

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

**In the Matter of Otter Tail Power
Company’s Petition for Approval
of the Annual Rate Update to Rate
Schedule, Section 13.05,
Transmission Cost Recovery Rider**

**Docket No. EL21-

PETITION FOR ANNUAL
UPDATE TO TRANSMISSION COST
RECOVERY RIDER RATE**

I. INTRODUCTION

In compliance with the South Dakota Public Utilities Commission’s (Commission) Orders,¹ Otter Tail Power Company (Otter Tail or Company) hereby Petitions for approval of its annual update to its Transmission Cost Recovery Rider (TCRR) rate.

This Petition updates the rates to collect the 12 months of revenue requirements over the 12-month recovery period of March 2022 through February 2023. The TCRR is updated to include actual investment costs, expenses, and revenues associated with existing projects and approved recovery items through September 2021; updated forecast information for the remainder of the current recovery period which ends February 28, 2022; and forecasted information for the proposed recovery period ending February 28, 2023. Otter Tail is not requesting inclusion of any new projects in this year’s annual update.

This update includes the projected tracker balance for the end of the current recovery period to help prevent over-or under-recovery of TCRR costs.

The calculation of the proposed revenue requirements within this Petition are determined in accordance with the Settlement Stipulation approved by the Commission in Docket No. EL12-054, in which projects that qualify for regional cost allocation through the MISO tariff are accounted for using the “refined split” method. The rate of return (ROR) included in this update is based on Otter Tail’s actual capital structure as of December 31, 2020, using the return on equity (ROE) and capital structure methodology approved by the Commission in Docket No. EL12-054.

¹ Previous TCRR Docket Nos. EL10-015, EL12-054, EL13-029, EL14-090, EL15-045, EL16-035, EL17-048, EL18-048, EL19-039, and EL20-032.

The proposed revenue to be collected for the March 1, 2022, through February 28, 2023, recovery period, as shown in Attachment 2, is \$2,088,644 compared to the total revenue requirement of \$2,191,853² for the March 1, 2021, through February 28, 2022, timeframe, a decrease of \$103,209 in the revenue requirement.

Per the EL13-029 TCRR Order, if the annual updates for MISO 26 and 26A Schedules anticipated to be released in January 2022 are materially different from current forecasts included in this Petition, Otter Tail will make a supplemental filing by February 1, 2022, to update the TCRR rates for the upcoming recovery period. If a supplemental filing is made, Otter Tail will update the tracker with actuals through December 2021.

The impact of the change from current rates to those proposed in this annual update for a residential customer using 1,000 kWh per month is a decrease of \$0.33 per month. For a Large General Service (LGS) customer using 486 kW and 222,350 kWh, the bill impact of this update is a decrease of \$18.34 per month. These class impacts include class specific true-ups as described in more detail below.

II. GENERAL FILING INFORMATION

A. Name, address, and telephone number of the utility making the filing

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B. Name, address, and telephone number of the attorney for Otter Tail Power Company

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² Approved in Commission's February 22, 2021, Order in Docket No. EL20-032.

C. Title of utility employee responsible for filing

Lynn A. Wolters
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D. The date of filing and the date changes will take effect

The date of this filing is October 29, 2021. Otter Tail proposes the update to the rates be applied to usage on and after March 1, 2022.

E. Statutes controlling schedule for processing the filing

Otter Tail will provide notice of this proceeding to its customers pursuant to SDCL Chapter 49-34A-12 in November 2021 billing statements. Attachment 21 to this Petition is the proposed customer notice required by ARSD 20:10:13:19, which will be sent to customers with the first bill rendered when the rate is effective.

Otter Tail includes Attachment 22 to comply with ARSD 20:10:13:26, which requires the Utility to report all rate schedule changes and customer impacts.

III. TCRR

A. Background

In this Petition Otter Tail provides an update of its tariff electric rate schedule, Section 13.05, in compliance with Paragraph 10 of the Settlement Stipulation approved by the Commission's EL10-015 TCRR Order, referenced above. This Petition also incorporates the filing date approved by the Commission's EL13-029 TCRR Order, referenced above, which requires the following:

Annual Reporting: The Parties agree OTP will submit an annual TCR filing on a going forward basis to be received by the PUC by November 1 of each year. Based on this annual report, OTP will adjust the TCR rate each year based on actual costs and collections.

