

OTTER TAIL POWER COMPANY

Docket No: EL20-022

Response to: SD Public Utilities Commission

Analyst: SD PUC Staff

Date Received: October 20, 2020

Date Due: November 03, 2020

Date of Response: November 03, 2020

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

Data Request:

2-3. Regarding the Residential Air Conditioning Control project:

- a) What is the magnitude of the impact of each new CoolSavings participant on the benefits, costs, and resulting benefit/cost ratios each year of the plan? If Otter Tail is not successful in attracting 25 new participants to the project each year, will the project still be cost effective in each of the plan years?
- b) In addition to the table provided in response to Staff Data Request 1-1b) with revised 2021 Benefit/Cost Ratios, please provide the revised 2022 and 2023 Benefit/Cost Ratios.
- c) Provide the 2020 new participants goal compared to the actual 2020 new participants to-date.
- d) Explain each factor contributing to the decrease in TRC from 17.13 in 2019 (See EL20-016) and the projected TRC for 2021. Explain why increased participation results in lower cost effectiveness. Is there a break-even point in participation levels where it does not make sense to increase participation further due to a decrease in cost effectiveness?

Attachments:

Response:

- a) The benefits per participant is approximately \$24 per year each year a customer continues to participate in the program. Otter Tail evaluates the program using a one-year measure life and counts all participants enrolled in the program and participants on the cycling controlled rates because customers may choose to opt-out of the program or rates in any given year..

b) The table below has the revised 2021-2023 Benefit/Cost Ratios:

Year	Utility Test	Total Resource Test	Ratepayer Impact Test	Societal Test	Participant Test
2021	1.37	1.55	1.28*	1.55	inf.
2022	1.43	1.62	1.33	1.62	inf.
2023	1.49	1.69	1.38	1.69	inf.

* In response to Staff Data Request 1-1b), the Ratepayer Impact Test was reported as 1.37 and should have been reported as 1.28.

- c) The 2020 new participants goal is 25. The actual 2020 new participants to-date is 4. The Company is currently working on a plan to increase participation modeled after an independent promotional campaign by a now retired service representative. The service representative had gone door-to-door educating about the program and signing them up. However, the Company has decided going door-to-door to sign customers up is currently not an option with the current COVID-19 pandemic risks. The Company is evaluating other effective and safe ways to deliver this program.
- d) Increased participation does not result in lower cost effectiveness. The contributing factor to the decrease in TRC from 2019 to 2021 is lower avoided costs. Otter Tail updated its avoided costs in the 2021-2023 EEP Triennial to reflect the most recently approved Minnesota Integrated Resource Plan (IRP) in Docket No. E017-RP-16-386 approved on April 26, 2017. The avoided costs decreased from the 2013 IRP (Docket No. E017-RP-13-961) used in the 2017-2020 EEP Triennial: the 2013 IRP was the most recently approved IRP at the time of the 2017-2019 EEP Triennial filing. The Company does not update its avoided costs in the middle of a triennial plan to maintain stability in its program offerings.