

215 South Cascade Street  
PO Box 496  
Fergus Falls, Minnesota 56538-0496  
218 739-8200  
[www.otpc.com](http://www.otpc.com) (web site)

March 2, 2018



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

**RE: In the Matter of Otter Tail Power Company's Rates for Small Power Production and Cogeneration.  
South Dakota Docket No. EL18-002**

Dear Ms. Van Gerpen:

On March 2, 2018, the South Dakota Public Utilities Commission (Commission) issued an order approving Otter Tail Power Company's (Otter Tail's) updated Small Power Producer rates in Docket No. EL18-002, effective March 1, 2018.

Attached to this letter you will find the final version of Otter Tail's Small Power Producer rate schedules Section 12.01, Section 12.02, and Section 12.03 reflecting Commission approved changes.

Pursuant to South Dakota Codified Laws Section 49-34A-10 and Administrative Rules of South Dakota (ARSD) Part 20:10:01:02:05, this filing has been electronically submitted to the Commission.

If you have any questions, please contact me at (218) 739-8890 or [tmortenson@otpc.com](mailto:tmortenson@otpc.com).

Sincerely,

*/s/ TAMMY K. MORTENSON*  
Tammy K. Mortenson  
Pricing & Tariff Administration Analyst  
Regulatory Administration

jch  
Enclosures  
By electronic service



Fergus Falls, Minnesota

**SMALL POWER PRODUCER RIDER  
OCCASIONAL DELIVERY ENERGY SERVICE**

DESCRIPTION	RATE CODE
Base Avoided Costs	71-902
Base Avoided Costs plus Renewable Energy Credit	71-905

**RULES AND REGULATIONS:** Terms and conditions of this electric rate schedule and the General Rules and Regulations govern use of this rider.

**AVAILABILITY:** This rider is available to any small qualifying facility (SQF) not exceeding 100 kW of certified generating Capacity.

**CUSTOMER CHARGE:** \$1.08 per month

**CR**

**PAYMENT SCHEDULE:**

Base Avoided Costs 2.392¢ per kWh  
Base Avoided Costs plus Renewable Energy Credit 2.452¢ per kWh

**R  
R**

**MANDATORY AND VOLUNTARY RIDERS:** The amount of a bill for service will be modified by any Mandatory Rate Riders that must apply and by any Voluntary Rate Riders selected by the Customer, unless otherwise noted in this rider. See Sections 12.00, 13.00 and 14.00 of the South Dakota electric rates for the matrices of riders.

**SPECIAL CONDITIONS OF SERVICE:** The minimum contracted term of service is 12 months.

**TERMS AND CONDITIONS:** The use of this rider requires that special precautions be taken in the design of associated metering and control systems. The following terms and conditions describe these precautions and shall be followed on all Customer owned small qualifying facilities (SQF).

1. The Customer is required to follow the Company’s interconnection process, which requires that prior to installation, the Customer complete the Interconnection Agreement for Small Generator Facility Tier 1, Tier 2, Tier 3 or Tier 4 Interconnection. The Interconnection Agreement is according to the procedures set forth in ARSD chapter 20:10:36. The Customer is also required to follow the Company’s Guidelines for Generation, Tie-Line, and Substation Interconnections.

SOUTH DAKOTA PUBLIC  
UTILITIES COMMISSION  
Filed on: January 19, 2018  
Approved by order dated: March 2, 2018  
Docket No. EL18-002

Bruce G. Gerhardson  
Vice President, Regulatory  
Affairs

EFFECTIVE with bills  
rendered on and after  
March 1, 2018,  
in South Dakota



Fergus Falls, Minnesota

South Dakota P.U.C. Volume II  
Section 12.01  
**ELECTRIC RATE SCHEDULE**  
**Small Power Producer Rider**  
**Occasional Delivery Energy Service**

Fourth Revised Sheet No. 2, Cancelling Third Revised Sheet No. 2

(Continued)

