

EL99-016

215 South Cascade Street
PO Box 495
Fergus Falls, Minnesota 56538-0496
218 739-8200
www.otpcn.com (web site)

fax 218-739-8914

EL 99-016

RECEIVED

SEP 16 1999

SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION



September 16, 1999

Mr. William Bullard, Director
South Dakota Public Utilities Commission
State Capitol
500 East Capitol Street
Pierre, SD 57501-5070

Re: In the Matter of Otter Tail Power Company's Request
to File an Energy-Only Lighting Tariff

Dear Mr. Bullard:

Pursuant to South Dakota Codified Laws Section 49-34A-10 and Administrative Rules of South Dakota Part 20:10:13:03, enclosed for filing please find ten (10) copies of Otter Tail Power Company's Petition to file an Energy-Only Lighting Tariff.

Please let me know if you have any questions with respect to this matter.

Very truly yours,

A handwritten signature in black ink, appearing to read "Todd J. Guerrero".

Todd J. Guerrero
Associate General Counsel
TJG:dm

Enclosures

EL 99-01

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SEP 13 1999

SOUTH DAKOTA PUBLIC UTILITIES COMMISSION

STATE OF SOUTH DAKOTA
BEFORE THE
SOUTH DAKOTA PUBLIC UTILITIES COMMISSION

In the Matter of Otter Tail Power Company's
Request to File an Energy-Only
Lighting Tariff

Docket No.

PETITION OF OTTER TAIL POWER COMPANY

1. INTRODUCTION.

Pursuant to South Dakota Codified Laws Section 49-34A-10 and Administrative Rules of South Dakota ("ARSD") Part 20:10:13:03, Otter Tail Power Company hereby petitions the South Dakota Public Utilities Commission for approval of an Outdoor Lighting, Energy-Only Tariff. The proposed Energy-Only Tariff, attached as Exhibit No. 1, is similar to Otter Tail's existing Outdoor Lighting Tariff ("OLT"), Rate Designation M-42S, in that it allows Otter Tail to sell electric energy to municipal and other outdoor area lighting customers. The Energy-Only Tariff differs, however, in that it allows the customer or some other third party, as opposed to Otter Tail, to own, operate and maintain the lighting equipment. Under the Energy-Only Tariff, Otter Tail will provide the customer only with electric service, i.e., "energy-only."

2. GENERAL FILING INFORMATION.

Pursuant to ARSD Part 20:10:01:02.03, Otter Tail provides the following general information.

A. Name, Address, and Telephone Number of Utility.

Otter Tail Power Company
215 South Cascade Street
P. O. Box 496
Fergus Falls, MN 56538-0496
(218) 739-8200

B. Name, Address, and Telephone Number of Utility Attorney.

Todd J. Guerrero
Otter Tail Power Company
215 South Cascade Street
P. O. Box 496
Fergus Falls, MN 56538-0496
(218) 739-8350

C. Date of Filing and Date Tariff Will Take Effect.

This Energy-Only Tariff is being filed on September 15, 1999 and Otter Tail requests approval effective as of the earliest possible date.

D. Laws Controlling Schedule for Processing the Filing.

South Dakota Codified Law § 49-34A-10 controls the filing of the Petition, but does not establish a deadline for final Commission action. Otter Tail requests an expedited and informal proceeding, including any variances that may be necessary.

E. Title of Utility Employee Responsible for Filing.

David G. Prazak
Sr. Pricing Analyst, Regulatory Services
Otter Tail Power Company
215 South Cascade Street
P. O. Box 496
Fergus Falls, MN 56538-0496
(218) 739-8595

3. DESCRIPTION OF FILING.

A. Background.

Otter Tail currently provides different types of outdoor area lighting services (e.g., streetlights, yard floodlights, private parking lots, etc.) to both municipal and private customers under its Commission-approved OLT. The rate charged under the OLT is a purely bundled one. That is, the customer pays a single monthly charge – which varies depending on the type of lighting used - for essentially three separate services: (i) installation and operation of the lighting equipment (light, ballasts, fixtures, photo electric control equipment, poles, etc.);¹ (ii) maintenance of the equipment; and (iii) the electricity (energy and demand) needed to power the lighting (i.e., the “energy-only” component).