The Commission's EL10-015 TCRR Order was made pursuant to SDCL 49-34A-25.1 and 49-34A-25.2. Annual updates to the approved tariff rate schedule are governed by SDCL 49-34A-25.3 and 49-34A-25.4, which read as follows:

49-34A-25.3. Filing for annual rate adjustments—Contents. A public utility may file annual rate adjustments to be applied to customer bills paid under the tariff approved pursuant to §49-34A-25.2. In the utility’s filing, the public utility shall provide:

- (1) A description of and context for the facilities included for recovery;*
- (2) A schedule for implementation of applicable projects;*
- (3) The public utility’s costs for these projects;*
- (4) A description of the public utility’s efforts to ensure the lowest reasonable costs to ratepayers for the project; and*
- (5) Calculations to establish that the rate adjustment is consistent with the terms of the tariff established in §49-34A-25.2.*

49-34A-25.4. Standards for approval of annual rate adjustments. Upon receiving a filing under §49-34A-25.3 for a rate adjustment pursuant to the tariff established in §49-34A-25.2, the commission shall approve the annual rate adjustments if, after notice, hearing, and comment, the costs included for recovery through the tariff were or are expected to be prudently incurred and achieve transmission system improvements at the lowest reasonable cost to ratepayers.

Consistent with these statutory requirements, the Commission Approved Settlement Stipulation required as follows:

In the future, OTP’s investment in new transmission projects will require Commission approval in a future TCR annual update filing through which Commission Staff shall be provided an opportunity to review such projects for statutory compliance. Such projects may be regional, like those described in this Settlement or they may be local (projects that do not qualify for regional cost allocation through MISO’s FERC authorized rates). (EL10-015 TCR Order Settlement Stipulation, page 4, paragraph 3).

In compliance with the above referenced statutes and Settlement Stipulations, this Petition provides information on Otter Tail’s calculations updating its TCRR rate so Commission Staff may review the calculations and projects for statutory compliance.

B. TCRR annual update revenue requirements calculations

Attachments 1 – 4A are, respectively, the Revenue, Revenue Requirements Summary, Rate Design, Tracker Summary and True-Up by Class calculations used for Otter Tail’s proposed TCRR rate update.

Attachments 5 -8 provide the revenue requirement calculations for each of the transmission projects previously approved in Otter Tail’s prior TCRR Annual updates.

Attachment 9 provides the revenue requirement for the Transmission Adjustment approved as part of Otter Tail’s last Rate Case, Docket No. EL18-021³, and previously approved by the Commission’s September 19, 2019, Order in Docket No. EL18-048.

The calculations within the above referenced attachments are made in compliance with prior TCRR Settlement Stipulations approved by the Commission and are consistent with how Otter Tail calculates its current TCRR rate. Specifically, the calculations of the revenue requirement in this year’s Petition include the following:

- *Rate base section.* This section provides details on the amount of plant in service, accumulated depreciation, construction work in progress (if applicable), accumulated deferred taxes including the effect of proration on Federal amounts, and a 13-month average rate base calculation.
- *Construction Work in Progress (CWIP).* SDCL 49-34A-25.2 allows a current return on CWIP.
- *Expense section.* The expenses applicable to a project are listed here and include operating costs, property taxes, depreciation, and income taxes.
- *Revenue requirements section.* This section shows the components of the revenue requirements, including expenses and return on investment and any credits to the revenue requirement for monies received for use of Otter Tail facilities by wholesale customers.
- *Return on investment (cost of capital).* Pursuant to Section III, 3. Rate of Return, in the Commission-approved Settlement Stipulation in Docket No. EL 12-054 Otter Tail’s

³ Commission’s July 11, 2019, Order Granting Joint Motion For Approval Of Settlement Stipulation; Order Approving Settlement Stipulation in Docket No. EL18-048.

revenue requirement for the retail load obligations of the transmission investment are to be based on the rate of return methodology agreed to in the EL 12-054 Settlement Stipulation. This method uses Otter Tail's actual capital structure as of December 31 of the prior year for the following year's calculation and the return on equity ordered by the Commission in Otter Tail's most recent rate case, Docket No. EL18-021.

- *Depreciation expense.* Depreciation expense is calculated using the Company's current depreciation rates.
- *Property taxes.* The property tax calculation is based on Otter Tail's composite tax rate for the jurisdiction in which the transmission facilities are located and is calculated in accordance with the procedures specified by that state.
- *Operation and Maintenance (O&M) expense.* Annual O&M expense of the transmission lines includes costs related to line patrol and inspections, vegetation management, small repair items, storm restoration, and supervision of this work. Scheduled transmission line patrols are typically done annually on all high voltage transmission lines operated at 100 kV and above. Unscheduled patrols are completed for line sections with unexplained interruptions. Vegetation management of new lines is typically limited during the first five years, since Otter Tail's construction standard for new transmission lines is to remove as many trees as possible within a specified easement area prior to construction. After five years, vegetation management is completed based on information gathered during line patrols.
- *Proration of Federal Accumulated Deferred Income Taxes (ADIT).* Otter Tail provides Attachment 18 to this filing to show the ADIT proration calculation impact on the revenue requirement for the recovery period. Otter Tail preserved the effect of the proration for the true-up period in order to maintain compliance with Section 1.167(l)-1(h)(6)(ii) of the IRS regulations and to avoid a tax normalization violation. Otter Tail includes Attachment 19 in this filing, which shows the preservation of the proration of ADIT resulting in a decrease of \$236 plus any applicable carrying charge to the revenue requirement. This item is included on Line 11 of Attachment 4 to this filing.