2. The Customer will be compensated monthly for all energy received from the SQF less the Customer charge. The schedule for these payments is subject to annual review.
3. If the SQF is located at a site outside of the Company's service territory and energy is delivered to the Company through facilities owned by another utility, energy payments will be adjusted downward reflecting losses occurring between the point of metering and the point of delivery.
4. If required, a separate meter will be furnished, owned and maintained by the Company to measure the energy to the Company. Separate monthly charges may apply for any additional metering installed by the Company at the Customer's request.
5. The SQF shall make provisions for the installation of Company-owned on-site metering. All energy received from and delivered to the Company shall be metered. On site use of the SQF output shall be unmetered for purposes of compensation unless the SQF desires to sell all its generated output to, and purchase all of its energy from, the Company.
6. In the event the SQF desires wheeling by the Company of the SQF output, arrangements will be made subject to special consideration.
7. Power and energy purchased by the SQF from the Company shall be billed under the available retail rates for the purchase of electricity.
8. The Company reserves the right to disconnect the Customer's generator from its system if it interferes with the operation of the Company's equipment or with the equipment of other Company.
9. The Customer shall execute an electric service agreement with the Company which may include, among other provisions, a minimum term of service.
10. The SQF shall indemnify and save harmless the Company from and against any and all claims for damages to property and injury or death to persons which may arise out of or be caused by the erection, maintenance, presence, operation or removal of the SQF or by any related act or omission of the SQF, its employees, agents, contractors or



Fergus Falls, Minnesota

South Dakota P.U.C. Volume II  
Section 12.01  
**ELECTRIC RATE SCHEDULE**  
**Small Power Producer Rider**  
**Occasional Delivery Energy Service**

*Eighth Revised Sheet No. 3, Cancelling Seventh Revised Sheet No. 3*

*(Continued)*

subcontractors. The SQF will keep in force general liability insurance consistent with the rules set forth in ARSD chapter 20:10:36.

- 11. Except in cases of emergency, the Customer will be notified in advance, personally or by telephone, whenever a disconnection of their generating facility is necessary. They will also be advised of the reason for, and the estimated duration of, the outage.
- 12. Any renewable energy credits associated with the renewable energy sold to the Company will be transferred to the Company and the renewable generator will be compensated an additional payment of \$0.60/MWh (\$0.0006/kWh), as shown in the payment schedule.

**I**



Fergus Falls, Minnesota

**SMALL POWER PRODUCER RIDER  
 TIME OF DELIVERY ENERGY SERVICE**

DESCRIPTION	RATE CODE
Base Avoided Costs – On-Peak	71-903
Base Avoided Costs – Off-Peak	71-906
Base Avoided Costs plus Renewable Energy Credit – On-Peak	71-907
Base Avoided Costs plus Renewable Energy Credit – Off-Peak	71-908

**RULES AND REGULATIONS:** Terms and conditions of this electric rate schedule and the General Rules and Regulations govern use of this service.

**AVAILABILITY:** This rider is available to any small qualifying facility (SQF) not exceeding 100 kW of certified generating Capacity.

**CUSTOMER CHARGE:** \$1.21 per month

**R**

**PAYMENT SCHEDULE:**

ENERGY PAYMENT			
Base Avoided Costs		<u>On-Peak</u>	<u>Off-Peak</u>
	Summer	2.826¢ per kWh	1.779¢ per kWh
	Winter	2.919¢ per kWh	2.004¢ per kWh
Base Avoided Costs Plus Renewable Energy Credit		<u>On-Peak</u>	<u>Off-Peak</u>
	Summer	2.886¢ per kWh	1.839¢ per kWh
	Winter	2.979¢ per kWh	2.064¢ per kWh

**R R  
 R R**

**R R  
 R R**

**MANDATORY AND VOLUNTARY RIDERS:** The amount of a bill for service will be modified by any Mandatory Rate Riders that must apply and by any Voluntary Rate Riders selected by the Customer, unless otherwise noted in this rider. See Sections 12.00, 13.00 and 14.00 of the South Dakota electric rates for the matrices of riders.

