

OTTER TAIL POWER COMPANY
Docket No: EL17-003

Response to: South Dakota Public Utilities Commission
Analyst: SDPUC Staff
Date Received: 02/09/2017
Date Due: 02/15/2017
Date of Response: 02/15/2017
Responding Witness: Svetlana Fedje, Pricing Analyst - (218) 739-8799

Information Request:

Explain the determination of each column on Attachment 3 and provide the type of capacity resource that is the basis for the capacity payment calculation.

Attachments: 0

Response:

Please see below the explanation of each column in the Attachment 3
“Capacity Payment Schedule For Rate 12.03”

Column Headers:

Contract Term – Contracted Years (quantity).

Multiplier – Resulting multiplier is calculated taking into account Current NET Capacity Rate, Cost of Capital, Project life, Rate of the Inflation and Contract Term.

\$/kW-Month Gross Capacity Rate – Calculated monthly value, using Annual Recovery Calculated Number (Levelized Fixed Charge Rate * NET Capacity Rate, that is based on 2016 IRP Preferred Case (Appendix F - Frame CT), (Docket No. E017/RP-16-386) which was filed on June 1, 2016.)

\$/kW-Month Net Capacity Rate – If the Contract Term is less than 5 years, then this formula bring a zero value, if not, it calculates Monthly Net Capacity rate by multiplying Monthly Gross Capacity Rate and Multiplier for that Contract term.

\$/kW-Month Net Levelized Rate – Calculated monthly Levelized Rate using Net Capacity Rate multiplied by the Project Life, reduced by the Years Prior to the Year of Deficit.

The capacity resource that is the basis for the capacity payment calculation is a generic 250 MW natural gas combustion turbine to be in service in 2021.