

OTTER TAIL POWER COMPANY
Docket No. EL14-006

Response to: South Dakota Public Utilities Commission
Analyst: Eric Paulson
Date Received: 1/29/2014
Date Due: 2/7/2014
Date of Response: 02/11/2014
Responding Witness: Debra Opatz, Pricing Analyst - (218 739-8606)

Information Request No: SD-PUC-01-01

- 1-1) Explain why the \$/kW-month net capacity rate for contract terms 1 through 7 (inclusive) have been reduced down to \$0.00. Also, how will this affect the current 5 customers, if any affect at all.

RESPONSE:

The \$/kW-month net capacity rate for contract terms 1 through 7 (inclusive) have been reduced down to \$0.00 because Otter Tail has a surplus in capacity until 2021. Since we have no capacity needs until 2021, there is no capacity payment until 2021.

This will not affect the current 5 customers on the Small Power Producer rates rate schedule section 12.01. Capacity payments are only applicable on rate schedule section 12.03.

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Information Request No: SD-PUC-01-02

- 1-2) Explain why the \$/kW-month net levelized rate for contract terms 1 through 7 (inclusive) have been reduced down to \$0.00. Also, how will this affect the current 5 customers, if any affect at all.

RESPONSE:

The \$/kW-month net levelized rate for contract terms 1 through 7 (inclusive) is a direct product of the \$/KW-month net capacity rate, which is \$0.00. Therefore the \$/kW-month net levelized rate is \$0.00.

Similar to our 1-1 response, this will not affect the current 5 customers on the Small Power Producer rates, rate schedule section 12.01, as capacity payments are only applicable on rate schedule section 12.03.

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Information Request No: SD-PUC-01-03

- 1-3) For consistency, in Section 12.03 on page 2 under the “Special Conditions of Service” point 1, please remove the “5” year term in the list of contracts for a facility “desiring dependable service compensation” as the capacity payment for the 60 month, 5 year, contract is proposed at \$0.00.

RESPONSE:

Otter Tail understands your reasoning in requesting that Otter Tail remove the “5” year term in the list of contracts for a facility “desiring dependable service compensation” as the proposed \$0.00/kW capacity payment for the 60 month/5 year contract. However, there are two valid reasons why Otter Tail would like to leave the wording as originally submitted.

The first reason is that a customer could enter into a contract under Section 12.03 for a term of 5 years with no capacity payment, but with the energy payment portion of this section.

The second reason is that the capacity payment portion of this rate may change in subsequent filings. Using our previous example, the customer would be eligible under Section 12.03 to receive the capacity payment schedule if the capacity payment was greater than \$0.00/kW. Therefore, Otter Tail would prefer to keep the wording on this rate to reflect that possibility in the future.