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October 21, 2022

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

**RE: In the Matter of the Commission Requesting Comments on Measures to Promote Greater Electrification of the Transportation Sector
Docket No. AA22-002
Comments**

Dear Ms. Van Gerpen:

Otter Tail Power Company (Otter Tail or the Company) submits these Comments in response to the South Dakota Public Utilities Commission's (Commission's) request for comment on measures to promote greater electrification of the transportation sector.

Please feel free to contact me at 218-739-8639 or JGrenier@otpc.com with any questions.

Sincerely,

/s/ *JASON GRENIER*
Jason Grenier, Manager
Market Planning

sjw
Enclosures
By electronic filing

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

**In the Matter of the Commission
Requesting Comments on Measures
to Promote Greater Electrification of
the Transportation Sector**

Docket No. AA22-002

COMMENTS

I. BACKGROUND

Otter Tail Power Company's (Otter Tail or the Company) comments are in response to the South Dakota Public Utilities Commission's July 20, 2022, order, requesting public utilities to provide a report and comment on how the utilities are promoting greater electrification of the transportation sector and establishing associated rates. The Commission's order was in response to the November 15, 2021, federal Infrastructure Investment and Jobs Act (IIJA) which included points one through four in section B below. The Commission further requested public electric utility comment on sections A, C, D, and E as included below.

II. COMMENTS

A. A report of existing measures used to promote electrification of the transportation sector by the electric public utility.

Otter Tail's South Dakota initiatives to date supporting transportation electrification include the installation of one Level 2 (240 volt) charger at the Company's Customer Service Center in Milbank, SD. This charger is only open to charging company electric vehicles (EV). In addition, the Company gained Commission approval to modify its off-peak rates to allow electric vehicle (EV) charging. The Company continually provides guidance and education to customers interested in electric vehicle charging or purchasing. In December 2021, Otter Tail submitted an application to the South Dakota Department of Agriculture and Natural Resources to access Volkswagen EVCS Program funding, with the desire to develop three direct current fast charging (DCFC) sites in Otter Tail served communities. Our application was not successful in being selected, but the Company is still hopeful future public funding will assist in developing these sites.

Otter Tail is encouraged by the IIJA and its associated funds to be used for public charging. The Company looks forward to future opportunities to leverage

the IIJA funding to supplement the building of a direct current fast charger (DCFC) network that offers reliable and convenient public charging access to all its South Dakota customers.

To date, the majority of Otter Tail's transportation electrification activities have been conducted in its Minnesota service jurisdiction. In December 2017, the Minnesota Public Utilities Commission (MPUC or Commission) opened a Commission Inquiry, Docket No. CI-17-879, into Electric Vehicle Charging and Infrastructure. One outcome of the Commission's inquiry was the requirement for electric investor-owned utilities to file Transportation Electrification Plans (TEPs) every two years. The TEPs provide an update to the Commission on utility EV initiatives and programs, rates and impacts, and forecasting the of number of EVs and their associated energy usage and peak loads.

B. Existing rate mechanisms that:

1. promote affordable and equitable electric charging options, if any;

Otter Tail Power promotes affordable electric charging options by offering \$400 rebates on hardwired level 2 charging placed on one of the companies many off-peak rates. The Company also has a Residential Time of Day rate approved by the Commission and will offer a pilot to customers once its advanced metering and infrastructure (AMI) project has sufficient metering deployed to implement the pilot.

2. improve customer experience associated with charging, if any;

Otter Tail offers EV charging on off-peak rates so customers can save money on the energy they are purchasing and this option avoids adding a costly third meter and additional electrical service to the home or business.

Otter Tail frequently receives customer inquiries requesting advisement on the selection of EV charging equipment, charger size and placement, and rate options. With growing numbers of EV related items occurring across the Company's system, the Company prides itself in being able to provide knowledgeable EV related guidance to customers.

Otter Tail's private level 2 charger located at is Milbank Customer Service Center is not open to public charging, but it serves an important purpose. First, it enables the Company's fleet EV to travel to the Milbank area. Having EVs in the area showcases EV technology and its growing relevance to

customers. This also allows area Company employees the opportunity to test drive the Company's EV and become more educated on the technology, enabling them to educate others in the community about their driving and charging experiences.

3. *accelerate third-party investment, if any;*

The Company has a third-party DCFC pilot tariff for third-party owned electric vehicle charging stations in Minnesota. These pilot tariffs were proposed and approved along with Otter Tail building a minimum network of Direct Current Fast Charger across its Minnesota service territory to ensure all customers are within forty-five miles of a charger. These tariffs include rates that allow third-party charging stations to reduce their monthly costs and make site locations cost-effective with lower EV charging volumes. The Company added its first third-party DCFC owned site in Minnesota in April 2022. The Company plans to learn from the Minnesota pilot third-party rate and file a similar rate proposal in South Dakota.

4. *and appropriately recover the marginal costs of delivering electricity to electric vehicles and electric vehicle infrastructure, if any.*

The Company's off-peak charging rates can be utilized to support various customer technologies such as heating, cooling, water heating, and electric vehicle charging. Rates for these off-peak options are designed utilizing marginal costing and have been approved in the Company's last South Dakota Rate Case, EL18-021.

Future filings for a third-party DCFC rate will include marginal costs as a basis for establishing the rate, consistent with Otter Tail's Minnesota third-party DCFC pilot rate.

C. *Previous actions taken by the Public Utilities Commission or State Legislature to implement the standard or a comparable standard, if any.*

The South Dakota Public Service Commission approved a modification to the Company's off-peak rates to allow EV charging. This allows customers access to very affordable rates for EV charging while also not increasing the Company's peak load requirements.

D. Appropriate measures to promote greater electrification of the transportation sector, if any.

The Company provides several low-cost initiatives to promote electrification of the transportation sector, including affordable off-peak charging rates, and provides education and advisement to customers interested in installing or hosting Level 2 or DC fast chargers.

The Company appreciates support by the Commission for the Company to access public funding for establishing EV charging sites across South Dakota communities the Company serves. Appropriate measures include the allowance for utility-owned charging sites, with allowed costs recovery. Otter Tail believes that private developers will only develop prime urban sites or highly traveled interstate highways. This will leave many rural areas without fast chargers which prohibits rural EV ownership and restricts travel by EV owners to these rural areas, further restricting commerce in these areas. Policy makers should reference the rollout of rural broadband where many areas were left behind without investment. The Commission should encourage rural electric providers like Otter Tail to develop a comprehensive electric transportation infrastructure plan for all its customers so they can access public fast charging to mitigate EV range anxiety, encourage EV ownership, and allow rural commerce from EV drivers to flourish.

III. CONCLUSION

The Company is interested in utilizing IIJA dollars dedicated to expanding public EV charging in South Dakota. The Company believes its well positioned to cost-effectively install a charging network to allow convenient access to all its South Dakota customers. The Company is interested in South Dakota becoming a competitive market for many models of electric vehicles to fit customers' diverse driving needs and provide customer choice. To accomplish a competitive EV marketplace in South Dakota a robust public fast charging network must be built so customers are assured they can seamlessly travel throughout the state. The Company looks forward to expanding its promotion of transportation electrification by working with the South Dakota Commission to establish EV infrastructure pilot programs and associated cost-recovery mechanisms.

Dated: October 21, 2022

Respectfully submitted,

OTTER TAIL POWER COMPANY

By: /s/ JASON GRENIER

Jason Grenier, Manager

Market Planning

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