

March 26, 2025

Honorable Debbie-Anne Reese  
Secretary  
Federal Energy Regulatory Commission  
888 First Street, NE, Room 1A  
Washington, DC 20426

**Re:   *Otter Tail Power Co.***, Docket No. ER25-1772-000  
Order No. 904 Compliance Filing

Dear Secretary Reese:

In compliance with the requirements of the Federal Energy Regulatory Commission's ("FERC" or "Commission") Order No. 904,<sup>1</sup> Otter Tail Power Company ("Otter Tail") hereby submits revisions to Schedule 2 of its Control Area Services and Operations Tariff ("CASOT").<sup>2</sup> Otter Tail respectfully requests an effective date of June 1, 2025, for the CASOT revisions proposed herein.<sup>3</sup>

## **I.     BACKGROUND**

### **A.     Otter Tail and the CASOT**

Otter Tail is an investor-owned utility and transmission-owning member of the Midcontinent Independent System Operator, Inc. ("MISO"). It is headquartered in Fergus Falls, Minnesota and provides electricity to over 130,000 residential, industrial, farm,

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<sup>1</sup> *Compensation for Reactive Power Within the Standard Power Factor Range*, Order No. 904, 189 FERC ¶ 61,034, *notice of denial of reh'g by operation of law & providing for further consideration*, 189 FERC ¶ 62,127 (2024), *appeals pending*, *Petition for Review, Vistra Corp. v. FERC*, No. 25-60055 (5th Cir. Feb. 7, 2025).

<sup>2</sup> Otter Tail Power Company, FERC Electric Tariff, First Revised Volume No. 2. Revisions to the CASOT are attached hereto as Attachment A (clean version) and Attachment B (redlined version).

<sup>3</sup> *See* Order No. 904 at P 224 (requiring transmission providers to propose an effective date within 90 days from the date of compliance filing).

commercial, and municipal customers over an approximately 70,000 square mile area within Minnesota, North Dakota, and South Dakota. Otter Tail also provides certain services as a Local Balancing Authority within MISO under the CASOT. While MISO is the Balancing Authority Operator across the MISO footprint, and its directives govern in the event of any conflict, Local Balancing Authority Operators such as Otter Tail also have a substantial role in ensuring reliability. The CASOT addresses any ancillary services provided by Otter Tail, operation of Otter Tail's Local Balancing Authority Area ("BAA"), and interconnections with generation and transmission facilities.<sup>4</sup>

## **B. Order No. 904**

In Order No. 904, the Commission found that "transmission rates are unjust and unreasonable to the extent they include charges associated with the provision of reactive power within the standard power factor range."<sup>5</sup> The Commission therefore revised Schedule 2 of its *pro forma* Open Access Transmission Tariff ("OATT") to prohibit compensation for the provision of reactive power within the standard power factor range specified in an interconnection agreement.<sup>6</sup> The Commission further required all transmission providers to submit a compliance filing to make changes to Schedule 2 or related OATT provisions for charges or payments of reactive power.<sup>7</sup>

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<sup>4</sup> See *Otter Tail Power Co.*, 125 FERC ¶ 61,111 (2008) (accepting revisions to CASOT to conform to MISO's planned commencement of its ancillary services market and operation of a BAA); *Otter Tail Power Co.*, 99 FERC ¶ 61,019 (2002) (accepting CASOT to replace Otter Tail's pre-existing open access transmission tariff to reflect Otter Tail's transfer to MISO of functional control over Otter Tail's transmission facilities).

<sup>5</sup> Order No. 904 at P 49.

<sup>6</sup> See Order No. 904 at P 203.

<sup>7</sup> See Order No. 904 at P 206.

## **II. SCHEDULE 2 REVISIONS**

In compliance with the directives of Order No. 904, Otter Tail proposes to revise Schedule 2 of the CASOT to conclude with the following sentence: “However, such rates shall not include any charges associated with the compensation to a generating facility for the supply of reactive power within the power factor range specified in its interconnection agreement.”<sup>8</sup> This revision is identical to the Commission’s Schedule 2 revisions of the *pro forma* OATT that prohibit separate compensation for reactive power within a generator’s specified standard power factor range.<sup>9</sup>

Otter Tail further proposes to remove references to the “Basic Charge” and associated rates from Schedule 2.<sup>10</sup> No Customer under the CASOT is currently being charged pursuant to the “Basic Charge,” and the rates specified thereunder are no longer effective.<sup>11</sup> This revision will ensure that Schedule 2 of the CASOT is more closely aligned with Schedule 2 of the *pro forma* OATT and reduce the possibility of confusion as to when charges would apply under Schedule 2.

## **III. PROPOSED EFFECTIVE DATE**

Otter Tail respectfully requests an effective date of June 1, 2025, for the CASOT revisions proposed herein, in accordance with Order No. 904.<sup>12</sup> This effective date will

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<sup>8</sup> Proposed CASOT, Schedule 2.