**SPECIAL CONDITIONS OF SERVICE:** The minimum contracted term of service is 12 months.



Fergus Falls, Minnesota

South Dakota P.U.C. Volume II  
Section 12.02  
**ELECTRIC RATE SCHEDULE**  
**Small Power Producer Rider**  
**Time of Delivery Energy Service**

Fourth Revised Sheet No. 2, Cancelling Third Revised Sheet No. 2

(Continued)

**DEFINITIONS:**

Summer On-Peak: June 1 through September 30, including those hours from 8:00 a.m. to 10:00 p.m., Monday through Friday, excluding holidays.

Summer Off-Peak: All other hours.

Winter On-Peak: October 1 through May 31, including those hours from 7:00 a.m. to 10:00 p.m., Monday through Friday, excluding holidays.

Winter Off-Peak: All other hours.

Holidays: New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and Christmas Day.

**TERMS AND CONDITIONS:** The use of this rate requires that special precautions be taken in the design of associated metering and control systems. The following terms and conditions describe these precautions and shall be followed on all Customer-owned small qualifying facilities (SQF).

1. The Customer is required to follow the Company's interconnection process, which required that prior to installation, the Customer complete the Interconnection Agreement for Small Generator Facility Tier 1, Tier 2, Tier 3 or Tier 4 Interconnection. The Interconnection Agreement is according to the procedures set forth in ARSD chapter 20:10:36. The Customer is also required to follow the Company's Guidelines for Generation, Tie-Line, and Substation Interconnections.
2. The Customer will be compensated monthly for all energy received from the SQF less the Customer charge. The schedule for these payments is subject to annual review.
3. If the SQF is located at a site outside of the Company's service territory and energy is delivered to the Company through facilities owned by another utility, energy payments will be adjusted downward reflecting losses occurring between the point of metering and the point of delivery.



*(Continued)*

4. If required, a separate meter will be furnished, owned and maintained by the Company to measure the energy to the Company. Separate monthly charges may apply for any additional metering installed by the Company at the Customer's request.
5. The SQF shall make provisions for the installation of Company-owned, on-site metering. All energy received from and delivered to the Company shall be metered. Onsite use of the SQF output shall be unmetered for purposes of compensation unless the SQF desires to sell all its generated output to, and purchase all of its energy from, the Company.
6. In the event the SQF desires wheeling by the Company of the SQF output, arrangements will be made subject to special consideration.
7. Power and energy purchased by the SQF from the Company shall be billed under the available retail rates for the purchase of electricity.
8. The Company reserves the right to disconnect the Customer's generator from its system if it interferes with the operation of the Company's equipment or with the equipment of other Company Customers.
9. The Customer shall execute an electric service agreement with the Company which may include, among other provisions, a minimum term of service.
10. The SQF shall indemnify and save harmless the Company from and against any and all claims for damages to property and injury or death to persons which may arise out of or be caused by the erection, maintenance, presence, operation or removal of the SQF or by any related act or omission of the SQF, its employees, agents, contractors or subcontractors. The SQF will keep in force, general liability insurance consistent with the rules set forth in ARSD chapter 20:10:36.
11. Except in cases of emergency, the Customer will be notified in advance, personally or by telephone, whenever a disconnection of their generating facility is necessary. They will also be advised of the reason for, and the estimated duration of, the outage.
12. Any renewable energy credits associated with the renewable energy sold to the Company will be transferred to the Company and the renewable generator will be compensated an additional payment of \$0.60/MWh (\$0.0006/kWh), as shown in the payment schedule.

