

DOCKET NO. _____

In the Matter of _____

**IN THE MATTER OF THE PETITION OF
 OTTER TAIL POWER COMPANY FOR
 APPROVAL OF A RENEWAL OF A
 RELEASED ENERGY TARIFF**

Public Utilities Commission of the State of South Dakota

[illegible]



EL02-008
Fargo office: 3203 32nd Avenue S.W.
Suite 110, P.O. Box 9156
Fargo, ND
58106-9156
Fax: 701-232-4108
Fergus Falls office: 215 S. Cascade Street
P.O. Box 496
Fergus Falls, MN
56538-0496
Fax: 218-998-3165
1-866-410-8780 • www.ottertail.com

VIA OVERNIGHT MAIL

April 23, 2002

RECEIVED

APR 26 2002

**SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION**

Ms. Debra Elofson, Executive Director
South Dakota Public Utilities Commission
State Capitol
500 East Capitol Street
Pierre, SD 57501-5070

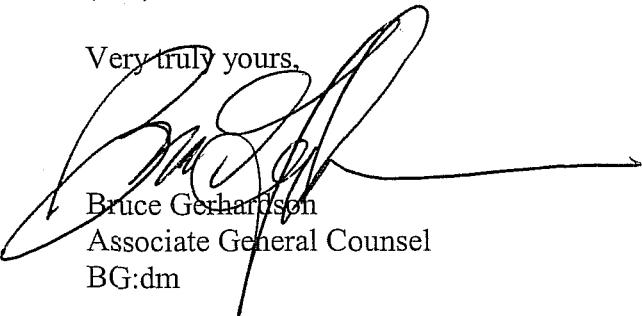
**Re: In the Matter of Otter Tail Corporation's Petition for
Re-Approval of a Released Energy Tariff
SDPUC Case No. _____**

Dear Ms. Elofson:

Pursuant to South Dakota Codified Laws Section 49-34A-10 and Administrative Rules of South Dakota ("ARSD") Part 20:10:13:03, enclosed for filing please find an original and ten (10) copies of Otter Tail Corporation's Petition for Re-Approval of a Released Energy Tariff.

Should you have any questions with respect to this filing, please contact me at (218) 739-8350 or Mr. David Prazak, Otter Tail's Senior Pricing Analyst, Regulatory Services, at (218) 739-8595.

Very truly yours,


Bruce Gerhartson
Associate General Counsel
BG:dm

Enclosures

**STATE OF SOUTH DAKOTA
BEFORE THE
SOUTH DAKOTA PUBLIC UTILITIES COMMISSION**

RECEIVED

APR 26 2002

In the Matter of Otter Tail Power Company's
Request for Re-Approval of a Released
Energy Tariff

Docket No.

**SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION**

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 re-approval of a Released Energy Tariff ("Tariff"). The Tariff has been revised slightly to expand the application of the Tariff to more customers.

2. GENERAL FILING INFORMATION.

Pursuant to ARSD Part 20:10:13:03, Otter Tail provides the following general information.

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

Otter Tail Corporation
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.

Bruce Gerhardson
Associate General Counsel
Otter Tail Corporation
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 Released Energy Tariff is being filed on April 24, 2002 and Otter Tail requests approval effective June 15, 2002.

D. Statute Controlling Schedule for Processing the Filing.

ARSD Part 20:10:13:15 required 30 days notice to the Commission of a proposed new tariff, after which time the proposed new tariff takes effect unless suspended. Because no determination of Otter Tail's general revenue requirement is necessary, the report called for under Part 20:10:13:26 and the general notice provisions applicable to changes in rates is not applicable in this filing. 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
Supervisor, Pricing
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 originally received approval of an experimental Released Energy Tariff in July 2000. The tariff expired on December 31, 2000. In the fall of 2000, Otter Tail experienced only one transaction under the Tariff. In the second year, in June 2001, Otter Tail received re-approval of the Tariff. In that filing Otter Tail expanded the tariff by adjusting the requirement of five megawatts (5MW) total reduction to be at Otter Tail's discretion.

In this filing, Otter Tail builds upon previous experience and requests that the only addition to the Tariff is that the minimum amount a customer may release be changed from one megawatt (1 MW) to five hundred kilowatts (500 kW)¹. The revised Tariff is shown as Attachment 1 (redline version) and Attachment 2 (non-redline version).

