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January 10, 2014



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
REPLY COMMENTS

Dear Ms. Van Gerpen:

These Reply Comments are filed in response to the comments submitted in the above-referenced docket. The South Dakota Public Utilities Commission (SDPUC or Commission) sought comments 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. 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.

In its comments filed on December 3, 2013, Otter Tail Power Company (Otter Tail) agreed that rules addressing issues 1, 5 and 6 may be beneficial as these are policy level considerations where uniformity would benefit all stakeholders. Issues 2, 3 and 4 would appear to require case specific information that could not reasonably be addressed in a rulemaking. Otter Tail's comments are echoed by several other commenters in this docket.

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.

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

Sincerely,

/s/ MATTHEW J. OLSEN

Matthew J. Olsen
Sr. Compliance Specialist

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By electronic filing