

OTTER TAIL POWER COMPANY
Docket No: EL14-090

Response to: South Dakota Public Utilities Commission
Analyst: SDPUC Staff
Date Received: 12/10/2014
Date Due: 12/30/2014
Date of Response: 12/23/2014
Responding Witness: Stuart Tommerdahl, Manager Regulatory Administration, 218 739-8279

Information Request:

Referring to the attachments as provided in the Excel file “2014 SD Transmission Rider Tracker –Staff” by Bryce Haugen on November 5th:

- a. 2013 actuals have changed since the actuals provided for 2013 in the last TCR filing. Is this due solely to further ADIT updates? If not, please provide the other changes.
- b. Regarding Attachment 4, page 1,
 - i. The \$175 per month Oakes Area Transmission revenue requirement does not tie out to the Oaks Area Transmission project tab. Please explain?
 - ii. Explain what caused the 2014 Casselton – Buffalo 115 kV project costs to decrease from what was projected in the last TCR filing.
 - iii. It appears the recap provided in the box on the bottom right has not been updated. Please update the numbers in a final revision to this docket.
- c. Referring to the tabs for the individual project revenue requirements, provide descriptions of the operating costs claimed for recovery for the Fargo CAPX, Brookings CAPX, and Cass Lake – Bemidji projects.

Attachments: 0

Response:

- a. The changes in the 2013 actuals are due solely to further ADIT updates for the Projects. The actual December 2013 Schedule 26A Expense changed from \$5,796 to \$7,034.

- b. Attachment 4, page 1
 - i. This is an error that will be corrected. There should be no Oakes related revenue requirements in 2014.
 - ii. The variance between the 2013 filing and 2014 filing in the Revenue Requirement for Casselton to Buffalo is due to the completion timing for phases of the project to go in-service. In the 2013 filing, Otter Tail anticipated all phases to be in-service by December 2014. Due to construction constraints, the projects are now forecasted to be in-service December 2015 so this decrease is due to changes in the project forecast and not due to change in the scope of the project.
 - iii. The summary in BZ54:CC63 will be updated in the next TCR annual update to reflect amounts for that recovery period. At this time, it holds no value because the proposed recovery period for this filing is March 2015 through February 2016.
- c. The operating costs requested for recovery are for annual expenses incurred or forecasted to be incurred to operate and maintain the transmission lines. Operating and maintenance expenses are explained in further detail on page six of the initial filing of this Docket.
 - a. The actual expenses to date in the Cass Lake – Bemidji project have been minimal. Work done during the recent construction of the line prevented the need for extensive vegetation management along the line. Upon further review of operating and maintenance costs for Cass Lake - Bemidji, no forecasted amounts were included in the initial filing in this Docket. Otter Tail has forecasted \$18,750 (System Basis) per quarter for 2015. The impact of this is immaterial, (a \$967 increase to the revenue requirement,) and unless a Supplemental Filing is needed, Otter Tail recommends including the actual costs and updated forecast in its next annual TCR filing, unless an updated filing to this Docket is made.
 - b. The forecasted expenses for the Brookings and Fargo CAPX projects are submitted to Otter Tail by the maintenance provider, Great River Energy (“GRE”). GRE is responsible for maintenance on both of these new lines and invoices the Transmission Owners their share of the line. GRE only invoices the base cost of operations and maintenance; there are no adders or profit to GRE for these costs per the ownership maintenance agreements. GRE maintains the lines to industry standards mandated by NERC and Otter Tail has verified that the costs GRE has forecasted per mile of the Brookings and Fargo lines are comparable to what Otter Tail anticipates for its lines.