The Released Energy Tariff gives participating customers an incentive to voluntarily curtail their energy use, and thereby "release" that energy back to Otter Tail. Otter Tail can then sell the "bought-back" energy off-system on the wholesale market or use it to replace higher cost resources which it would otherwise purchase to serve retail native load. Either way, the participating customer is compensated for curtailing its energy use, and non-participating customers benefit from lower priced purchased power resources.

Like other "buy-back" programs, the Tariff provides two primary benefits: (1) it allows customers to maximize their business by voluntarily curtailing electric service when it is economically advantageous; and (2) it provides Otter Tail with an additional resource from which to manage system requirements and prudently serve retail customers. The Tariff also

¹ Otter Tail Power also recognizes that Northern States Power Company d/b/a Xcel Energy has a similar modification in their Minnesota petition dated March 12, 2002

provides Otter Tail and customers with valuable experience in reacting to fluctuations in energy prices.

B. Summary of Key Tariff Terms and Conditions.

1. Applicability. Some limitation regarding participation still exists, but Otter Tail is proposing to expand the program to more customers. The original first and second-year Tariff has been applicable to any customer who agreed to release a minimum of one-megawatt (1 MW) over the Release Period.

Otter Tail requests that the re-approved Tariff reflect a five hundred kW (500 kW) minimum for any eligible customer.

As earlier stated, this will allow more customers to participate in the program. Otter Tail also requests that the five-megawatt (5 MW) minimum total release requirement be applicable at Otter Tail's discretion. This is not a change from the Tariff's current requirement.

Both Otter Tail and customers have the option to request the release of energy under the Tariff. Customers are not obligated to release and Otter Tail is not obligated to purchase the energy until the parties agree on Compensation, the Release Period, and other applicable terms.

2. Compensation. There is no change to the Tariff regarding compensation. The Tariff provides the customer with a financial incentive to curtail its operations and thereby release energy. The compensation will be on a negotiated basis between Otter Tail and the customer and will depend on the particular circumstances of the market at the time of the transaction. Compensation will be made either through a megawatt-per-hour ("MWh") credit to the customer's electric bill or as a cash payment.

The released energy can be re-purchased by Otter Tail either for purposes of making off-system sales or for serving retail load at times when Otter Tail would otherwise be purchasing

energy at wholesale to meet its firm energy requirements. When Otter Tail purchases released energy to meet native load firm energy requirements, Otter Tail intends to pass the costs associated with the purchase through its fuel adjustment clause.

3. Release Period. The Tariff defines the Release Period as the period during which the Company agrees to purchase energy from the Customer. This definition is not changed from the current Tariff.

4. Notice to Release Energy. Similar to other “buy-back” programs, Otter Tail will provide participating customers with advanced notice of its interest in activating the release of energy. The notice may include either a purchase price offer for the Release Period or request a selling price from the customer. Otter Tail will endeavor to notify all participating customers at the same time of all prospective Release Periods along with expected prices. This is not a change from the Tariff’s current requirements.

5. Committed Load Reduction/Release Period. Otter Tail continues to determine the amount of load reduction to which the company and the customer will agree. This provision establishes parameters on how much energy is being released and for how long. This is not a change from the Tariff’s current requirements.

6. Released Energy Profile. Otter Tail will continue with allowing the use of a rolling-average where practical. Where a rolling average is impractical or otherwise not preferred, the Tariff allows other acceptable forecast methods to be used. Otter Tail has termed this forecast the Released Energy Profile. This is not a change to the current Tariff.

7. Penalty for Insufficient Load Control. Where the customer has agreed to release energy but fails to curtail to its Committed Load Reduction, the customer will forfeit any compensation for that period. In addition, the customer will be liable to Otter Tail for

any losses or damages that Otter Tail sustains as result of the customer's failure to curtail. This penalty provision is not changed from the current Tariff.

8. Communication and Metering Requirements. Participating customers will be required to use company-approved and/or -specified communication and metering equipment. Otter Tail expects there will be few if any eligible customers who will require additional communication and/or metering equipment installed. This requirement is not changed from the current Tariff.

9. Fuel Clause Treatment. Like other "buyback" tariffs in the region, one of the tariff's primary goals is to reduce total energy costs by replacing higher priced wholesale energy with lower priced energy "purchased" from customers. Transactions are most likely to take place only under high price, or "spike" energy periods. Otter Tail's Tariff includes the cost of energy purchases resold to native load energy consumers – so-called "avoided energy purchases" - in Account 555, and passes the costs through its Fuel Adjustment Clause. This Fuel Clause treatment is included in the current Tariff.

