

OTTER TAIL POWER COMPANY

Docket No: EL20-016

Response to: South Dakota Public Utilities Commission

Analyst: Staff

Date Received: May 18, 2020

Date Due: June 01, 2020

Date of Response: June 01, 2020

Responding Witness: Jason A. Grenier, Manager Market Planning - (218) 739-8639

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Data Request:

Explain the significant increase in Air Source Heat Pumps (C) participation and budget. Was this program advertised or pushed more than the previous year?

Attachments: 0

Response:

Otter Tail appreciates South Dakota Public Utilities Commissions staff's inquiry into the results of Otter Tail's commercial Air Source Heat Pump program.

Otter Tail considers a variety of factors when developing program budgets and participation estimates, including:

- Past participation.
- Policy impacts, including tax credits and/or other incentives available through other sources.
- Trends in technology.
- Advertising and marketing plans for programs and technologies.

Otter Tail attributes the variance between actual and proposed results in participation and expenses to many of the key observations made in the Air Source Heat Pump program for residential customers:

1. Including substantial advancement in technology that led to increased performance of air source heat pumps at lower temperatures down to 0° F.
2. Capitalizing on improved air source heat pump performance by promoting these technologies and offering an enhanced rebate for installations.
3. Increasing adaptability of air source heat pumps to conventional systems lowering initial install cost and creating a better payback for customers.