**I**



Fergus Falls, Minnesota

*(Continued)*

*South Dakota P.U.C. Volume II*  
Section 12.02  
**ELECTRIC RATE SCHEDULE**  
**Small Power Producer Rider**  
**Time of Delivery Energy Service**

*Fourth Revised Sheet No. 4, Cancelling Third Revised Sheet No. 4*

---

**Reserved for Future Use**





Fergus Falls, Minnesota

**SMALL POWER PRODUCER RIDER  
 DEPENDABLE SERVICE**

DESCRIPTION	RATE CODE
Base Avoided Costs – On-Peak	71-904
Base Avoided Costs – Off-Peak	71-909
Base Avoided Costs plus Renewable Energy Credit – On-Peak	71-910
Base Avoided Costs plus Renewable Energy Credit – Off-Peak	71-911

**RULES AND REGULATIONS:** Terms and conditions of this tariff and the General Rules and Regulations govern use of this schedule.

**AVAILABILITY:** Available to any small qualifying facility (SQF) not exceeding 100 kW of certified generating Capacity, which is capable of delivering power and energy to the Company on a dependable basis.

**MANDATORY AND VOLUNTARY RIDERS:** The amount of a bill for service will be modified by any Mandatory Rate Riders that must apply or Voluntary Rate Riders selected by the Customer, unless otherwise noted in this rider. See Sections 12.00, 13.00 and 14.00 of the South Dakota electric rates for the matrices of riders.

**CUSTOMER CHARGE:** \$1.21 per month

**R**

**PAYMENT SCHEDULE:** Energy payment will be adjusted annually to reflect energy costs.

ENERGY PAYMENT			
Base Avoided Costs		<u>On-Peak</u>	<u>Off-Peak</u>
	Summer	2.826¢ per kWh	1.779¢ per kWh
	Winter	2.919¢ per kWh	2.004¢ per kWh
Base Avoided Costs Plus Renewable Energy Credit		<u>On-Peak</u>	<u>Off-Peak</u>
	Summer	2.886¢ per kWh	1.839¢ per kWh
	Winter	2.979¢ per kWh	2.064¢ per kWh

**R R  
R R**

**R R  
R R**



Fergus Falls, Minnesota

South Dakota P.U.C. Volume II  
Section 12.03  
ELECTRIC RATE SCHEDULE  
Small Power Producer Rider  
Dependable Service

Eighth Revised Sheet No.2 , Cancelling Seventh Revised Sheet No. 2

(Continued)

CONTRACT TERM	LEVELIZED CAPACITY PAYMENT
60 mos.	\$2.34 per kW
120 mos.	\$4.41 per kW
180 mos.	\$5.39 per kW
240 mos.	\$6.08 per kW
300 mos.	\$6.67per kW
360 mos.	\$7.20 per kW
420 mos.	\$7.71 per kW

I  
I  
I  
I  
I  
I  
I

Total Capacity payment equals (accredited Capacity value of the QF, attaining Dependable Service level) times (appropriate Levelized Capacity Payment).

If the Qualifying Facility is dispatchable by Otter Tail and tested under the Mid-continent Independent System Operator (MISO) requirements, it is deemed to be Dependable Service.

**SPECIAL CONDITIONS OF SERVICE:**

1. A qualifying facility, desiring dependable service compensation shall execute a contract agreement for a term of 5, 10, 15, 20, 25, 30 or 35 years.
2. In the event that a qualifying facility terminates service, the Dependable Service severance penalty payment will be determined as follows:

The remaining percentage of the contract term will be multiplied by the average Capacity compensation per month and the result multiplied by six months. The average Capacity compensation per month will be determined for the last three years or from the contract's initiation, whichever is the shorter period.

In addition, Capacity compensation from the initiation of the contract will be recalculated at the Capacity payment of the longest contract term filled. The following table illustrates the longest contract term filled given the number of months that payments were made:



(Continued)

<u>Months of Payments</u>	<u>Contract Term Filled</u>
0 - 119	60
120 - 179	120
180 - 239	180
240 - 299	240
300 - 359	300
360 - 420	360

The difference between the actual payments made and the recalculated payments must be repaid with interest. The interest rate used will be the average prime interest rate during the contract period prior to the severance.

3. Qualifying facility may select a total of 30 scheduled maintenance days per year, to be taken in two periods, neither of which shall be less than one week in duration at a time agreeable to the Company. A 30-day prior notice must be given to the Company before a scheduled maintenance period can be established.