C. Proposed Effective Date.

In order for the Tariff to be re-approved before the completion of the one-year experimental Tariff, Otter Tail requests the Tariff be approved with an effective date no later than June 15, 2002. An approval later than June 15, 2002 will cause a break in the transition from the current and proposed tariff. Otter Tail and its customers would prefer a seamless transfer between the current and proposed tariff.

D. **Tariff Limited to Two Years.** Because of its continued experimental nature, Otter Tail requests that the Tariff be approved on a two-year basis, after which its effectiveness can be determined. This is a change from the previous filings, which requested a one-year approval. This in no way implies that improvements cannot be made. Otter Tail will continue to learn from experience and re-file improvements, as needed, to be considered by the Commission and staff.

4. **CONCLUSION.**

For the foregoing reasons, Otter Tail respectfully requests that the Commission approve at the earliest possible date the enclosed Released Energy Tariff, to be effective June 15, 2002.

Dated: April 24, 2002.

Respectfully submitted,

OTTER TAIL POWER COMPANY

By: 

Bruce Gerhardson
Associate General Counsel
Otter Tail Corporation
215 South Cascade Street
P. O. Box 496
Fergus Falls, MN 56538-0496
(218) 739-8350

David G. Prazak,
Supervisor, Pricing
Otter Tail Power Company
215 South Cascade Street
P. O. Box 496
Fergus Falls, MN 56538-0496
(218) 739-8289

RELEASED ENERGY TARIFF
(Experimental)

Effective Date: June 19, 2001
Expiration Date: FURTHER ORDERED, that this approved tariff as described above shall expire on June 20, 2002

APPLICATION

The Tariff is applicable to any customer who agrees to release a minimum of one megawatt (1 MW) over the Release Period. A minimum of five megawatts (5 MW) of total load reduction may be required over the Release Period at Company's discretion. For example, if two customers each agree to release one megawatt and another customer agrees to release two megawatts, all over the same Release Period, the Tariff may be inapplicable because only four megawatts in total were released.

Both the Company and the Customer have the option to request the release of energy under the Tariff. The Customer is not obligated to release and Otter Tail is not obligated to purchase the energy until the parties agree on Compensation, the Release Period, and other applicable terms. Customer participation is voluntary.

COMPENSATION

Compensation for Off-System Sales

As compensation for participation, the Customer shall receive a credit or payment during any billing month in which Customer and Company have cooperated to make a short-term off-system energy sale, or other mutually agreed method of compensation ("Compensation"). The Compensation shall be a per megawatt-hour ("MWh") credit or payment for each hour subject to an off-system energy sale. The Compensation shall equal a negotiated percentage of the sale margin for each hour that such sale opportunity occurs.

Compensation for Avoided Energy Purchases

The Company may request, and the Customer may voluntarily reduce, Customer's energy requirement during periods when Company is purchasing energy to meet its firm energy requirement, thereby enabling Company and its customers to avoid higher cost energy purchases. Company shall provide the Customer Compensation in the form of a credit or cash payment for the reduced energy usage. The Compensation shall equal a negotiated percentage up to ninety percent (90%) of the avoided energy purchase cost for each hour that such an avoided purchase occurs. The Compensation provided shall be allowed as a recoverable cost for Fuel Adjustment Clause purposes.

COMPENSATION (continued)

Release Period

The Release Period is the period during which the Company agrees to purchase energy from the Customer.

CONDITIONS

1. Purchase is non-firm. If Customer makes energy available for sale but no sale of the released energy or avoided purchase is actually completed (for example, due to transmission constraints), the Compensation shall be zero. In the event that a scheduled released energy sale or avoided energy purchase is not completed or the terms and conditions change, Company shall so notify the Customer as soon as possible.
2. Committed Load Reduction. The Committed Load Reduction is the load reduction the Customer and Company agree the Customer will provide for the Release Period, relative to the Released Energy Profile. The Committed Load Reduction must be one-megawatt or greater.
3. Released Energy Profile/Controllable Service Limit. The Company will determine a Released Energy Profile ("REP") for each Release Period. The REP may be developed by using load interval from the five-day rolling average of uninterrupted, non-holiday weekday loads up to the day before a Release Period begins or in another manner as determined by the Company. The rolling average will exclude days not representative of load characteristics expected during the Release Period, such days to be determined solely by the Company.

The Company has controllable electric retail service options that define a Customer's firm demand level as the maximum allowable load during control periods. If the Customer receives this type of controllable service from the Company, the REP may not exceed its predetermined firm demand for load intervals that occur during an applicable control period.

