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June 27, 2016

Patricia Van Gerpen,
Executive Director
South Dakota Public Utilities Commission
500 East Capitol Avenue
Pierre, SD 57501-5070

RE: In the Matter of the filing by Otter Tail Power Company regarding its 2015 Status report annual filing to update the Energy Efficiency Adjustment Rider. Docket No. EL16-019 Compliance Filing

Dear Executive Director Van Gerpen:

On June 21, 2016, the South Dakota Public Utilities Commission (Commission) met and approved Otter Tail Power Company's (Otter Tail) updated Energy Efficiency Adjustment Rider in Docket No. EL16-019. The Commission's written Order approving the revised tariff changes in this docket was issued on June 24, 2016. Enclosed you will find the final version of Otter Tail's Energy Efficiency Partnership (EEP) Cost Recovery Rider, Section 13.04 which reflects the 2016 EEP update as approved by the Commission.

The Commission's Order also requested Otter Tail to file benefit-cost models used to create the revised Appendix A. Otter Tail filed these models in this docket on June 21, 2016, as an attachment to SD-PUC-01-06.

Otter Tail would like to take this opportunity to respond to the Commission's June 21st question regarding why \$8,794 was spent in the Custom Grant program in 2015 with no customer participation. Otter Tail's Energy Management Representatives (EMRs) discuss potential custom grant projects during each meeting with customers. These customer meetings occur daily as promoting energy efficiency is one of the primary accountabilities of the EMRs. Custom projects are much more difficult to identify, frequently require the customer to have internal staff championing the project, and require capital dollars. Custom grants also require a significant amount of time provided by Otter Tail staff to evaluate projects for potential energy and demand savings.

In 2015, Otter Tail's EMR worked with customers to elevate four projects through to the evaluation stage. One of the projects was found to be not cost effective for the customer. Another project, the

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customer plans to do in multiple phases but has not started at this time. The final two projects had development and evaluation costs in 2015 but were installed in 2016 and will be recognized in Otter Tail's 2016 South Dakota EEP status report filing on May 1, 2017.

Otter Tail appreciates the Commission's continued commitment to supporting Otter Tail's EEP. Otter Tail looks forward to working with our South Dakota customers on energy efficiency investment in 2016 and beyond.

If you have any questions, please contact me at (218) 739-8639 or jgrenier@otpc.com.

Sincerely,

/s/ JASON GRENIER

Jason Grenier, Manager

Market Planning

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Enclosure

By electronic filing