

OTTER TAIL POWER COMPANY
Docket No: EL14-070

Response to: South Dakota Public Utilities Commission
Analyst: Brittany Mehlhaff
Date Received: 08/25/2014
Date Due: 09/08/2014
Date of Response: 09/08/2014
Responding Witness: Stuart Tommerdahl, Manager Regulatory Administration, 218 739-8279

Information Request:

Explain how Otter Tail will decide when to purchase emission allowances versus replacement power.

Attachments: 0

Response:

The emission allowances and replacement energy markets will help determine what the least cost method is to serve our customers and will dictate how Otter Tail fulfills its energy supply obligations. Otter Tail anticipates pricing the emission allowances as part of the purchasing practices strategy outlined in response to Information Request 1. Based on market prices, an assessment will be completed to determine whether it is more cost effective to purchase emission allowances and operate the plant or purchase replacement power from other sources. Otter Tail will execute the strategy that provides the most reliable and cost effective energy to its customers.