Capacity payment for a monthly period in which scheduled maintenance has occurred will be the greater of the Capacity payment using the regular billing procedure or the average billing Capacity payment since the previous month in which a scheduled maintenance period occurred.

**DEFINITIONS:**

Dependable Service: Qualifying facility can deliver power at a minimum of 65% on-peak Capacity Factor in each month; can deliver power during the Company's winter and summer system peaks; and is accredited according to the Midcontinent Independent System Operator (MISO) requirements.

**R**

Capacity Factor: The number of Kilowatt-hours delivered during the month divided by the product of the accredited Capacity times the number of hours in the month. The maximum Capacity Factor is 1.0.

Summer On-Peak: June 1 through September 30 including those hours from 8:00 a.m. to 10:00 p.m., Monday through Friday, excluding holidays.



(Continued)

Winter On-Peak: October 1 through May 31 including those hours from 7:00 a.m. to 10:00 p.m., Monday through Friday, excluding holidays.

Holidays: New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas Day.

**TERMS AND CONDITIONS:** The use of this rate requires that special precautions be taken in the design of associated metering and control systems. The following terms and conditions describe these precautions and shall be followed on all Customer-owned small qualifying facilities (SQF).

- 1 The Customer is required to follow the Company’s interconnection process, which requires that prior to installation, the Customer complete the Interconnection Agreement for Small Generator Facility Tier 1, Tier 2, Tier 3 or Tier 4 Interconnection. The Interconnection Agreement is according to the procedures set forth in ARSD chapter 20:10:36. The Customer is also required to follow the Company’s Guidelines for Generation, Tie-Line, and Substation Interconnections.
2. The Customer will be compensated monthly for all energy received from the SQF less the Customer charge. The schedule for these payments is subject to annual review.
3. If the SQF is located at a site outside of the Company's service territory and energy is delivered to the Company through facilities owned by another utility, energy payments will be adjusted downward reflecting losses occurring between the point of metering and the point of delivery.
4. If required a separate meter will be furnished, owned and maintained by the Company to measure the energy to the Company. Separate monthly charges may apply for any additional metering installed by the Company at the Customer’s request.
5. The SQF shall make provisions for the installation of Company-owned, on-site metering. All energy received from and delivered to the Company shall be metered. On site use of the SQF output shall be unmetered for purposes of compensation unless the SQF desires to sell all its generated output to, and purchase all of its energy from, the Company.



Fergus Falls, Minnesota

South Dakota P.U.C. Volume II  
Section 12.03  
**ELECTRIC RATE SCHEDULE**  
**Small Power Producer Rider**  
**Dependable Service**

*Eighth Revised Sheet No.5 , Cancelling Seventh Revised Sheet No. 5*

*(Continued)*

6. In the event the SQF desires wheeling by the Company of the SQF output, arrangements will be made subject to special consideration.
7. Power and energy purchased by the SQF from the Company shall be billed under the available retail rates for the purchase of electricity.
8. The Company reserves the right to disconnect the Customer's generator from its system if it interferes with the operation of the Company's equipment or with the equipment of other company Customers.
9. The Customer shall execute an electric service agreement with the Company which may include, among other provisions, a minimum term of service and generator Capacity rating.
10. The SQF shall indemnify and save harmless the Company from and against any and all claims for damages to property and injury or death to persons which may arise out of or be caused by the erection, maintenance, presence, operation or removal of the SQF or by any related act or omission of the SQF, its employees, agents, contractors or subcontractors. The SQF will keep in force liability general insurance consistent with the rules set forth in ARSD chapter 20:10:36.
11. Except in cases of emergency, the customer will be notified in advance, personally or by telephone, whenever a disconnection of their generating facility is necessary. They will also be advised of the reason for, and the estimated duration of, the outage.
12. Any renewable energy credits associated with the renewable energy sold to the Company will be transferred to the Company and the renewable generator will be compensated an additional payment of \$0.60/MWh (\$0.0006/kWh), as shown in the payment schedule.

**I**