4. Notice. When opportunities for released energy are anticipated, the Company shall provide advance notice, if possible, of the approximate margins or available energy purchase costs and hours of sale or purchase opportunity available to interested Customers. Opportunities for voluntary load reductions shall be given simultaneously to all eligible customers. When possible, notice shall also be made via phone calls to individuals designated by the Customer.

Customer may also notify Company when Customer desires to reduce energy requirements for released energy sales or avoided energy purchase opportunities. Customer may, in lieu of daily elections, have a "standing agreement" with Company regarding the conditions for releasing energy, including the Release Period, required margins, margin sharing, etc. These standing agreements, along with daily elections, may be made on a Customer-by-Customer basis and shall be considered by the Company on a confidential basis without notice to other Customers.

5. Communication Requirements. The Customer agrees to use Company-specified communication requirements and procedures when submitting any offer for released energy. These requirements may include specific computer software and/or electronic communication procedures.
6. Metering Requirements. Company approved metering equipment capable of providing load interval information is required for Tariff participation. Customer agrees to pay for the additional cost of such metering when not provided in conjunction with existing retail electric service.
7. Liability. The Company and Customer agree that Company has no liability for indirect, special, incidental, or consequential loss or damages to Customer, including but not limited to Customer's operations, site, production output, or other claims by the Customer as a result of participation in this Tariff.
8. Provision of Ancillary Services. The Company and Customer agree that Tariff participation does not represent any form of Customer self-provision of ancillary services that may be included in any retail electric service provided to the Customer.
9. Dispute Resolution. The Company and Customer agree that any disputes arising out of this Tariff shall be settled by arbitration under the terms and provisions of the American Arbitration Association.
10. Penalty For Insufficient Load Control. In the event that Company has entered into a sale or purchase agreement for energy made available by a Customer, and Customer subsequently fails to maintain sufficient load control during the time(s) of the released energy sale or avoided energy purchase, the Customer will forfeit any compensation for that period. Customer shall also be responsible for any and all costs incurred by Company due as result of the customer's failure to curtail.

RELEASED ENERGY TARIFF
(Experimental)

Effective Date: June 19, 2001~~2002~~
Expiration Date: FURTHER ORDERED, that this approved tariff as described above shall
expire on June 20, 2002~~2004~~

APPLICATION

The Tariff is applicable to any customer who agrees to release a minimum of five
hundred kilowatts (500 kW)~~one megawatt (1 MW)~~ over the Release Period. A minimum of five
megawatts (5 MW) of total load reduction may be required over the Release Period at
Company's discretion. For example, if two customers each agree to release one megawatt and
another customer agrees to release two megawatts, all over the same Release Period, the Tariff
may be inapplicable because only four megawatts in total were released.

Both the Company and the Customer have the option to request the release of energy
under the Tariff. The Customer is not obligated to release and Otter Tail is not obligated to
purchase the energy until the parties agree on Compensation, the Release Period, and other
applicable terms. Customer participation is voluntary.

COMPENSATION

Compensation for Off-System Sales

As compensation for participation, the Customer shall receive a credit or payment during
any billing month in which Customer and Company have cooperated to make a short-term off-
system energy sale, or other mutually agreed method of compensation ("Compensation"). The
Compensation shall be a per megawatt-hour ("MWh") credit or payment for each hour subject to
an off-system energy sale. The Compensation shall equal a negotiated percentage of the sale
margin for each hour that such sale opportunity occurs.

Compensation for Avoided Energy Purchases

The Company may request, and the Customer may voluntarily reduce, Customer's energy
requirement during periods when Company is purchasing energy to meet its firm energy
requirement, thereby enabling Company and its customers to avoid higher cost energy purchases.
Company shall provide the Customer Compensation in the form of a credit or cash payment for
the reduced energy usage. The Compensation shall equal a negotiated percentage up to ninety
percent (90%) of the avoided energy purchase cost for each hour that such an avoided purchase
occurs. The Compensation provided shall be allowed as a recoverable cost for Fuel Adjustment
Clause purposes.

COMPENSATION (continued)

Release Period

The Release Period is the period during which the Company agrees to purchase energy from the Customer.

