

OTTER TAIL POWER COMPANY

Docket No: EL18-021

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Requested From: South Dakota Public Utilities Commission
Requested By: Cary Stephenson, Associate General Counsel - 218-739-8956
Date of Request: 02/28/2019
Response Due Date: 03/07/2019

If you feel your responses are trade secret or privileged, please indicate this on your response.

OTP Information Request No.: SD-OTP-111

Reference: Copeland Direct, p. 24, lines 1-3

Question: Please identify (by jurisdiction and docket number) all commission or judicial cases that adopted Mr. Copeland's recommendation that: "To properly balance consumer and investor interests, the goal of rate of return regulation should *not* be to "split the difference" but to allow the *lowest* reasonable estimate of the cost of equity as the allowed rate of return."

RESPONSE:

As far as Mr. Copeland knows this is a case of first impression and this recommendation has never been explicitly proposed before. However, it is a matter of simple logic and common sense: given a range of *reasonable* estimates of the required return on equity, there is no reason to allow any more than the lowest to satisfy any constitutional standards met by allowing a return that satisfies the investor interest.