- *Midcontinent Independent System Operator (MISO) Schedule 26 and 26A expenses.* Schedule 26 and Schedule 26A costs for the upcoming recovery period appear on lines 14 and 15 of the Tracker Account (Attachment 4) and are shown separately in Attachment 11. As stated in the EL12-054 Settlement Stipulation, Section III, 4.b., “*the TCR will flow through the jurisdictional share of Schedule 26 and Schedule 26A expenses incurred by OTP as an active member of MISO, adjusted for the amount of such expenses associated with OTP’s investment in projects that are not included in the rider.*”
- *Southwest Power Pool (SPP) Related Expenses (Attachment 12) and MISO Related Revenues (Attachment 13).* SPP Schedules 7, 8, and 9 refer to different types of transmission service that Otter Tail may secure for serving Otter Tail load in SPP, which represent firm point-to-point, non-firm point-to-point, and network integration transmission service, respectively. Expenses that Otter Tail has incurred and estimates to incur through SPP Schedules 7, 8, and 9 as a result of securing transmission service in SPP appear on Line 16 of the Tracker Account (Attachment 4) and are also shown separately in Attachment 12.

SPP Schedule 11 expenses are for projects approved through SPP’s Integrated Transmission Planning process. The expenses included in this TCRR update are Otter Tail’s forecasted share of the costs for these new transmission projects approved by SPP, whose costs are shared on a regional and zonal basis. SPP Schedule 11 expense appears on Line 17 of the Tracker Account (Attachment 4) and is also shown separately in Attachment 12.

Otter Tail receives MISO Schedule 9 revenues related to Central Power Electric Cooperative (CPEC) paying MISO charges for transmission service they receive through MISO. These revenues are offset by facility credits CPEC began collecting in MISO for CPEC-owned transmission facilities that were eligible for inclusion in MISO in May 2017. The MISO Schedule 9 revenue from CPEC results in a reduction to Otter Tail’s TCRR revenue requirement. MISO Schedule 9 revenue from CPEC appears on Line 21 of the Tracker Account (Attachment 4) and is shown in detail in Attachment 13.

- *MISO Schedule 26 and 26A revenues.* Schedule 26 and 26A revenues, for the recovery period, appear on lines 22 and 25, respectively, of the Tracker Account Summary

(Attachment 4) and are shown separately on Attachment 14 (Schedule 26) and Attachment 15 (Schedule 26A). As stated in the EL12-054 Settlement Stipulation, Section III, 2.c, *“Retail customers will be credited a pro-rata share of FERC-authorized MISO Schedule 26 revenues associated with the Company’s MISO-determined responsibility for OTP’s investment in the regional transmission projects, offsetting corresponding Schedule 26 expenses. The Company will retain the portion of its Schedule 26 revenues associated with other MISO members’ responsibility for OTP’s investment in the projects in order to cover the remaining revenue requirements for such projects.”*

- *MISO Return on Equity (ROE) Complaint.* On November 12, 2013, and February 12, 2015, two groups of industrial customers and other stakeholders filed complaints at FERC seeking to reduce the ROE component of the transmission rates that MISO Transmission Owners (TO), including Otter Tail, may collect under the MISO Tariff. The two groups of complainants sought to reduce the, then current, ROE of 12.38 percent to 9.15 percent and 8.67 percent, respectively.

FERC issued its decision on the first complaint on September 28, 2016, granting approval of a 10.32 percent base ROE plus any applicable adder effective prospectively from that date. Otter Tail and other MISO TOs were granted a 50-basis point adder for participation in a Regional Transmission Organization (RTO) to be applied to the base ROE.

On November 21, 2019, FERC issued Opinion No. 569⁴, a ruling on the two MISO complaint cases. The opinion adopted in part and rejected in part a new approach for evaluating base ROEs, which FERC had proposed in response to the D.C. Circuit Court’s action to vacate and remand FERC’s standing ROE methodology that was used to set the MISO ROE at 10.32 percent in the first complaint. The November 21, 2019, Order granted rehearing on the first complaint and reaffirmed its prior finding that the existing 12.38 percent ROE is unjust and unreasonable. FERC set the MISO base ROE at 9.88 percent plus any applicable adders effective September 28, 2016, and required refunds be made within 30 days of the Order for the period where the 10.32 percent base ROE was in effect

⁴ 169 FERC ¶ 61,129 (2019).