The OLT provides that Otter Tail, and Otter Tail only, shall “install, own, and operate” the outdoor lighting equipment. Because customers often want to own the equipment themselves rather than rent from Otter Tail, however, the OLT’s restriction that Otter Tail be the only owner of the equipment has proved to be somewhat impractical.² In the proposed Energy-Only Tariff, Otter Tail seeks to cure these deficiencies by *unbundling* the cost of the lighting equipment from the cost of the maintenance and cost of the electric service, and thereby allow the customer to purchase only the electric power.

¹ This is essentially a rental payment, as the tariff requires Otter Tail to own the equipment.

² There are a couple of principal reasons why a city (or other customer) may want to own the equipment as opposed to Otter Tail. First, the lighting options under the OLT are limited and customers may want something else. Second, customers may be able to obtain the equipment cheaper than they can rent it from Otter Tail.

B. Terms And Conditions Of The Proposed Energy-Only Tariff.

Under the Energy-Only Tariff, either the customer or some other third party on behalf of the customer -- i.e., somebody other than Otter Tail - may install, own, and operate any type of outside lighting that the customer desires. The customer will also be responsible for providing any necessary maintenance. The tariff charges only for the electrical energy needed to power the light. A description of the more important terms and conditions of the Energy-Only Tariff are addressed below.

Rate

Attached as Exhibit No. 1 is a copy of Otter Tail's proposed Energy-Only Tariff. It includes separate rates for both "Metered Service" and "Non-metered Service." Metered Service, as the term implies, will utilize a standard electric meter to measure the flow of power to the lighting facility. It includes an Energy Charge of \$0.06304 which, when multiplied by the energy used by the light (i.e., the metered load), will be the amount that the customer pays each month. The \$0.06304 Energy Charge is based on Otter Tail's cost of service, the determination of which is attached as Exhibit No. 2. The Metered Service also includes a Facilities Charge of \$1.40 per month to cover the costs of metering the service (i.e., costs of reading the meter) on a monthly basis. As shown by Exhibit 2, the rate meets Otter Tail's revenue requirement.

The Non-metered Service is charged on a monthly basis and is calculated by multiplying the connected kilowatt load of the particular lighting fixture (including the ballast), which will vary depending on the type of light, by a fixed hourly energy charge of \$21.54. The monthly fixed energy charge is determined by multiplying the Energy Charge (\$0.06304) by 4,100,³ and

³ 4,100 is the number of "dusk to dawn" hours that has been established for the Otter Tail system.

then dividing that figure by 12. This results in a straightforward and effective way to achieve consistent monthly charges for each type of lighting.

Equipment and Ownership

The Energy-Only Tariff provides that either the customer or some other third party will "install and own" the lighting being served by Otter Tail. This means that the customer will own all equipment "upstream" from the point of interconnection with Otter Tail's electrical system, and that the customer is responsible for providing the master disconnect switch. We have attached as Exhibit No. 3 a simple drawing in an attempt to illustrate the ownership arrangement. The customer will also be responsible for procuring maintenance on the equipment that it owns. Otter Tail reserves the right, however, to discontinue electric service if Otter Tail determines that the lighting equipment is improperly installed or operated.

Conditions of Service

Service will be provided from standard Otter Tail electrical distribution facilities in the area. Customers will be expected to pay Otter Tail for any and all costs in excess of standard facility costs, in accordance with Otter Tail's General Rules and Regulations. The tariff also includes an indemnity provision which provides that the customer shall indemnify Otter Tail in the event of a liability which results from some event taking place on the customer's side of the point of connection, unless such loss is caused solely by the negligence of Otter Tail. Last, Otter Tail reserves the right to periodically audit the customer's/third party's non-metered lighting facility(ies) to assure that the actual load of the facility(ies) is consistent with the load upon which the monthly charge is based.

4. MISCELLANEOUS INFORMATION.

Otter Tail Requests That the Following Persons Be Placed on the Commission's Official

Service List for This Proceeding:

Todd J. Guerrero
Associate General Counsel
Otter Tail Power Company
215 South Cascade Street
P. O. Box 496
Fergus Falls, MN 56538-0496

David G. Prazak
Sr. Pricing Analyst, Regulatory Services
Otter Tail Power Company
215 South Cascade Street
P. O. Box 496
Fergus Falls, MN 56538-0496

5. CONCLUSION.

For the foregoing reasons, Otter Tail respectfully requests that the Commission approve the enclosed Energy-Only Tariff, to be effective as of the earliest possible date.

