OTTER TAIL POWER COMPANY
Docket No. EL13-016

Response to: South Dakota Public Utilities Commission
Analyst: SDPUC Staff
Date Received: 7/10/2013
Date Due: 8/2/2013
Date of Response: 07/25/2013
Responding Witness: Kim Pederson, Manager Market Planning - (218) 739-8303

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Information Request No: SD-PUC-01-04

In the new residential lighting program, how did OTP determine the number of expected participants?

RESPONSE:

The residential lighting program model we have filed in South Dakota is relatively untested, and determining participation, or number of incentives, was difficult.

Otter Tail has experience in a residential lighting program implemented by third party contractors where customer incentives are managed through retail outlets. For example, in Minnesota we contract with WECC to implement our Change A Light program through retail stores such as Home Depot. However, the small geographic area we serve in South Dakota made securing the interest of a third party vendor difficult.

Therefore, the company examined a number of program delivery methods to provide energy efficient lighting incentives to our Minnesota customers. We determined the most cost-effective method for our South Dakota customers interested in energy efficient lighting was to expand our existing commercial lighting program.

The company based its participation assumptions on existing market research that indicates relatively low market penetration of compact fluorescents. In addition, the company has assumed that most participants would come from the retrofit market, although new homes are eligible for the incentives. We have estimated that approximately 20 customers will participate in a retrofit installation of 15 compact fluorescents and 2 light-emitting diode bulbs per home. (20 x 15 = 300 + 20 x 2 = 40) = 340 incentives/participants. The program's requirement of a minimum $20 rebate (due to processing costs) will drive more of a whole-house project rather than just purchasing one to two CFLs.

The Company is interested in determining if our assumptions were correct, and if this model can work cost-effectively for our South Dakota customers.