

OTTER TAIL POWER COMPANY
Docket No: EL16-020

Response to: South Dakota Public Utilities Commission
Analyst: SDPUC Staff
Date Received: 09/08/2016
Date Due: 09/23/2016
Date of Response: 09/23/2016
Responding Witness: Jason A. Grenier, Manager Market Planning - (218) 739-8639

Information Request:

Given that the 2014 and 2015 actual spending for the Drive Power program was \$162,105 and \$173,902, respectively, please explain why Otter Tail believes an annual budget of \$79,000 is adequate for the 2017-19 Energy Efficiency Plan.

Attachments: 0

Response:

Prior to 2014, Otter Tail provided incentives for customers installing adjustable speed drives (ASDs) primarily through the Company's Custom Energy Efficiency program. Participation data for ASD installations through the Custom Efficiency program in 2013 and 2014 indicates the following:

	2013	2014
Count of ASD projects	2	1
Sum of incentives paid	\$22,650.00	\$23,363.71

Since providing incentives for ASDs through the Drive Power program, Otter Tail has seen an increase in incentives paid for ASD installations. However, based on average project sizes prior to developing the prescriptive incentive for ASD installations, Otter Tail believes that the relatively high ASD incentive expenses from 2014 and 2015 were due to a large commercial/industrial installation of ASD technology with incentives paid over a two-year period. These large projects do occur occasionally and inconsistently, and Otter Tail appreciates the flexibility and understanding demonstrated by the South Dakota Public Utilities Commission in allowing the Company to adjust budgets as needed among the Company's commercial South Dakota EEP program budget to meet the incentive requirements of program participants.

The current Drive Power program budget of \$79,000 is representative of incentive expenses for past ASD installations prior to developing the prescriptive Drive Power program as well as for ASD installations since developing the Drive Power program. The Company believes it is

prudent to base future Drive Power program budgets on the size of ASD projects completed in years prior to the prescriptive program as well as years since.

The proposed budget also balances customer interest for energy efficiency incentives from other sectors seeking incentive dollars available through SD EEP to install other energy efficiency technologies such as LED lighting, air source heat pumps, or geothermal heat pumps.