Dated: September 16, 1999

Respectfully submitted,

OTTER TAIL POWER COMPANY

By: 

Todd J. Guerrero
Associate General Counsel
Otter Tail Power Company
215 South Cascade Street
P. O. Box 496
Fergus Falls, MN 56538-0496
(218) 739-8350

David G. Prazak,
Sr. Pricing Analyst, Regulatory Services
Otter Tail Power Company
215 South Cascade Street
P. O. Box 496
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(218) 739-8595

OUTDOOR LIGHTING - ENERGY ONLY

Rate Zones 1 & 9

Street and Area Lighting - Metered	42-748
Street and Area Lighting - Non-Metered	42-749

APPLICATION OF TARIFF: This tariff is applicable to both private and governmental entities. The tariff will allow the Company to sell electric energy to municipal and other outdoor area lighting customers who choose to own, install, and maintain the lighting equipment. Under the tariff, Otter Tail will provide only the electric energy.

EQUIPMENT AND SERVICE OWNERSHIP: The customer or other third party shall install and own all equipment necessary for service beyond the point of connection with Company's electrical system. The point of connection shall be at the meter or disconnect switch, for service provided either overhead or underground. The customer will be responsible for furnishing and installing a master disconnect switch at the point of connection so as to isolate the customer's equipment from Company's electrical system. The customer's disconnect switch must meet the Company's specifications.

The customer is responsible for the cost of providing maintenance on the equipment it owns. The Company reserves the right to disconnect the customer's equipment from the Company's electrical system if, in the Company's determination, the customer's lighting equipment is operated or maintained in an unsafe or improper manner.

RATE - METERED

Facilities Charge:	\$1.40 /month
Energy Charge:	\$0.0630/kWh
Minimum Monthly Charge:	\$1.40/month

RATE - NON-METERED

Monthly Charge = Connected kW x \$21.54, where *Connected kW* is the rated power of the lighting fixture (including ballast)

SERVICE CONDITIONS: Service shall be provided off of standard distribution facilities typical of those in the general area. If it is necessary for the Company to install non-standard distribution facilities in order to provide service, the customer shall be responsible for any additional costs associated with the non-standard

SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION
Approved:
Docket No.

EFFECTIVE for services rendered on
and after October 15, 1999, in SD

APPROVED: Doug Kjellerup
Chief Operating Officer
Energy Delivery

OTTER TAIL POWER COMPANY
Fergus Falls, Minnesota
ELECTRIC RATE SCHEDULE

EXHIBIT 1
Section No. 3, Volume I
Original Sheet No. 93
Rate Designation M-41S, Page 2 of 2
DRAFT

facilities.

As part of this tariff, the Company will provide an extension of up to one span of wire, not to exceed 300 feet.

No additional transformer capacity shall be provided without additional charges.

The customer shall indemnify, defend, and save the Company harmless from any liability, loss, or expense arising from or growing out of injury to persons, including death, or property damages incurred by persons other than the Company or the customer, which may occur on the electrical system of the customer (i.e., the customer's side of the point of connection), unless such loss is due to the negligence of Company.

Company shall have the right to periodically review the customer's lighting equipment to verify that the rated power (kW) of the non-metered fixtures is consistent with the Company's records.

CUSTOMER CONNECTION CHARGE: Please refer to the Company's Connection Charge Tariff, Rate Designation M-61S.

PAYMENT: Payment will be due ten days after the billing date; net payment will be accepted through the 21st day. On the 22nd day after billing, any account with an unpaid balance of \$5.00 or more (after allowance for any Even Monthly Payment credit) will be considered late and a late payment charge of 1.5% of the unpaid balance plus a collection charge of \$2.00 will be applied to the account. Customers with at least twelve (12) successive non-late payments shall not be billed a late payment charge. Where a customer is disconnected for nonpayment of a bill, the Customer Connection Charge as provided in Rate M-61S shall apply, plus direct labor costs for reconnection outside of regular business hours. A \$10.00 charge will be applied to all NSF checks.

REGULATIONS: The Company's General Rules and Regulations, on file with the Commission, continue to be applicable to service under this tariff.

ADJUSTMENT FOR MUNICIPAL PAYMENTS: Bills under this rate schedule may be subject to adjustment for certain payments to municipalities as provided in the General Rules and Regulations.

SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION
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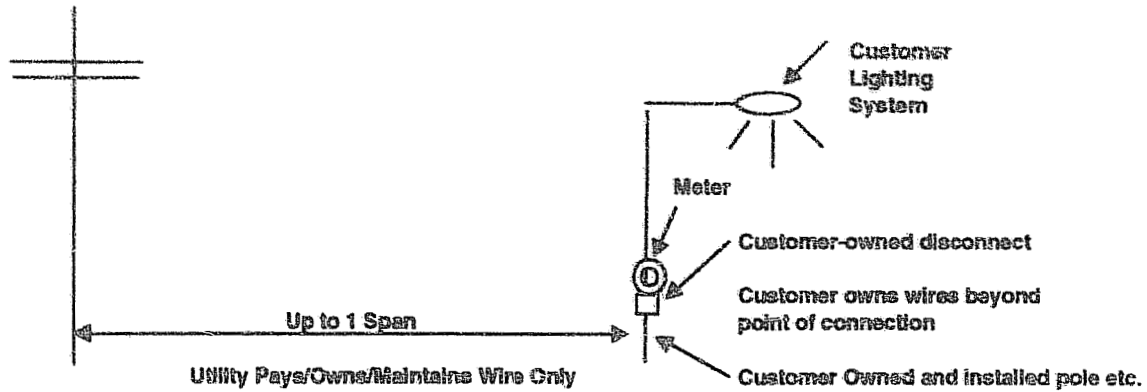
APPROVED: Doug Kjellerup
Chief Operating Officer
Energy Delivery

**OTTER TAIL POWER COMPANY
SOUTH DAKOTA ENERGY-ONLY COST ANALYSIS**

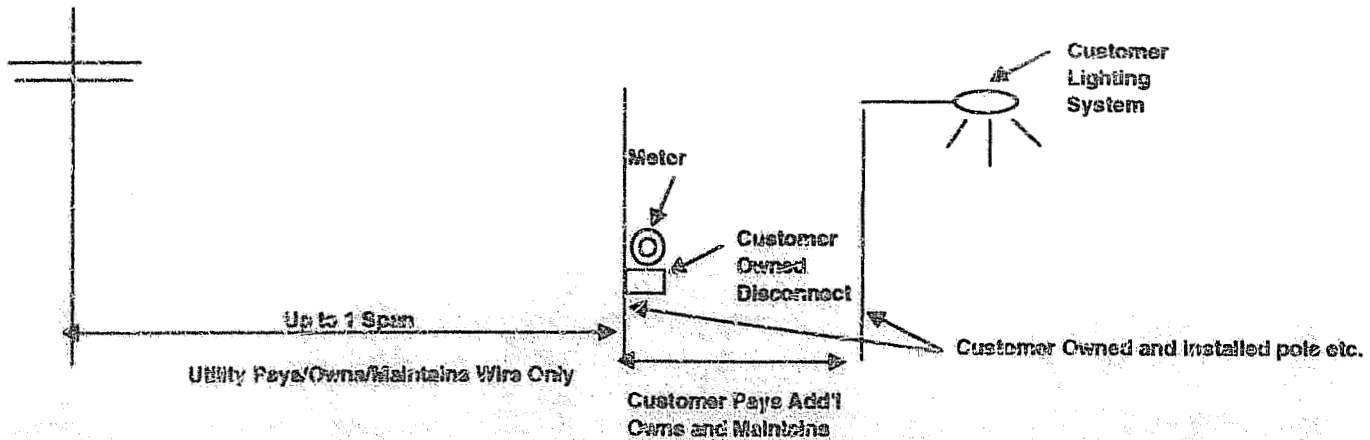
	South Dakota
Total Rate Base Allocated to Lighting	\$ 468,191
Return on Rate Base	9.84%
Total Needed for Shareholders	<u>\$ 46,070</u>
 <u>Operating Expenses</u>	
Production Exp	\$ 81,907
Transmission Exp	\$ 2,338
Distribution Exp	\$ 47,753
Customer-Related Exp	\$ 60
A&G Expense	\$ 48,171
Depreciation Exp	\$ 21,849
General Taxes	\$ 12,887
Income Taxes	\$ 12,655
AFUDC	\$ -
Total Demand Related	<u>\$ 227,634</u>
Total Revenue Requirements Needed	\$ 273,704
Other Operating Revenues Allocated to Lighting	\$ (13,488)
Adjusted Revenue Requirement Need	<u>\$ 260,217</u>
 KWH Consumption	 0 4,122,000
 Unit Costs	 <u>\$ 0.06304</u>
 Total Demand Per KW	 <u>\$ 21.54</u>