CONDITIONS

1. Purchase is non-firm. If Customer makes energy available for sale but no sale of the released energy or avoided purchase is actually completed (for example, due to transmission constraints), the Compensation shall be zero. In the event that a scheduled released energy sale or avoided energy purchase is not completed or the terms and conditions change, Company shall so notify the Customer as soon as possible.
2. Committed Load Reduction. The Committed Load Reduction is the load reduction the Customer and Company agree the Customer will provide for the Release Period, relative to the Released Energy Profile. The Committed Load Reduction must be five hundred kW ~~one megawatt~~ or greater.
3. Released Energy Profile/Controllable Service Limit. The Company will determine a Released Energy Profile ("REP") for each Release Period. The REP may be developed by using load interval from the five-day rolling average of uninterrupted, non-holiday weekday loads up to the day before a Release Period begins or in another manner as determined by the Company. The rolling average will exclude days not representative of load characteristics expected during the Release Period, such days to be determined solely by the Company.

The Company has controllable electric retail service options that define a Customer's firm demand level as the maximum allowable load during control periods. If the Customer receives this type of controllable service from the Company, the REP may not exceed its predetermined firm demand for load intervals that occur during an applicable control period.
4. Notice. When opportunities for released energy are anticipated, the Company shall provide advance notice, if possible, of the approximate margins or available energy purchase costs and hours of sale or purchase opportunity available to interested Customers. Opportunities for voluntary load reductions shall be given simultaneously to all eligible customers. When possible, notice shall also be made via phone calls to individuals designated by the Customer.

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Customer may also notify Company when Customer desires to reduce energy requirements for released energy sales or avoided energy purchase opportunities. Customer may, in lieu of daily elections, have a "standing agreement" with Company regarding the conditions for releasing energy, including the Release Period, required margins, margin sharing, etc. These standing agreements, along with daily elections, may be made on a Customer-by-Customer basis and shall be considered by the Company on a confidential basis without notice to other Customers.

5. Communication Requirements. The Customer agrees to use Company-specified communication requirements and procedures when submitting any offer for released energy. These requirements may include specific computer software and/or electronic communication procedures.
6. Metering Requirements. Company approved metering equipment capable of providing load interval information is required for Tariff participation. Customer agrees to pay for the additional cost of such metering when not provided in conjunction with existing retail electric service.
7. Liability. The Company and Customer agree that Company has no liability for indirect, special, incidental, or consequential loss or damages to Customer, including but not limited to Customer's operations, site, production output, or other claims by the Customer as a result of participation in this Tariff.
8. Provision of Ancillary Services. The Company and Customer agree that Tariff participation does not represent any form of Customer self-provision of ancillary services that may be included in any retail electric service provided to the Customer.
9. Dispute Resolution. The Company and Customer agree that any disputes arising out of this Tariff shall be settled by arbitration under the terms and provisions of the American Arbitration Association.
10. Penalty For Insufficient Load Control. In the event that Company has entered into a sale or purchase agreement for energy made available by a Customer, and Customer subsequently fails to maintain sufficient load control during the time(s) of the released energy sale or avoided energy purchase, the Customer will forfeit any compensation for that period. Customer shall also be responsible for any and all costs incurred by Company due as result of the customer's failure to curtail.

South Dakota Public Utilities Commission
WEEKLY FILINGS
For the Period of April 25, 2002 through May 1, 2002

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 report. Phone: 605-773-3705 Fax: 605-773-3809

CONSUMER COMPLAINT

CT02-012 In the Matter of the Complaint filed by Wayne and Donna Weig, Leola, South Dakota, against MCIWorldCom Regarding Deceitful Telemarketing Practices.

Complainants state that on April 16, 2002, they received a call from an MCI representative soliciting their long distance service. The telemarketing representative told the Complainants that the consumers' local long distance provider Valley Telco was merging with MCI and that the Complainants would be very happy with the merger. Wayne agreed to switch their service to MCI because of this merger. When Complainants contacted Valley Telco, they were advised that Valley Telco was not merging with MCI. Complainants attempted to put a pic freeze on their long distance service, but MCI switched their service provider before the pic freeze was placed on the line. Complainants have had previous problems with MCI and feel that its marketing practices are deceitful. Complainants want MCI to be fined heavily and its underhanded solicitation tactics put to an end.

Staff Analyst: Mary Healy
Staff Attorney: Kelly Frazier
Date Docketed: 04/25/02
Intervention Deadline: N/A

CT02-013 In the Matter of the Complaint filed by Charlene Lund on behalf of SDCASAA, Pierre, South Dakota, against MCIWorldCom and Qwest Corporation Regarding Unauthorized Billing for Services.

