

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

In the Matter of the Petition of Otter Tail
Power Company for Approval of its 2018
Transmission Cost Recovery Eligibility and
Rate Adjustment

Docket No. EL18-048

SUPPLEMENTAL FILING

This Supplemental Filing reflects Otter Tail Power Company's (Otter Tail) updates in the above-captioned docket.

I. BACKGROUND

In Compliance with the South Dakota Public Service Commission's (Commission) November 30, 2011, ORDER GRANTING JOINT MOTION FOR APPROVAL OF STIPULATION in Docket No. EL10-015 and the Commission's February 21, 2014, ORDER GRANTING JOINT MOTION FOR APPROVAL OF STIPULATION (Order) in Docket EL13-029, Otter Tail submitted its Initial Filing in Docket EL18-048 (Petition) on November 1, 2018 as required by the Order for the purpose of annually adjusting the Transmission Cost Recovery Rider (TCRR) rate effective March of the following year and to give the Commission an opportunity to review transmission revenues and expenses.

Otter Tail's Initial Filing requested approval of its 2018 TCRR rate adjustment to be effective March 1, 2019, based upon actual data through September 2018 and projected costs and collections from October 2018 through February 2020. Since the Initial Filing, Commission Staff and Otter Tail (the Parties) identified updates to be incorporated into the determination of the revenue requirement and associated rates. This Supplemental Filing incorporates the updates identified by the Parties, the details of which are provided in the following sections.

II. REVENUE REQUIREMENT AND RATE CALCULATION UPDATES

The following items are incorporated into the updated revenue requirement calculations provided in this Supplemental Filing. In aggregate, these adjustments increase the revenue requirement by \$32,195 from \$1,605,992 in the Initial Filing to \$1,638,187 in this Supplemental Filing.

1. In all Project Attachments, actual revenues and expenses through December 2018 have been updated from the forecasted data provided in the Initial Filing. These updates result in an approximately \$921 decrease to the revenue requirement.

2. Actual MISO expense and revenue is updated through December 2018 as well as forecasts for January 2019 and forward. Revenues included are based on Otter Tail's 2019 Budgeted Attachments O, GG, and MM. These updates result in an approximately \$35,949 decrease to the revenue requirement.
3. Actual sales are updated through December 2018 from the forecasted data provided in the Initial Filing. These updates resulted in an approximately \$75,861 increase to the revenue requirement. This is due to actual sales coming in lower than forecasted.
4. Capital Structure: The revenue requirement calculation is updated to include the Capital Structure and Cost of Debt as of December 31, 2018. This update decreases the revenue requirement by approximately \$8,945.

A. Updated Revenue Requirements and Rate Impacts

Table 1 on the next page compares the revenue requirement and rates proposed in the Initial Filing (Column B) versus the Supplemental Filing (Column C) and provides the difference between the two (Column D) resulting from the updates outlined above.

TABLE 1: Comparison of Revenue Requirements and Associated Rates

Line No.	A Revenue Requirements	B	C	D
		November 1, 2018 Initial Filing	February 1, 2019 Supplemental Filing	Difference (C - B)
		March 1, 2019 - February 29, 2020	March 1, 2019 - February 29, 2020	
1	CAPX 2020 - Fargo	-	-	-
2	CAPX 2020 - Bemidji	-	-	-
3	Cass Lake-Nary-Helga-Bemidji	-	-	-
4	Rugby Wind Interconnection	-	-	-
5	Casselton – Buffalo 115 kV	-	-	-
6	Oakes Area Transmission	-	-	-
7	CAPX 2020 - Brookings	-	-	-
8	BSAT - Brookings	-	-	-
9	BSAT - Ellendale	1,451	1,377	(74)
10	Lake Norden Area Transmission	165,603	157,198	(8,405)
11				
12	SD Filing Fee	5,000	5,000	(0)
13				
14	MISO Schedule 26 Expense	1,165,418	1,165,418	-
15	MISO Schedule 26A Expense	774,330	774,330	-
16				
17	SPP Schedule 9 Expense	218,732	218,732	-
18	SPP Schedule 11 Expense	17,246	17,246	-
19				
20	MISO Schedule 9 Revenue	(254,694)	(254,694)	-
21	MISO Schedule 26 Revenue	(229,571)	(229,570)	1
22	MISO Schedule 26A Revenue	(19,597)	(22,329)	(2,732)
23	MISO Schedule 37 Revenue	(0)	(0)	-
24	MISO Schedule 38 Revenue	(0)	(0)	-
25	MISO MVP ARR Revenue	(2,866)	(2,866)	-
26				
27	Carrying Cost	(8,736)	(6,496)	2,240
28	True-Up	(226,325)	(185,160)	41,165
29				
30	Total	1,605,992	1,638,187	32,195
31				
32	Large General Service \$ / kW	0.606	0.618	0.0117
33	Large General Service cents / kWh	0.169	0.173	0.0037
34				
35	Controlled Service cents/ kWh	0.072	0.073	0.0015
36	Lighting cents / kWh	0.239	0.243	0.0045
37	All Other Service cents / kWh	0.454	0.463	0.0091