Energy-Only Rate Lighting Samples

One Span or Less Sample



More Than One Span Sample



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SEP 23 1999

SOUTH DAKOTA PUBLIC UTILITIES COMMISSION

STATE OF MINNESOTA)
) SS
COUNTY OF OTTER TAIL)

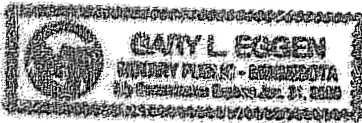
AFFIDAVIT OF SERVICE
BY MAIL

Diane Merz, being first duly sworn, deposes and says that on September 16, 1999, the Petition of Otter Tail Power Company to File an Energy-Only Lighting Tariff was deposited in the United States mail at the City of Fergus Falls, postage prepaid thereon, for delivery to the following names.

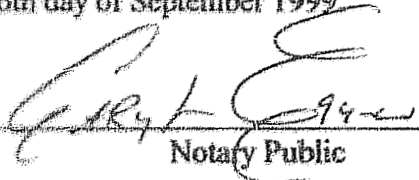
William Bullard, Director
South Dakota Public Utilities Commission
State Capitol
500 East Capitol Street
Pierre, SD 57501-5070



Diane Merz



Subscribed and sworn to before me this
16th day of September 1999



Notary Public

South Dakota Public Utilities Commission

WEEKLY FILINGS

For the Period of September 16, 1999 through September 22, 1999

If you need a complete copy of a filing faxed, overnight expressed, or mailed to you, please contact Delaine Kolbo within five business days of this filing. Phone: 605-773-3705 Fax: 605-773-3809

CONSUMER COMPLAINTS

CT99-040 In the Matter of the Complaint filed by Jane Ham, Custer, South Dakota, against Qwest Communications, Inc. Regarding Unauthorized Switching of Services.

The Complainant alleges the Company switched telecommunications services from AT&T to Qwest on August 3, 1999, without authorization. Complainant states she wants to resume service with AT&T, she wants Qwest to pay a \$1,000 fine plus an additional \$500 in damages.

Consumer Representative: Leni Healy
Staff Attorney: Camron Hoseck
Date Filed: 09/17/99
Intervention Deadline: n/a

ELECTRIC

EL99-016 In the Matter of the Filing by Otter Tail Power Company for Approval of Energy-Only Lighting Tariff.

Otter Tail Power Company is filing to revise the South Dakota Electric Tariff to include a price code for an energy only, outdoor lighting service.

Staff Analyst: Keith Senger
Staff Attorney: Camron Hoseck
Date Filed: 09/20/99
Intervention Deadline: 10/08/99

NATURAL GAS

NG99-006 In the Matter of the Filing by MidAmerican Energy Company for Approval of Natural Gas Optional Off Peak Firm Service Rider.

MidAmerican is developing this surcharge rider on the interruptible tariffs to accommodate the seasonal customer currently on these rates. MidAmerican is requesting approval from the South Dakota Public Utilities Commission that these tariffs become effective October 20, 1999.

Staff Analyst: Michele Farris
Staff Attorney: Karen Cremer
Date Filed: 09/20/99
Intervention Date: 10/08/99

TC99-096 In the Matter of the Application of Allied Communications Group d/b/a ACG for a Certificate of Authority to Provide Telecommunications Services in South Dakota.

Allied Communications Group d/b/a ACG has filed a request for a Certificate of Authority to offer resold interexchange services, including direct dialed 1+ service, inbound toll-free service, and travel card services.

Staff Analyst: Michele Farris
Staff Attorney: Camron Hoseck
Date Filed: 09/20/99
Intervention Date: 10/08/99

TC99-097 In the Matter of the Filing for Approval of an Interconnection Agreement between Fort Randall Telephone Company and Dakota Telecom, Inc. and Dakota Telecommunications Systems, Inc.

Fort Randall Telephone Company, Dakota Telecom, Inc. and Dakota Telecommunications Systems, Inc. filed a negotiated Interconnection Agreement which purports to resolve all issues between the parties for reciprocal traffic exchange, interconnection, resale of local services, selection of local carriers, access to telephone numbers, dialing parity, directory and customer listing issues, referral announcement and call forwarding, repair services and the audit process

Any party wishing to comment on the agreement may do so by filing written comments with the Commission and the parties to the agreement no later than October 15, 1999. Parties to the agreement may file written responses to the comments within twenty days of service of the comments.

