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December 3, 2013



Ms. Patricia Van Gerpen
Executive Director
South Dakota Public Utilities Commission
500 East Capitol Avenue
Pierre, SD 57501

Re: In the Matter of the Consideration of Standards to Govern Avoided Cost Determinations
SDPUC Docket No. RM13-002
COMMENTS

Dear Ms. Van Gerpen:

These Comments are filed in response to the South Dakota Public Utilities Commission's (SDPUC or Commission) October 16, 2013, Order to Proceed and Request for Comments from Interested Persons (Order) in the above-referenced docket. In its Order, the Commission directed that a rulemaking proceeding be conducted for the purpose of receiving Comments from utilities and other interested persons as to whether rules should be promulgated at this time governing PURPA QF avoided cost determinations in this state, and, if so, what subject matter areas should be addressed.

In a memo dated September 25, 2013, the SDPUC Staff identified the following six possible subject matter areas that could be addressed in a rulemaking:

- 1) Requirements for the creation of a Legally Enforceable Obligation (LEO);
- 2) Acceptable methodology or methodologies for determination of avoided cost;
- 3) Appropriateness of particular methods in specified circumstances;
- 4) Appropriate contract term;
- 5) Standards for determination of when capacity credits shall be allowed; and
- 6) The appropriate method(s) for computing the magnitude and duration of such credits.

Otter Tail Power Company (Otter Tail) agrees that rules addressing issues 1, 5 and 6 may be beneficial as they address policy level considerations. Issues 2, 3 and 4 do not appear appropriate for a Rulemaking, as they would appear to require case-specific information that could not reasonably be assessed in a rulemaking.

Should the SDPUC decide to move forward and open a formal rulemaking docket, Otter Tail intends at that time to provide detailed Comments on the areas the Commission determines are appropriate for addressing in the rulemaking.

Please add the following names to the Service List for this docket:

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Otter Tail looks forward to working with the Commission as it continues in its deliberations in this rulemaking proceeding.

Sincerely,

/s/ BRUCE GERHARDSON

Bruce Gerhardson
Associate General Counsel

dm
By electronic filing