Table 2 provides updated revenue requirements from the Supplemental Filing (Column D) compared to the Annualized Revenue Requirements (Column C) from the TCRR Interim Rates approved in Otter Tail’s general rate case¹. Column E reflects the difference between Column C and Column D.

TABLE 2: Comparison of Annualized Interim Rate Revenue Requirements and Supplemental Filing Revenue Rate Requirements

A		B	C	D	E
		Rate Case EL18-021	Rate Case EL18-021	February 1, 2019 Supplemental Filing	
Line No.	Revenue Requirements	May 1, 2018 - February 28, 2019 *	May 1, 2018 - February 28, 2019 Annualized **	March 1, 2019 - February 29, 2020	Difference
1	CAPX 2020 - Fargo				
2	CAPX 2020 - Bemidji				
3	Cass Lake-Nary-Helga-Bemidji				
4	Rugby Wind Interconnection				
5	Casselton – Buffalo 115 kV				
6	Oakes Area Transmission				
7	CAPX 2020 - Brookings				
8	BSAT - Brookings				
9	BSAT - Ellendale	-		1,377	
10	Lake Norden Area Transmission	-		157,198	
11					
12	SD Filing Fee	4,167		5,000	
13					
14	MISO Schedule 26 Expense	935,741		1,165,418	
15	MISO Schedule 26A Expense	566,058		774,330	
16					
17	SPP Schedule 9 Expense	180,037		218,732	
18	SPP Schedule 11 Expense	15,179		17,246	
19					
20	MISO Schedule 9 Revenue	(80,739)		(254,694)	
21	MISO Schedule 26 Revenue	(223,832)		(229,570)	
22	MISO Schedule 26A Revenue	(13,787)		(22,329)	
23	MISO Schedule 37 Revenue	(0)		(0)	
24	MISO Schedule 38 Revenue	(0)		(0)	
25	MISO MVP ARR Revenue	(3,192)		(2,866)	
26					
27	Carrying Cost	(7,583)		(6,496)	
28	True-Up	(215,678)		(185,160)	
29					
30	Total	1,156,371	1,387,645	1,638,187	250,542

* Otter Tail witness Haugen Direct Testimony, Schedule 6, Rate Case

** Note: To provide a commensurable comparison, OTP annualized the SD TCRR Interim Rate revenue requirements from the Rate Case: $(\$1,156,371 / 10) * 12$

¹ In Otter Tail’s general rate case, Docket No. EL18-021, interim rates were implemented on October 18, 2018.

B. Implementation of Rates and Customer Impact

The proposed rates are designed to reflect the TCRR revenue requirements through February 2020 and the implementation to be effective with bills rendered on and after March 1, 2019. These rates will be in effect until the Commission approves the next TCRR rate update.

Proposed Rates:

<u>Class</u>	<u>¢ / kWh</u>	<u>\$ / kW</u>
Large General Service	0.173	0.618
Controlled Service	0.073	
Lighting	0.243	
All Other Service	0.463	

The impact of the change in rates for a residential customer using 1,000 kWh per month is an increase of \$0.42 per month. For a large general service customer using 486 kW and 222,350 kWh, the bill impact of this update is an increase of \$18.14 per month.

C. Tariffs

Otter Tail will submit revised tariff sheets through a compliance filing after the Commission renders a final decision in this Docket.

III. SUMMARY

Otter Tail respectfully requests Commission approval of the updated revenue requirement proposed in this filing and to implement the associated updated Transmission Cost Recovery Rider, Section 13.05 rates, effective on bills rendered on and after March 1, 2019.

Date: February 1, 2019

Respectfully submitted:

OTTER TAIL POWER COMPANY

/s/ LYNN A. WOLTERS

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