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April 26, 2023

Ms. Patricia Van Gerpen
Executive Director
South Dakota Public Utilities Commission
Capitol Building, 1st floor
500 East Capitol Avenue
Pierre, SD 57501-5070

Dear Ms. Van Gerpen:

Enclosed is the detail for determination of the Energy Adjustment Rider rates by Service Category based on the three months ending March 2023. The new adjustment factor is applicable for usage on or after May 1, 2023.

The calculation was made in compliance with the Energy Adjustment Rider, Electric Rate Schedule – Section 13.01, as approved by the South Dakota Public Utilities Commission in the Order Approving Interim Refund Plan; Order Approving Tariff Revisions dated July 9, 2019, in Docket No. EL18-021.

Per Commission approval in Docket No. EL18-021, the following changes to the Energy Adjustment Rider are applicable on bills rendered on and after August 1, 2019:

- 1) The “E8760” Energy Adjustment Factor Ratios are used to calculate the Class Energy Adjustment Factors (EAF) for each customer service category defined by Customer class.
- 2) The Coyote Station pebble lime reagent is no longer recovered in base rates but is recovered in the Energy Adjustment Rider. This is now included in the Steam Plant Reagents total (Line 6).
- 3) Otter Tail Power Company has removed the Non-Asset Based line from the energy adjustment rider calculation to reflect the discontinuation of Non-Asset Based transactions.

Per Commission approval in Docket No. EL 22-025, the approved adjustment to exclude the impact of Hoot Lake Solar is reflected in line 7, effective January 1, 2023.

Consistent with a discussion Otter Tail had with South Dakota Commission staff, Otter Tail provides the following summary of an adjustment to the January purchased power kWh amount.

The Energy Adjustment rate, effective March 2023, was nearly a half cent lower due to an inadvertently inflated kWh for Purchased Power in January. This included kWhs that were also part of the Net Retail MISO Day 2 amounts. The error was identified and corrected while calculating April rates (See below).

March Rate Calculation

	ASSOCIATED ENERGY -- kWh				
18	Net Generation - Steam	85,732,591	80,455,739	90,218,600	256,406,930
19	Other Plant IC Generation	13,678,766	22,885,898	26,072,403	62,637,067
20	Hydro Plant Generation	105,661	410,597	785,215	1,301,473
21	Wind Generation	90,033,534	87,686,934	70,608,209	248,328,677
22	Solar Generation	3,736	1,814	35,210	40,760
23	Purchased Power	37,145,837	41,707,024	252,868,545	331,721,406
24	Wind Curtailment	(288,346)	4,441,611	(1,600,449)	2,552,816
25	Total Energy	226,411,779	237,589,616	438,987,733	902,989,128
26	Less Intersystem Sales	(13,888,669)	(14,743,266)	(7,100,872)	(35,732,807)
27	Net Retail MISO Day 2	278,852,069	443,852,478	352,063,767	1,074,768,314
28	Net Energy - kWhs	491,375,179	666,698,828	783,950,628	1,942,024,635

April Rate Calculation

	ASSOCIATED ENERGY -- kWh				
18	Net Generation - Steam	80,455,739	90,218,600	105,822,674	276,497,013
19	Other Plant IC Generation	22,885,898	26,072,403	12,567,060	61,525,361
20	Hydro Plant Generation	410,597	785,215	720,413	1,916,225
21	Wind Generation	87,686,934	70,608,209	85,962,833	244,257,976
22	Solar Generation	1,814	35,210	252,123	289,147
23	Purchased Power	41,707,024	14,668,545	20,889,693	77,265,262
24	Wind Curtailment	4,441,611	(1,600,449)	(630,175)	2,210,987
25	Total Energy	237,589,616	200,787,733	225,584,621	663,961,970
26	Less Intersystem Sales	(14,743,266)	(7,100,872)	(17,385,207)	(39,229,345)
27	Net Retail MISO Day 2	443,852,478	352,063,767	313,339,186	1,109,255,432
28	Net Energy - kWhs	666,698,828	545,750,628	521,538,600	1,733,988,057

As a result, the rate increased to slightly over 4 cents for April based on the correct denominator kWhs included in the average rate calculation. This should have been noted in the April filing.

Otter Tail Power Company (Otter Tail) submits the following attachments:

- 1) Calculation of the May 2023 Energy Adjustment Rider based on the three-month period ending March 2023.
- 2) South Dakota Over/Under Recovery (2 pages).
- 3) Detail of MISO Day 2 Charges by Charge Type for SD Energy Adjustment Rider marked as Attachment A.
- 4) Detail of MISO Day 2 Charges by Retail, Asset Based Wholesale, and Non-Asset Based Wholesale for Current Month and Year to Date marked as Attachment B.
- 5) Otter Tail's Plant Conditions for March 2023 marked as Attachment C.
- 6) Otter Tail's Wind Curtailment Report for FPL Energy North Dakota II, LLC and Langdon Wind, LLC, LLC marked as Attachment D. Please note this document contains Trade Secret Data.
- 7) Detail of Southwest Power Pool (SPP) Charges by Charge Group for Current Month and Year to Date marked as Attachment E. The SPP charges are reported in the Purchased Power lines of the Energy Adjustment Rider calculation.

Otter Tail requests confidential treatment of columns (C), (D), (E), (F), and (G) of the Attachment D pursuant to ARSD Part 20:10:01:41 due to the competitive nature of the data in those columns. Otter Tail is requesting confidential treatment for a period of at least 12 months and will request an extension in the future if necessary. Contact Stuart Tommerdahl, Manager of Regulatory Administration at: (218) 739-8279, 215 South Cascade Street, Fergus Falls, MN 56537 with any questions of concerns regarding the confidentiality request.

Revenue from Energy Adjustment Rider for March 2023:

Total Sales in South Dakota	52,336,150 kWh
Sales Subject to Energy Adjustment Rider	43,703,504 kWh
Average Rate During Period	\$.03098
Revenue in Period	\$1,353,865.37

Sincerely,

/s/ *DEREK HAUGEN*
Derek Haugen
Energy Recovery Analyst
Regulatory Economics

Enclosures
By electronic filing