Complainant's representative states that the April 2002 phone bill contained an unauthorized charge for a 900 number call. Complainant's representative states that she did not make the call and there is no one else with access to the phone line. Complainant feels that the charge is either a billing error or a scam. Complainant's representative is requesting \$1,000.00 to resolve the docket.

Staff Analyst: Mary Healy
Staff Attorney: Kelly Frazier
Date Docketed: 04/29/02
Intervention Deadline: N/A

CT02-014 In the Matter of the Complaint filed by Verne Thorstenson, Rapid City, South Dakota, against Qwest Corporation Regarding Continued Billing.

Complainant states that he began service with Black Hills FiberCom on December 5, 2000. Prior to that date, Complainant's phone service was with Qwest. Complainant had a three-way phone conversation with Qwest and Black Hills FiberCom to verify when Complainant's service began with Black Hills FiberCom. Qwest continued to take monthly payments by the Qwest automatic payment system after December 5, 2000. Complainant states that he was not notified that he should contact Qwest once his service was switched to Black Hills FiberCom. Complainant currently has his business account with Qwest and requests that Qwest credit his business account for the payments that were made by automatic payment when service was not used. Complainant would also like an explanation of rules that allow Qwest to retain income without providing service.

Staff Analyst: Mary Healy
Staff Attorney: Karen Cremer
Date Docketed: 04/30/02
Intervention Deadline: N/A

ELECTRIC

EL02-008 In the Matter of the Petition of Otter Tail Power Company for Approval of a Renewal of a Released Energy Tariff.

Otter Tail Power Company is requesting the Commission renew its Released Energy Tariff. This tariff will expire on June 22, 2002. This renewal would allow Otter Tail to purchase energy from its large customers who curtail their load.

Staff Analyst: Keith Senger
Staff Attorney: Karen Cremer
Date Docketed: 04/26/02
Intervention Deadline: 05/17/02

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You may subscribe or unsubscribe to the PUC mailing lists at <http://www.state.sd.us/puc>

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF SOUTH DAKOTA**

IN THE MATTER OF THE PETITION OF OTTER)	ORDER APPROVING TARIFF
TAIL POWER COMPANY FOR APPROVAL OF)	REVISIONS
A RENEWAL OF A RELEASED ENERGY)	
TARIFF)	EL02-008

On April 26, 2002, Otter Tail Power Company, Fergus Falls, Minnesota (OTP), filed with the Public Utilities Commission (Commission) proposed revisions to its South Dakota Electric Rate Schedule, specifically the Released Energy Tariff:

Section No. 3, Volume I, Second Revised Sheet No. 91, Canceling First Sheet No. 91, Rate Designation M-10S, Released Energy Tariff, Pages 1, 2 and 3 of 3.

The Released Energy Tariff allows OTP to make energy purchases from its South Dakota customers who voluntarily agree to interrupt their firm load. OTP will then market the energy and share the associated revenue with the customer. OTP is requesting one change to the tariff; that the minimum amount a customer may release be changed from one megawatt to five hundred kilowatts which will allow more customers to participate in the program. OTP is requesting that the tariff be approved on a two-year basis after which its effectiveness can be determined. OTP requests approval effective June 15, 2002.

On May 2, 2002, the Commission electronically transmitted notice of the filing and the intervention deadline of May 17, 2002, to interested individuals and entities. No petitions to intervene or comments were filed. At its regularly scheduled meeting of May 30, 2002, the Commission considered approval of the application. Commission Staff recommended approval as filed with the continuation of the restrictions and reporting requirements found in EL00-018 except for #5 under Reporting Requirements.

The Commission finds that it has jurisdiction over this matter pursuant to SDCL Chapter 49-34A. The Commission voted to approve the tariff revisions. The Commission finds the revisions are just and reasonable. As the Commission's final decision in this matter, it is therefore

ORDERED, that OTP's revised tariff, as described above, is approved as filed with the continuation of the restrictions and reporting requirements found in EL00-018 except for #5 under Reporting Requirements, and it shall be effective for service rendered on and after June 15, 2002. It is

FURTHER ORDERED, that this approved tariff as described above shall expire two years from the date of this Order. In the future, should OTP wish to continue this program after this expiration date, OTP will have to come before the Commission in another proceeding.

Dated at Pierre, South Dakota, this 7th day of June, 2002.

