

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

In the Matter of Otter Tail Power
Company's Rates for Small Power
Production and Cogeneration

Docket No. EL21-

PETITION

I. INTRODUCTION

Otter Tail Power Company (Otter Tail) hereby applies to the South Dakota Public Utilities Commission (Commission) for approval of proposed changes to its Small Power Producer electric rate schedules Sections 12.01, 12.02, and 12.03. These rate schedules set forth the rates under which Otter Tail is obligated to purchase energy and capacity from qualifying facilities (QFs) pursuant to Commission Cogeneration and Small Power Production Order, Docket No. F-3365.

II. GENERAL FILING INFORMATION

A. Name, Address, and Telephone Number of the Utility Making the Filing

Otter Tail Power Company
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P.O. Box 496
Fergus Falls, MN 56538-0496
Phone (218) 739-8200

B. Name, Address, and Telephone Number of the Attorney for Otter Tail

Cary Stephenson
Associate General Counsel
Otter Tail Power Company
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C. Title of Utility Employee Responsible for Filing

Svetlana A. Fedje
Pricing Analyst
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D. The Date of Filing and the Date Changes Will Take Effect

The date of this filing is January 14, 2021. Otter Tail proposes that the updated rates for small power production and cogeneration, contained herein, go into effect as of April 1, 2021 or on the first day of the following month upon Commission approval.

E. Statute Controlling Schedule for Processing the Filing

ARSD Part 20:10:13:15 requires a 30-day notice to the Commission of a proposed change in a utility's tariff schedule, after which time the proposed changes take effect unless suspended. Because no determination of Otter Tail's general revenue requirement is necessary, the report called for under Part 20:10:13:26 and the general notice provisions applicable to changes in rates is not applicable in this filing. Otter Tail requests an expedited and informal proceeding, including any variances that may be necessary.

Pursuant to ARSD 20:10:13:18, Otter Tail will post a Notice of Proposed Changes (Appendix A, Attachment 1). This Notice will be placed in a conspicuous place in each business office in Otter Tail's affected electric service territory in South Dakota for at least 30 days before the change becomes effective. Otter Tail has also included a report on tariff schedule changes (Appendix A, Attachment 4). This report complies with ARSD 20:10:13:26, which requires the Utility to report all rate schedule changes and customer impacts.

III. BACKGROUND OF ISSUE

Otter Tail last updated the rates in the Small Power Producer rate schedules, Sections 12.01, 12.02, and 12.03 in Docket No. EL20-003. As of January 1, 2020 five customers in South Dakota have taken service on the Occasional Delivery Energy Service rate schedule Section 12.01. No customers have taken service on the Time of Delivery Energy Service rate schedule Section 12.02 or the Dependable Service rate schedule Section 12.03.

IV. DESCRIPTION AND PURPOSE OF FILING

In this petition, Otter Tail is proposing to update the energy and capacity payments and the Renewable Energy Credits (REC's) aka Renewable Energy Certificates for both wind and solar REC's (SREC's) to 2021 values. Please see Attachment 5 for the calculations of the rates for all REC payment options for facilities that are renewable. It should be noted that REC or SREC payments would be in addition to the avoided costs as provided in the rate schedules referenced in this petition. The proposed rate schedule changes are provided in Appendix B (red-line versions) and Appendix C (clean versions). The calculated proposed energy payments show slight decrease from last year's approved filing.

A. Payment Schedules – Energy and Capacity

Otter Tail is proposing to modify the payment schedules Sections 12.01, 12.02 and 12.03. The proposed payments contained in the rate schedules reflect Otter Tail's avoided costs (energy and capacity). The avoided costs are consistent with Otter Tail's Small Power Producer rate schedules as filed recently in Minnesota and North Dakota, Attachments 2 and 3 in the Appendix A contains these avoided costs. Additional changes to the Capacity payments are done in pursuant to Commission Cogeneration and Small Power Production Order, Docket No. F-3365. Otter Tail does not have a deficit in the 10 year load forecast. Since no capacity costs are avoided, the avoided capacity rate is zero.

B. Renewable Energy Credits

Because Otter Tail is currently in a Wind REC surplus scenario, Otter Tail sells excess Wind RECs not needed for state REO/RES compliance. Otter Tail calculates the REC's value, proposed for the payments in this filing, based on the average actual REC's net sales executed by Otter Tail in the 2020 calendar year, which reflect a slight change in Wind REC payments. In 2020, Otter Tail purchased Solar REC's.

The REC's value is paid to the customer who sells renewable energy to Otter Tail. By paying the customer the REC's value, Otter Tail owns the REC associated with the energy received from the renewable generator. Customers who choose not to receive a REC payment from Otter Tail retain REC ownership. Otter Tail endeavors to update the value of the RECs at the same time the avoided cost updates are filed. This filing includes both Red-line and Final versions of the proposed rate schedules (Section 12.01, 12.02 and 12.03).

Otter Tail intends to update the value of the REC annually at the same time the avoided cost updates are filed. Otter Tail proposes to adjust the REC payment, based on transactions occurred in 2020 (Attachment 5), which reflect a slight change in payment.

V. CONCLUSION

Based on the foregoing reasons, Otter Tail respectfully requests that the proposed modifications to the electric rate schedules Sections 12.01, 12.02, and 12.03 become effective as of April 1, 2021 or on the first day of the following month upon Commission approval.

Date: January 14, 2021

Respectfully submitted,

OTTER TAIL POWER COMPANY

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