

OTTER TAIL POWER COMPANY
Docket No. EL13-015

Response to: South Dakota Public Utilities Commission
Analyst: SDPUC Staff
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Responding Witness: Kim Pederson, Manager Market Planning - (218) 739-8303

Information Request No: SD-PUC-01-05

What resulted in the decrease of total cost per participant in the Custom Efficiency Project program from years prior?

RESPONSE:

Program costs per participant for 2012 Custom Efficiency Projects decreased from 2010 and 2011 due primarily to economies of scale as more participation led to lower costs per a participant. In addition, eleven of the twelve projects in 2012 were for the installation of adjustable speed drives. Otter Tail has incorporated into its evaluation methodology a spreadsheet developed by EPRI to calculate adjustable speed drive savings for these projects, meaning less expense from a customized, in-depth engineering analysis for each adjustable speed drive installation.

Do to the varying nature of custom projects and the fluctuating size of the projects it is challenging to forecast participation and energy savings. Depending upon the combination of each project's kWh and kW savings the rebate (incentive) paid to participants can also vary greatly. Both administrative and incentive costs per participant were lower in 2012, compared to 2010 and 2011.

Custom Efficiency Projects

	2010	2011	2012
Participants	6	6	12
Program Costs	\$81,439	\$76,297	\$80,627
Costs per part.	\$13,573	\$12,716	\$6,719
Admin. Exp	\$24,308	\$14,218	\$17,476
Incentive Exp.	\$57,131	\$62,079	\$63,151