

**STATE OF SOUTH DAKOTA
BEFORE THE SOUTH DAKOTA PUBLIC UTILITIES COMMISSION**

In the Matter of Otter Tail Power
Company's Petition for Approval of Tariff
Changes to Facilitate Implementation of a New
Customer Information System

Docket No. EL18-

**PETITION OF OTTER TAIL POWER
COMPANY**

I. INTRODUCTION

Otter Tail Power Company (Otter Tail or Company) submits to the South Dakota Public Utilities Commission (Commission) this Petition for approval of changes to its rules and rate schedules concerning bill processing and administration which necessary for the implementation of a new customer information and billing system currently scheduled to become operational on October 1, 2018.

**II. FILING INFORMATION REQUIRED BY SOUTH DAKOTA
ADMINSTRATIVE RULE 20:10:13:16**

The following information is provided in accordance with South Dakota Administrative Rule 20:10:13:26:

A. Name, Address, and Telephone Number of Utility

Otter Tail Power Company
215 South Cascade Street
P. O. Box 496
Fergus Falls, MN 56538-0496
(218) 739-8200

B. Section and Sheet Number of Tariff Schedule

The Section & Sheet numbers of proposed revision to Otter Tail's Electric Rate Book are set forth in **Attachment 1** to this Petition.

C. Description of Tariff Change

Otter Tail seeks to revise certain rules and regulations and rate schedules to conform to the capabilities and structure of a new customer information system (CIS) that is scheduled to replace Otter Tail's 30-year-old system on October 1, 2018. Otter Tail refers to the new CIS as "CISone". These changes relate to bill processing and administration. Attached to this Petition as **Attachment 2** is a change matrix itemizing updates to the Company's general rules and rate schedules. **Attachment 3** includes clean as well as redline tariff sheets detailing the proposed changes. The changes are administrative in nature and include the following:

- 1. 1.04 Customer Connection Charge.** Otter Tail currently charges a Customer Connection Charge to every new account that is created. We have changed the word "Customer" to the word "Account" and dropped "Customer" from the title for clarity.
- 2. 1.05 Contract Agreements and Sample Forms.** Several minor administrative changes were made. For example, the font type and font size will be changed to allow for easier reading. Controlled Service Agreement Waiver and Electric Service Statements have been updated to provide the formatting from the new CIS system. Additionally, the required barcode on the top left of our Electric Service Statement has been updated. The Customer Deposit Refund Record is being replaced with the new Customer Deposit Refund Letter that will be generated from the new billing system. The Even Monthly Payment Brochure and Ready Check Brochure have been updated to provide the correct information on the Even Monthly Payment review schedule. These and other examples are found in Section 1.05.
- 3. 4.07 Month Billing Period and Prorated Bills.** CISone will improve accuracy with more detailed billing inputs, provide greater flexibility with other internal platforms, and improve seasonal rate management. To align the new system's capabilities with billing procedures, Otter Tail has modified section 4.07 to permit daily pro-ration of certain charges and to more accurately define a

monthly billing period. This is especially helpful with seasonal rates. For instance, consider the following example of allocation and subsequent proration. A residential customer has meter readings on September 10th and October 10th with usage of 600 kWh between readings and the change from summer rates to winter rates is October 1st. The specific inputs to this example are in the following table:

Read dates	September 10 th	October 10 th
Usage	0 kWh	600 kWh
Rate Season	Summer	Winter
Proration for Fixed Charges [i.e. Customer Charge, Fixed Facilities Charges] (days in the billing period / [365 days/12 months])	\$7.89 Customer Charge (\$8.00 X [30 days/30.41667 days])	
Proration (600 kWh / (days in the billing period)) = 20 kWh/day	400 kWh (20 days X 20 kWh/day)	200 kWh (10 days X 20 kWh/day)

The current CIS would bill the entire month on the winter rate due to the bill date occurring in the winter season. With CISone the appropriate seasonal rates will be applied to the energy and demand usage in the corresponding season. In the example above, the billed customer charge will be determined by multiplying the approved monthly customer charge, based on a 365-day year, by the number of days in the billing period, divided by the average number of days per month (365 days per year/12 months=30.41667).

The seasonal energy usage in the example is determined by dividing the energy recorded between meter reads by the number of days between meter read dates

and multiplying by the numbers of days in the winter season or summer season; this would equate to 400 kWh billed on the approved summer rate and 200 kWh billed on the approved winter rate.

During the implementation month, which is scheduled for October, the seasonal Air Conditioning credit will not be applied to customers as they have already received credit on their September bill. This scenario only applies to an October implementation.

