

## Schedule 9: Summary of Environmental and Transmission Riders

In compliance with the Order and Settlement Stipulation, Schedule 9 provides an explanation of the Environmental Cost Recovery Rider (ECRR) update and August 2019 Tracker Balance, as reflected in Attachment 9A, and a summary of the Transmission Cost Recovery Rider (TCRR).

The ECRR remained active for the duration of the Case in order to get the tracker balance as close to zero as possible at the time final rates are implemented. As approved in the Settlement Stipulation, OTP proposes the ECRR rate be set to \$0.00000/kWh, effective with final rates on August 1, 2019, and the August 2019 ending tracker balance be included in the interim rate refund calculation. The TCRR also remained in effect during the Case and will continue to be in effect with OTP submitting annual TCRR updates on or before November 1 each year going forward.

### Background

The original ECRR was approved by the Commission, pursuant to SDCL §§ 49-34A-97 through 49-34A-100, on December 10, 2014, in Docket No. EL14-082, and included recovery of the Big Stone Plant Air Quality Control System (AQCS) and environmental upgrades to comply with Mercury and Air Toxins Standards at Hoot Lake Plant. Table 1 below identifies the history of ECRR filings, including the update in the instant proceeding. All projects in the ECRR rolled into base rates as of October 18, 2018, when interim rates went into effect.

**Table 1**  
**ECRR – History**

<u>ECRR History</u>	<u>Docket Number</u>	<u>Commission Approved</u>	<u>Effective Date</u>
Original ECRR Rate and Mechanism	EL14-082	December 10, 2014	December 1, 2014
First Update	EL15-029	October 15, 2015	November 1, 2015
Second Update	EL16-030	October 31, 2016	November 1, 2016
Third Update	EL17-035	October 13, 2017	November 1, 2017
Fourth Update	EL18-021	September 17, 2018 <sup>4</sup>	October 18, 2018
Fifth Update	EL18-031 <sup>5</sup>	December 28, 2018	February 1, 2019

<sup>4</sup> On September 17, 2018, OTP filed its Notice of Intent to Implement Interim Rates. Implementation of Interim Rates is permitted under South Dakota Law SDCL § 49-34A-14.

<sup>5</sup> OTP's Application for Approval of Tariff Changes to Facilitate Implementation of A New Customer Information System. This tariff change did not change the ECRR rate that was implemented on October 18, 2018.

The original TCRR was approved by the Commission, pursuant to SDCL Chapter 49-05 Section 4.3 and Chapter 49-34A Sections 25.1 through 25.4, on November 16, 2011 in Case No. EL10-015. Subsequent approvals by the Commission are provided in Table 2 below:

**Table 2**  
**TCRR – History**

<u>TCRR History</u>	<u>Case Number</u>	<u>Commission Approved</u>	<u>Effective Date</u>
Initial TCRR Rate and Mechanism	EL10-015	November 16, 2011	December 1, 2011
First Update	EL12-054	April 24, 2013	May 1, 2013
Second Update	EL13-029	February 21, 2014	March 1, 2014
Third Update	EL14-090	February 24, 2015	March 1, 2015
Fourth Update	EL15-045	February 22, 2016	March 1, 2016
Fifth Update	EL16-035	February 17, 2017	March 1, 2017
Sixth Update	EL17-048	February 28, 2018	March 1, 2018
Seventh Update	EL18-031 <sup>6</sup>	December 28, 2018	February 1, 2019
Eighth Update	EL18-048	February 20, 2019	March 1, 2019

OTP's 2018 TCRR annual update was filed October 31, 2018, in Case No. EL18-048, with proposed rates to be implemented on March 1, 2019. The initial filing reflected eight projects which rolled into base rates effective October 18, 2018 with interim rates in this Case. OTP made a supplemental filing in that proceeding on February 1, 2019, which was approved by the Commission's February 20, 2019 Order Approving 2019 Transmission Cost Recovery Rate Adjustment. The updated rate was implemented March 1, 2019 in compliance with the Commission's Order.

### **Projects Rolling into Base Rates**

Table 4 below identifies the projects that rolled out of the ECRR and TCRR, and into base rates effective October 18, 2018 with the implementation of interim rates in this Case, which prevented the potential for double recovery of these projects. Column A identifies the rider that the projects were recovered in until recovery moved into base rates. Column B identifies the projects.

<sup>6</sup> OTP's Application for Approval of Tariff Changes to Facilitate Implementation of a New Customer Information System. This tariff change did not change the TCRR rate that was implemented on March 1, 2018.

**Table 4**  
**Projects Rolled into Base Rates**

<b>Column A</b>	<b>Column B</b>
<b>Rider</b>	<b>Project</b>
ECRR	Big Stone Plant Air Quality Control System
ECRR	Hoot Lake Plant Mercury and Air Toxics Standards
TCRR	CAPX2020 Fargo -Monticello
TCRR	CAPX2020 Bemidji – Grand Rapids
TCRR	Cass Lake Lake-Nary-Helga-Bemidji
TCRR	Rugby Wind Interconnection
TCRR	Casselton – Buffalo
TCRR	CAPX2020 Brookings – Hampton
TCRR	MVP Big Stone South – Brookings
TCRR	Oakes Area

#### **ECRR Tracker Balance**

Attachment 9A reflects the ECRR rate being set to \$0.00000 per kWh on August 1, 2019, when final rates go into effect. Attachment 9A includes actuals for 2018 through May 2019, and projections for June 2019 through August 2019. The ECRR has an estimated negative tracker balance of \$9,923, an over-collection, at the end of August 2019. This value is provided on Line No. 13 of page 2 in Attachment 9A. The forecasted August 2019 tracker balance is included in the interim rate refund calculation and part of Schedule 8, the Interim Rate Refund schedule.

Even though the rate is being set to “0” on August 1, 2019, the “Billed” section (Line No. 9) of the tracker for August 2019 still contains an estimated amount of \$15,047. This is due to the billing system calculation of customer bills. Customer bills rendered in August 2019 will include some usage and the corresponding rate (-\$0.00075/kWh) from July 2019. As a result, the August 2019 ending tracker balance is needed to be used as opposed to the July 2019 tracker balance. Updated Tariff Schedule 13.08, including the new rate of \$0.00000 per kWh, is provided with all new Tariff Schedules in Schedule 4.

#### **TCRR Tracker Balance**

The TCRR remains in effect after this Case and OTP will continue to submit annual updates to the Commission by November 1 of each year, as approved by the Commission’s EL13-029 TCRR Order. OTP will continue to provide updates to its TCRR tracker balance and components in its annual updates.