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: Helaine Kolbo

Date: 6/10/02

(OFFICIAL SEAL)

BY ORDER OF THE COMMISSION:

James A. Burg
JAMES A. BURG, Chairman

Pam Nelson
PAM NELSON, Commissioner

Robert K. Sahr
ROBERT K. SAHR, Commissioner

215 South Cascade Street
PO Box 496
Fergus Falls, Minnesota 56538-0496
218 739-8200
www.otpc.com (web site)

RECEIVED

July 18, 2002

JUL 22 2002

SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION



Ms. Debra Elofson
South Dakota Public Utilities Commission
State Capitol Building
500 East Capitol Avenue
Pierre, SD 57501-5070

RE: SD PUC Docket EL02-008
Otter Tail Power Company's Approved Released Energy Tariff (Experimental)

Dear Ms. Elofson:

Enclosed you will find an approved copy of Otter Tail Power Company's Released Energy Tariff (Experimental) with the rate designation of M-10S for your files.

The rate schedule, with an approved date of June 7, 2002, is effective for service rendered on and after June 15, 2002.

Please note this Tariff is the Second Revised Sheet No. 91, Canceling First Revised Sheet No. 91, as directed per Keith Senger.

Sincerely yours,

A handwritten signature in cursive script that reads "Bernadeen Brutlag".

Bernadeen Brutlag
Manager, Regulatory Services

Enclosures

RECEIVED

RELEASED ENERGY TARIFF
(Experimental)

JUL 22 2002

SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION

Effective Date: June 15, 2002

Expiration Date: FURTHER ORDERED, that this approved tariff as described above shall
expire on June 7, 2004

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APPLICATION

The Tariff is applicable to any customer who agrees to release a minimum of one megawatt (1 MW) over the Release Period. A minimum of five megawatts (5 MW) of total load reduction may be required over the Release Period at Company's discretion. For example, if two customers each agree to release one megawatt and another customer agrees to release two megawatts, all over the same Release Period, the Tariff may be inapplicable because only four megawatts in total were released.

Both the Company and the Customer have the option to request the release of energy under the Tariff. The Customer is not obligated to release and Otter Tail is not obligated to purchase the energy until the parties agree on Compensation, the Release Period, and other applicable terms. Customer participation is voluntary.

COMPENSATION

Compensation for Off-System Sales

As compensation for participation, the Customer shall receive a credit or payment during any billing month in which Customer and Company have cooperated to make a short-term off-system energy sale, or other mutually agreed method of compensation ("Compensation"). The Compensation shall be a per megawatt-hour ("MWh") credit or payment for each hour subject to an off-system energy sale. The Compensation shall equal a negotiated percentage of the sale margin for each hour that such sale opportunity occurs.

Compensation for Avoided Energy Purchases

The Company may request, and the Customer may voluntarily reduce, Customer's energy requirement during periods when Company is purchasing energy to meet its firm energy requirement, thereby enabling Company and its customers to avoid higher cost energy purchases. Company shall provide the Customer Compensation in the form of a credit or cash payment for the reduced energy usage. The Compensation shall equal a negotiated percentage up to ninety percent (90%) of the avoided energy purchase cost for each hour that such an avoided purchase occurs. The Compensation provided shall be allowed as a recoverable cost for Fuel Adjustment Clause purposes.

COMPENSATION (continued)

Release Period

The Release Period is the period during which the Company agrees to purchase energy from the Customer.

CONDITIONS

1. Purchase is non-firm. If Customer makes energy available for sale but no sale of the released energy or avoided purchase is actually completed (for example, due to transmission constraints), the Compensation shall be zero. In the event that a scheduled released energy sale or avoided energy purchase is not completed or the terms and conditions change, Company shall so notify the Customer as soon as possible.
2. Committed Load Reduction. The Committed Load Reduction is the load reduction the Customer and Company agree the Customer will provide for the Release Period, relative to the Released Energy Profile. The Committed Load Reduction must be one-megawatt or greater.
3. Released Energy Profile/Controllable Service Limit. The Company will determine a Released Energy Profile ("REP") for each Release Period. The REP may be developed by using load interval from the five-day rolling average of uninterrupted, non-holiday weekday loads up to the day before a Release Period begins or in another manner as determined by the Company. The rolling average will exclude days not representative of load characteristics expected during the Release Period, such days to be determined solely by the Company.

The Company has controllable electric retail service options that define a Customer's firm demand level as the maximum allowable load during control periods. If the Customer receives this type of controllable service from the Company, the REP may not exceed its predetermined firm demand for load intervals that occur during an applicable control period.

4. Notice. When opportunities for released energy are anticipated, the Company shall provide advance notice, if possible, of the approximate margins or available energy purchase costs and hours of sale or purchase opportunity available to interested Customers. Opportunities for voluntary load reductions shall be given simultaneously to all eligible customers. When possible, notice shall also be made via phone calls to individuals designated by the Customer.

