products, Norbord Inc., and Potlatch Corporation (collectively, the "Forest Products Group")) took a position on revenue decoupling in this case.

The Administrative Law Judge's report and recommendation in this matter was filed on January 5, 2017.

The Commission expects to issue its Order in April 2017.

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<sup>27</sup> This Settlement has been entered into by the Settling Parties, which includes the Company, the Department, the Xcel Energy Large Industrials, the Minnesota Chamber of Commerce, the Commercial Group, the Suburban Rate Authority, the City of Minneapolis, the Industrial, Commercial, and Institutional customer group, and the Energy CENTS coalition.

<sup>28</sup> In the Matter of the Application of Otter Tail Power Company for Authority to Increase Rates for Electric Utility Service in Minnesota, Docket No. E017/GR-15-1033, OAH Docket No. 8-2500-33355.