Staff Attorney: Camron Hoseck
Date Filed: 09/21/99
Comments Due: 10/15/99

TC99-098 In the Matter of the Petition of U S WEST Communications, Inc. to Reclassify U S WEST's Directory Assistance Service.

U S WEST Communications pursuant to SDCL 49-31-3 2 and ARSD 20 10 24 11 filed to reclassify directory assistance and related services from noncompetitive to fully competitive U S WEST Communications requests confidential treatment of 1998 South Dakota Results Noncompetitive Services - Directory Assistance Services and of Proprietary U S WEST Call Volumes, "Share".

Staff Analyst: Harlan Best/Heather Forney
Staff Attorney: Camron Hoseck
Date Filed: 09/22/99
Intervention Date: 10/08/99

TC99-099 In the Matter of the Inquiry of Whether to Reclassify U S WEST Communications, Inc.'s IntraLATA Toll and Wide-Area Telephone Services.

Upon its own motion and pursuant to its August 26, 1999, order, the Commission opens this docket to determine whether to reclassify intraLATA toll and wide-area telephone services from "emerging competitive" to "fully competitive" as permitted by SDCL 49-31-3.2.

Staff Analyst: Harlan Best

Staff Attorney: Cameron Hoseck

Date Filed: 10/22/99

Intervention Deadline: 10/08/99

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BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF SOUTH DAKOTA

IN THE MATTER OF THE FILING BY OTTER) ORDER APPROVING TARIFF
TAIL POWER COMPANY FOR APPROVAL OF) REVISIONS
ENERGY-ONLY LIGHTING TARIFF)
) EL99-016

On September 20, 1999, the Public Utilities Commission (Commission) received an application from Otter Tail Power Company (OTP) requesting approval of a tariff sheet for service designated "Outdoor Lighting-Energy Only." OTP asked for approval of the following revised tariff sheet of its Electric Rate Schedule:

Section No. 3, Volume I, Original Sheet No. 93, Rate Designation M-41S, pages 1 of 2 and 2 of 2.

OTP's Petition in this matter states, in part, that "[t]he proposed Energy-Only Tariff, attached as Exhibit No. 1, is similar to Otter Tail's existing Outdoor Lighting Tariff ("OLT"), Rate Designation M-42S, in that it allows Otter Tail to sell electric energy to municipal and other outdoor area lighting customers. The Energy-Only Tariff differs, however, in that it allows the customer or some other third party, as opposed to Otter Tail, to own, operate and maintain the lighting equipment. Under the Energy-Only Tariff, Otter Tail will provide the customer only with electric service, i.e., 'energy-only.'"

At its regularly scheduled March 14, 2000, meeting, the Commission considered final approval of the application. OTP appeared via teleconference. OTP agreed that the approval of this tariff rate does not provide or imply a Commission endorsement or approval of the cost study used in this filing nor does it provide or imply a Company endorsement or approval of the rate of return and cap on common equity used by staff. Commission Staff recommended approval of the tariff revisions.

The Commission has jurisdiction over this matter pursuant to SDCL Chapter 49-34A, specifically 49-34A-4, 49-34A-6, 49-34A-8, 49-34A-10 and 49-34A-12. The Commission found the rate changes are just and reasonable and approved the revised tariff. As the Commission's final decision in this matter, it is therefore

ORDERED, that OTP's aforementioned revised tariff is approved and shall be effective for service rendered on and after April 1, 2000.

Dated at Pierre, South Dakota, this 23rd day of March, 2000..

CERTIFICATE OF SERVICE	
The undersigned hereby certifies that this document has been served today upon all parties of record in this docket, as listed on the docket service list, by facsimile or by first class mail, in properly addressed envelopes, with charges prepaid thereon.	
By	<u>Debra Kaelo</u>
Date	<u>3/23/00</u>
(OFFICIAL SEAL)	

BY ORDER OF THE COMMISSION:

James A. Burg
JAMES A. BURG, Chairman

Pam Nelson
PAM NELSON, Commissioner

Laska Schoenfelder
LASKA SCHÖENFELDER, Commissioner