Customer may also notify Company when Customer desires to reduce energy requirements for released energy sales or avoided energy purchase opportunities. Customer may, in lieu of daily elections, have a "standing agreement" with Company regarding the conditions for releasing energy, including the Release Period, required margins, margin sharing, etc. These standing agreements, along with daily elections, may be made on a Customer-by-Customer basis and shall be considered by the Company on a confidential basis without notice to other Customers.

5. Communication Requirements. The Customer agrees to use Company-specified communication requirements and procedures when submitting any offer for released energy. These requirements may include specific computer software and/or electronic communication procedures.
6. Metering Requirements. Company approved metering equipment capable of providing load interval information is required for Tariff participation. Customer agrees to pay for the additional cost of such metering when not provided in conjunction with existing retail electric service.
7. Liability. The Company and Customer agree that Company has no liability for indirect, special, incidental, or consequential loss or damages to Customer, including but not limited to Customer's operations, site, production output, or other claims by the Customer as a result of participation in this Tariff.
8. Provision of Ancillary Services. The Company and Customer agree that Tariff participation does not represent any form of Customer self-provision of ancillary services that may be included in any retail electric service provided to the Customer.
9. Dispute Resolution. The Company and Customer agree that any disputes arising out of this Tariff shall be settled by arbitration under the terms and provisions of the American Arbitration Association.
10. Penalty For Insufficient Load Control. In the event that Company has entered into a sale or purchase agreement for energy made available by a Customer, and Customer subsequently fails to maintain sufficient load control during the time(s) of the released energy sale or avoided energy purchase, the Customer will forfeit any compensation for that period. Customer shall also be responsible for any and all costs incurred by Company due as result of the customer's failure to curtail.

215 South Cascade Street
PO Box 496
Fergus Falls, Minnesota 56538-0496
218 739-8200
www.otpc.com (web site)

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**SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION**

VIA FAX AND OVERNIGHT MAIL

January 30, 2003



Ms. Pamela Bonrud, Executive 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 Responses to
Released Energy Reporting Requirements
SD EL00-018**

Dear Ms. Bonrud:

This letter is submitted to satisfy the reporting requirements in the Commission's June 7, 2002 Order (June 7 Order) in the above-referenced Case.

Otter Tail reports that there were no Released Energy transactions with any customer in 2002.

A. Background

The June 7 Order approved Otter Tail Power Company's (Otter Tail's) Released Energy Tariff. Part of the Order requires Otter Tail to report certain information no later than January 31, 2003. Pursuant to the June 7 Order, Otter Tail is required to report on each of the following:

- (1) a schedule of buy-back energy purchased from each South Dakota customer. This schedule shall include the date, time period, kWh or MWh purchased and the purchase price for each customer buy-back purchase;
- (2) the expected range of energy prices when the decision was made to purchase energy from the buyback customers;
- (3) a representative after-the-fact market price of the energy during the period of the buy-back

A. Background (continued)

- (4) a schedule of the off-system sales. This schedule shall include the date, time period, kWh or MWh sold and the sell price for each off-system sale transactions overlapping the buy-back period reported above;
- (5) fuel clause related costs allocated to off-system sales during a buy-back period;

B. Reporting Requirements

Provided below is the information required by the June 7 Order.

- (1) a schedule of buy-back energy purchased from each South Dakota customer. This schedule shall include the date, time period, kWh or MWh purchased and the purchase price for each customer buy-back purchase

No South Dakota customer has participated in a buy-back purchase.

- (2) the expected range of energy prices when the decision was made to purchase energy from the buyback customers

No South Dakota customer has participated in a buy-back purchase

- (3) a representative after-the-fact market price of the energy during the period of the buy-back

No South Dakota customer has participated in a buy-back purchase

- (4) a schedule of the off-system sales. This schedule shall include the date, time period, kWh or MWh sold and the sell price for each off-system sale transactions overlapping the buy-back period reported above

No South Dakota customer has participated in a buy-back purchase.

- (5) fuel clause related costs allocated to off-system sales during a buy-back period

No South Dakota customer has participated in a buy-back purchase.

Should the Commission have any questions with respect to the information contained in this letter, please do not hesitate to contact the undersigned.

Dated: January 30, 2003.

Respectfully submitted,

OTTER TAIL POWER COMPANY

By: David G. Prazak *(dne)*

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