- 4. 4.10 Payment Policy.** Under the proposed changes, bills will become due by the next scheduled billing date, which will be printed on the bill, rather than due five days before the next scheduled billing date. For Even Monthly Payment (EMP) delinquencies, the current system takes into consideration the EMP credit (but not debit) balance for determining collections. The new system will not include EMP credit or debit balances when performing calculations or assessments for delinquent account collections as the core system does not allow the collections stream to look at any potential credits in the EMP balance nor will it look at debit EMP balances.
- 5. 4.11 Even Monthly Payment (EMP) Plan.** For EMP customers, an update to the review process for EMP balances will be done at seven and twelve bills rather than the current four, eight, and twelve months. The change is meant to promote better baseline development for matching EMP balances with the appropriate average use. At the time of annual true up, any credit and debit balances will be rolled into the new EMP amount and collected over the next twelve months.
- 6. 5.05 Temporary Service.** We have removed the sentence that required customers taking service for less than one month to be billed as though service had been taken for the entire month and that no pro-ration would occur. This

aligns this section the new billing system’s ability to pro-rate and process bills of less than a normal billing period.

7. Rate Schedules in General. Many current Electric Rate Schedules list an Otter Tail rate code near the top of the schedule. These codes refer to applicable billing elements in Otter Tail’s current CIS. With the implementation of CISone, the rate codes used to identify rates for South Dakota customers will be changing from using the numeric pre-fix “71” to using the alphabetic “S”, except for the rider rates which will change to an alphabetic descriptor. Another change will be to migrate rate codes that identify time of use rates or time of day rates from using separate rate codes for each time period to using one alphanumeric rate code. To illustrate, an example using Section 10.03 General Service – Time of Use is provided below.

Current Structure

<u>Description</u>	<u>Rate Code</u>
Declared – Peak	71-708
Intermediate	71-709
Off-Peak	71-710

Proposed Structure

<u>Description</u>	<u>Rate Code</u>
General Service – Time of Use	S708

This change will be implemented for the following rates:

1. Section 10.03 General Service – Time of Use
2. Section 10.05 Large General Service – Time of Day
3. Section 11.01 Standby Service – Options A and B
4. Section 11.02 Irrigation Service – Option 2
5. Section 12.02 Small Power Producer Rider – Time of Delivery –
Energy Service
6. Section 12.03 Small Power Producer Rider – Dependable Service

There are also changes outside of the time of day/time of use rates that will be presented differently in the rate schedules.

- a. **Section 11.04, Outdoor Lighting**, will be rate code, S741, which will combine 71-741 and 71-743 into a single rate code. This is a more concise way of billing lighting options and facilitates rate administration.
 - b. **Sections 14.04, 14.05, 14.06 and 14.07** for controlled service rates with penalty rates will include a separate rate code denoted with the suffix “P” assigned to the rate code. Separate designations are needed for both non-penalty situations and penalty situations and the distinction is based on the configuration of the meter at the customer location. Currently, separate penalty codes are denoted by a unique rate number. As noted above, after implementation, the penalty designation will migrate from a number to using “P” as a descriptor.
- 8. Section 9.01 Residential Service and Section 10.01 Small General Service - Seasonal Service.** We have removed a seasonal connection charge (currently \$40) for new residential and small general service if the customer sets up seasonal billing at the same time as a new location. There is no additional work needed in setting up the seasonal customer at a new location more so than an existing customer. Moreover, given the very small number of customers involved it was not economically prudent to develop, test, and build this function into the new CIS.
- 9. Section 9.02 Residential Demand Control Service.** We have removed a mandatory three kW minimum demand for new Residential Demand Customers prior to establishing the customer’s demand. Currently, these customers are charged a fixed kW until a demand is established and the demand changes to reflect their maximum demand going forward. It was not economically prudent

to develop, test, and build this function into the new CIS given the low volume of customers.

10. 11.03 Outdoor Lighting – Energy Only. This Section will include the new rate S747 that will be designated specifically for municipal holiday lighting billing. The billing determinants for this rate will be the same as for S748, but with different input parameters.

11. Other Administrative Items. Otter Tail will inform its customers of the changes described in this filing through appropriate notices, brochures and other communications and take any further actions required by the Commission.

D. Reason for Requested Change

Otter Tail’s self-developed, customer information system has been in place for over 30 years. While it continues to work as a billing engine, it is difficult to maintain due to its age and architecture and in part for want of staff versed in system’s dated computer language. The current CIS also lacks the functionality of newer commercial off the shelf (COTS) systems. An assessment by an independent party in the late 2000’s determined that Otter Tail’s current CIS was about 40% capable of what other systems were capable of at the time. Otter Tail began the process of the replacing of the existing CIS in 2014. Before the start of the formal selection process, Otter Tail visited and conferred with other similar-sized utilities to determine what systems and options were available. The selection phase formally started in 2014 and lasted approximately 18 months. Otter Tail hired AAC Utility Partners to help determine the project’s scope (for instance, mobile work management, batch scheduling, etc.) and to help select a CIS Vendor. Per AAC’s methodology Otter Tail identified approximately 4,300 functional requirements, which were used to create request for proposal (RFP). Following an extensive evaluation process Otter Tail selected a CIS from Cayenta Utilities (Cayenta). In 2016 Otter Tail started the implementation work phase of the project, which continues through the present. Otter Tail’s current timeline projects full operational migration to the new system, which Otter Tail refers to internally as “CISone”, on October 1, 2018.