<sup>9</sup> Order No. 904 at P 203.

<sup>10</sup> Proposed CASOT, Schedule 2.

<sup>11</sup> See Reactive Power Compensation Filing of Otter Tail Power Company, Docket No. ER21-1622-000 (Apr. 5, 2021) (explaining termination of charges under CASOT Schedule 2 rates); see also Offer of Settlement and Explanatory Statement of Otter Tail Power Company, Docket No. ER21-1622-001 (Jan. 10, 2022), as approved by Otter Tail Power Co., 178 FERC ¶ 61,177 (2022).

<sup>12</sup> Order No. 904 at P 224.

provide sufficient time for Otter Tail to fully implement the provisions of this compliance filing.

#### **IV. CORRESPONDENCE AND COMMUNICATIONS**

Otter Tail requests that all correspondence and communications with respect to this filing be sent to, and the Secretary should include on the official service list, the following:

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#### **V. DOCUMENTS ENCLOSED**

In addition to this transmittal letter, the following documents are included with this filing:

Attachment A: CASOT revisions in clean; and

Attachment B: CASOT revisions in redline.

#### **VI. SERVICE**

Otter Tail notes that it has served a copy of this filing electronically, including attachments, upon all current customers under the CASOT, and the public utility commissions for the states of Minnesota, North Dakota, and South Dakota.

**VII. CONCLUSION**

For the reasons stated herein, Otter Tail requests that the Commission accept the enclosed revisions to the CASOT as compliant with Order No. 904, effective June 1, 2025.

Respectfully submitted,

/s/ Elizabeth P. Trinkle

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**ATTACHMENT A**

**REVISED CASOT SCHEDULE 2  
(CLEAN)**

## **SCHEDULE 2**

### **Reactive Power Supply From Generation or Other Sources Service**

In order to maintain transmission voltages on the Company's transmission facilities located in the Local Balancing Authority within acceptable limits, generation facilities and non-generation resources capable of providing this service that are under the control of the Local Balancing Authority Operator are operated to produce (or absorb) reactive power. Thus, if this service is not already provided for under other agreements or tariffs, Reactive Power Supply from Generation or Other Sources Service must be provided for each transaction on the Company's transmission facilities located within the Local Balancing Authority. The amount of Reactive Power Supply from Generation or Other Sources Service that must be supplied with respect to the Customer's energy schedule will be determined based on the reactive power support necessary to maintain transmission voltages within limits that are generally accepted in the region and consistently adhered to by the Local Balancing Authority Operator.

The Local Balancing Authority Operator must provide and the Customer must purchase this service from the Local Balancing Authority Operator. Although the Customer is required to take this ancillary service from the Local Balancing Authority Operator, the Customer may reduce the charge for this service to the extent it can reduce its requirement for reactive supply.

Reactive Power Supply from Generation or Other Sources Service is to be provided directly by the Local Balancing Authority Operator for energy schedules on the Company's transmission facilities unless otherwise supplied through Self-Provision or through pre-existing agreements or tariffs. If Reactive Power Supply from Generation or Other Sources Service is provided to the Customer by the Local Balancing Authority Operator, the Customer shall compensate the Local Balancing Authority Operator for Reactive Power Supply from Generation

or Other Sources Service pursuant to the charges set forth below. However, such rates shall not include any charges associated with the compensation to a generating facility for the supply of reactive power within the power factor range specified in its interconnection agreement.



**ATTACHMENT B**

**REVISED CASOT SCHEDULE 2  
(REDLINED)**

## **SCHEDULE 2**

### **Reactive Power Supply From Generation or Other Sources Service**

In order to maintain transmission voltages on the Company's transmission facilities located in the Local Balancing Authority within acceptable limits, generation facilities and non-generation resources capable of providing this service that are under the control of the Local Balancing Authority Operator are operated to produce (or absorb) reactive power. Thus, if this service is not already provided for under other agreements or tariffs, Reactive Power Supply from Generation or Other Sources Service must be provided for each transaction on the Company's transmission facilities located within the Local Balancing Authority. The amount of Reactive Power Supply from Generation or Other Sources Service that must be supplied with respect to the Customer's energy schedule will be determined based on the reactive power support necessary to maintain transmission voltages within limits that are generally accepted in the region and consistently adhered to by the Local Balancing Authority Operator.

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or Other Sources Service pursuant to the charges set forth below. However, such rates shall not include any charges associated with the compensation to a generating facility for the supply of reactive power within the power factor range specified in its interconnection agreement.

~~\_\_\_\_\_~~ **Basic Charge:**

~~\_\_\_\_\_~~ \$0.10722/kW-Month

~~\_\_\_\_\_~~ \$0.02474/kW-Week

~~\_\_\_\_\_~~ \$0.00353/kW-Day

~~\_\_\_\_\_~~ \$0.00015/kW-Hour

~~\_\_\_\_\_~~ times the Customer's reserved capacity or the Customer's peak load responsibility.