

OTTER TAIL POWER COMPANY

Docket No: EL14-090

Response to: South Dakota Public Utilities Commission

Analyst: SDPUC Staff

Date Received: 01/07/2015

Date Due: 01/21/2015

Date of Response: 01/21/2015

Responding Witness: Stuart Tommerdahl, Manager Regulatory Administration, 218 739-8279

Information Request:

Referring to OTP's response to Staff Data Request 1-10,

- a. How often does OTP plan to perform LIDAR assessment on its 115 kV and 230 kV facilities? Provide justification for the cycle period chosen.
- b. Provide any applicable bids, work orders, and contracts obtained for the LIDAR surveying.
- c. Page two states, "the work on these facilities includes modifying, moving or replacing line guys, replacement of structures, and raising structures." Provide statute citations which show that the TCR statute allows for recovery of maintenance activities.
- d. Provide a list of the medium priority facilities which have had work performed thus far with their respective costs, completion dates, line miles, and descriptions for work performed.
- e. Provide a list of the low priority facilities which have had work performed thus far with their respective costs, completion dates, line miles, and descriptions of work performed.
- f. Referring to the "Att12 NERC Compliance" tab of "2014 SD Transmission Rider Tracker" Staff provided by Bryce Haugen on 11/5/14,
 - i. Provide the calculations and supporting workpapers for the 21.44% wholesale revenue credit provided in cell V74.
 - ii. Why isn't there a wholesale revenue credit applied to the months prior to December 2014?

Attachments: 7

Attachment 1 to IR SD-PUC-02-03_PUBLIC.pdf
Attachment 2 to IR SD-PUC-02-03_PUBLIC.pdf
Attachment 3 to IR SD-PUC-02-03_PUBLIC.pdf
Attachment 4 to IR SD-PUC-02-03_PUBLIC.pdf
Attachment 5 to IR SD-PUC-02-03_PUBLIC.pdf
Attachment 6 to IR SD-PUC-02-03_PUBLIC.pdf
Attachment 7 to IR SD-PUC-02-03_PUBLIC.pdf

Response:

- a. Otter Tail's current plan for the use of LIDAR assessment of its lines is to utilize it prior to and after new construction to verify that the as-built conditions match the facility design criteria. Otter Tail uses LIDAR as its survey method of choice due to it being the most comprehensive and cost effective means to accomplish the survey work. The use of LIDAR in this fashion has become the industry standard for the aforementioned reasons. Otter Tail would only utilize LIDAR on existing lines in the future if it were mandated by the NERC.
- b. Otter Tail's assessment plan to determine compliance with the NERC Facility Rating Alert was developed and subsequently approved by the Midwest Reliability Organization ("MRO") prior to execution. This plan involved two Phases of assessment using LIDAR technology. Phase I consisted of contracting LIDAR work for approximately 180 miles of 230kV and approximately 43 miles of 115kV line. Phase I, as approved by the MRO, was performed to complete an initial verification between design and field conditions of Otter Tail facilities. Because Phase I results indicated that actual field conditions yielded inappropriate ratings and that work would be required to bring the lines back into compliance, Phase II of the LIDAR assessment of the remaining Bulk Electric System, as defined by NERC, was then completed to identify all remaining areas of non-compliance. This assessment was necessary so that a complete non-compliance mitigation plan could be developed. Otter Tail utilized the services of Burns & McDonnell ("BMcD"), an engineering consultant with experience performing rating analysis. BMcD assisted in establishing the scope of work, gathering bids, and awarding a contract for the LIDAR work. The bid process produced five qualifying bidders. Attachment 1 to this Data Request provides a Bid Evaluation Summary of the qualifying bidders. Towill was ultimately awarded the LIDAR contract. Towill's proposal is located in Attachment 2 of this Data Request. As mentioned above, the LIDAR assessment was completed in two Phases to cover all of Otter Tail's 230kV and 115kV lines. Attachment 3 to this Data Request shows the initial contract entered into with Towill which addressed Phase I of the LIDAR work. Attachment 4 to this Data Request shows the agreed upon change order that encompassed Phase II of the LIDAR work performed by Towill. Towill agreed to maintain its price per mile from Phase I in Phase II of the effort. Attachment 5 to this Data Request is a change order for Towill to include a line segment in its LIDAR work.
- c. SDCL §49-34A-25.1 states, "*Approval of tariff mechanisms for automatic annual adjustment of charges for jurisdictional costs of new or modified transmission facilities.*"

Notwithstanding any other provision of this chapter, the commission may approve a tariff mechanism for the automatic annual adjustment of charges for the jurisdictional costs of new or modified transmission facilities with a design capacity of thirty-four and one-half kilovolts or more and which are more than five miles in length.” Activities to meet NERC compliance that involve maintenance-type work are not included in this request for recovery and do not meet the statutory requirements for recovery through the transmission cost recovery rider.

- d. Please see Attachment 6 to this Data Request for the details of the Medium Priority Facility work.
- e. Please see Attachment 7 to this Data Request for the details of the Low Priority Facility work.
- f.
 - i. The wholesale revenue credit in cell V74 of Attachment 12 should be 19.17% instead of the 21.44% shown. The 21.44% wholesale revenue credit was carried forward from a previous year and should have been updated. Updating V74 to the correct 19.17% wholesale revenue credit (which is part of “Att13 WSCredit”) will raise the South Dakota revenue requirement \$1,736.
 - ii. Attachment 12 for NERC Compliance should show no “Total revenue requirements” in row 36 for 2014 since it is not being requested for recovery in 2014. The Wholesale Revenue Credit and South Dakota Revenue Requirement should be displayed as \$0 in 2014 for NERC on Attachment 12. As can be seen in line 8 of Attachment 4 of the Initial Filing, no revenue requirement is being requested in 2014 for the NERC Compliance project so this correction on Attachment 12 has a \$0 impact on the overall Revenue Requirement.