CISone will be a foundational system and building block for other future technology projects, such as automated metering infrastructure (AMI), mobile work management (MWM) technologies, and outage management system (OMS) technologies. CISone will allow Otter Tail to better align business processes with industry best practices, allowing quicker and more thorough access to information for both employees and customers. While the current CIS relies on overnight batch/file runs to complete the desired processes, CISone will use application programming interfaces (API) to process tasks in real-time. Customers will have better access to information through online and self-service options. One significant high-level benefit will be the system's ability to "talk" to other Otter Tail systems through interfaces. This will allow information exchange at a much more rapid pace. Other benefits include:

- Ease of new or updated rate implementation: The existing CIS is limited due to field and capacity constraints and updating or changing rates or riders takes significant database modification. CISone will allow Otter Tail to more easily prepare for rate/rider updates and changes, as well as provide a better process to test those changes.
- Customer Self Service (CSS): CISone will better support self-service and online business.
- Mobile work management (MWM): Mobile field workers will have access to information much more quickly, and they will have access to information that was not previously available to them in the field. "Apps" will be available through smartphones and tablets.
- The new system will be able to support future initiatives: CISone will support initiatives such as two-way Geographic Information System (GIS) integration, AMI, and Outage Management System (OMS) support.
- Empower user experience for company personnel by expanding access to additional functions.
- Improved automation: The current CIS system is not capable of meeting current functional demands without significant manual intervention, which will not be needed with CISone.

- Elimination of reusing of data fields: This will minimize the risk of data corruption.
- Easier detection and correction of billing issues.
- Advanced ad-hoc reporting: CISone will come with many reports and queries that previously would have taken significant programming to develop.
- More advanced “Checkout and Lock” features: These features will mitigate the risk of data corruption and account errors.
- A more robust primary/secondary failover system: CISone is designed so that in the event of a failure it will result in less downtime to restore.
- Better ability to drive consistent business processes across all jurisdictions: CISone will facilitate consistency across all jurisdictions.

Additional improvements with the new system include the ability to assess charges on a daily basis. Bills will be prorated on a daily basis for a period of lesser than or greater than a normal billing period. The proration shall apply to the Customer Charge, Demand Charge, Facilities Charge, and any other monthly charges or credits for the applicable rate.

E. Present Rate

Not applicable.

F. Proposed Rate

Not applicable.

G. Proposed effective date of date of modified rate

Otter Tail requests the proposed effective date of the changes described in this filing to be October 1, 2018 to support implementing its new customer information and billing system on that date. Because of the complexity of moving from one customer information system to

another Otter Tail requests an expedited and informal proceeding, including any variances that may be necessary.

H. Approximation of annual amount of increase or decrease in revenue

The changes described in this filing are neither designed nor intended to change OTP's revenue. The changes relate to bill administration and methodology driven by the new CIS, and do not seek to impose additional or increased rates or fees on Otter Tail's customers. To the degree that there are any changes in revenue, such changes will be immaterial and will not prejudice or shift responsibilities among Otter Tail's customers.

I. Points affected

All of Otter Tail's approximately 11,600 South Dakota customers.

J. Estimate of the number of customers whose cost of service will be affected and annual amounts of either increases or decrease, or both, in cost of service to those customers.

Not applicable.

K. Statement of facts, expert opinions, documents, and exhibits to support the proposed changes.

Please refer to this filing and its attachments.

L. Title of Utility Employees Responsible for Filing

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M. Date of Filing and Proposed Effective Date

The date of the filing is July 2, 2018. Otter Tail requests the proposed effective date of the changes described in this filing to be October 1, 2018 to support implementing its new customer information and billing system on that date.

Pursuant to ARSD 20:10:13:18, Otter Tail will post a Notice of proposed changes contained in Attachment 4. This Notice will be placed in a conspicuous place in each business office in Otter Tail’s electric service territory in South Dakota for at least 30 days before the change becomes effective.

III. GENERAL FILING INFORMATION

A. Name, Address, Electronic Address and Telephone Number of Utility Attorney

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B. Title of Utility Employees Responsible for Filing

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IV. CONCLUSION

Otter Tail's current implementation schedule calls for CISone to "go-live" on October 1, 2018. Otter Tail respectfully requests that the Commission issue an Order approving the tariff change requests included in this petition, thereby facilitating implementation of the new CIS on October 1, 2018.

Dated: July 2, 2018

Respectfully submitted,

OTTER TAIL POWER COMPANY

By: /s/ CARY STEPHENSON

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