(the fifteen-month refund period of November 12, 2013, to February 11, 2015, and the period from September 28, 2016, to December 31, 2019). As of January 1, 2020, MISO implemented the new base ROE of 9.88 percent in its rates and began processing refunds. On May 21, 2020, FERC issued Opinion 569-A, granting rehearing in part of Opinion 569. Opinion 569-A refines the methodology used for determining ROE. Under Opinion 569-A the base ROE was determined to increase from 9.88 percent to 10.02 percent. In addition to the increase in ROE, Opinion 569-A affirmed the dismissal of the second ROE complaint. On September 10, 2020, an extension of time to process the refunds was filed with the Commission by MISO. FERC granted an extension of time until September 23, 2021. On November 19, 2020, FERC issued Opinion 569-B which largely affirmed Opinion 569-A, including the base ROE of 10.02 percent.

MISO continues to work on the refunds, but it has become clear that given the complexity of the refunds related to Opinions 569, 569-A, and 569-B the September 2021 deadline was very difficult to achieve. The ROE percentage has changed several times throughout this process and has resulted in some partial refunds having taken place only to have the ROE changed again. Revised calculations for the latest Commission-approved ROE may result in either refunds or surcharges to customers. On June 30, 2021, MISO requested an additional extension of time to process the refunds and surcharges until June 30, 2022. In its June 2021 request for an additional extension of time, MISO explained the majority of refunds will still take place in 2021. FERC partially accepted the MISO request for extension of time on August 2, 2021. MISO did not receive the complete extension of time it requested but now has until February 28, 2022, to finalize processing refunds and surcharges. MISO and the MISO TOs remain committed to processing the refunds and surcharges efficiently and accurately.

Because Otter Tail uses a forward-looking rate formula in MISO, it makes an annual true-up filing with MISO. The true-up is generally calculated by determining the difference between the projected revenue requirement used in developing the rates for billing and the actual revenue requirements and billings based on actual operating results. MISO began processing the refund for the first complaint period of November 2013 to January 2015 in April 2020, with additional refunds coming through in the second half of 2020 and 2021. Otter Tail includes the impacts of the refund within this filing in

Attachments 11, 13, 14, 15, and 16, collectively resulting in approximately a \$63,000 decrease to the South Dakota share of the revenue requirement.

- *MISO Tariff Schedule 37 and Schedule 38 Revenue Credits.* The TCRR rate update calculation includes revenue credits to reflect revenues received from MISO pursuant to Schedules 37 and 38 of the MISO Tariff. The Schedule 37 revenues represent Otter Tail's share of the Schedule 26 cost allocation assigned to former MISO transmission owners that have withdrawn from MISO. These owners have an ongoing obligation to pay for MISO Schedule 26 transmission projects due to their prior MISO membership.

In Attachment 16, there are no forecast amounts for Schedule 37 and 38 revenues. MISO does not provide a separate forecast for those revenues but includes any Schedule 37 and 38 revenues within the Schedule 26 revenue forecasts that MISO develops. MISO does delineate Schedule 37 and 38 revenues when reporting actuals. The Schedule 37 revenue credit reflected in this TCRR update is \$483 as shown in Attachment 4, line 23. The Schedule 38 revenue credit reflected in this TCRR update is \$676, shown in Attachment 4, line 24. These are actual amounts through September 2021 and are included as part of the 2021 true-up amount.

- *Wholesale Revenue Credit:* Attachment 10, page 1 of 1 shows the calculation of the wholesale revenue credit percentages from MISO Attachment O data for the respective calendar years. Most of these revenue credits are attributable to the wholesale use of existing transmission system assets included in base rates. A credit (calculated at the applicable annual wholesale percentage times the project's revenue requirement) is included as a reduction in the revenue requirement calculation. The wholesale revenue credit is shown on Attachment 10 line 10.
- *MISO Multi-Value Project Auction Revenue Rights (MVP ARR) Revenue.* The MVP ARR revenues are derived from increased transmission capacity attributable to MVP projects placed in service within the MISO footprint. The value of the MVP ARR is determined during MISO's annual Financial Transmission Rights auction process. The revenues are distributed monthly to all MISO TOs similar to how Schedule 26A expenses are allocated

to MISO TOs for all MVP projects. The revenue is identified in Attachment 17 and is reflected as a credit in the rider shown in Attachment 4, line 26.

Otter Tail used the past twelve months of actual revenues to project future distributions from MISO. The estimates are subject to change based on seasonal values for transmission capacity, projects in service, and available additional transmission capacity. As with all other revenues and expenses, Otter Tail includes actuals as available in TCRR filings.

C. Revenue credit for administrative and general expenses recovered through MISO tariff for non-retail portion of projects qualifying for regional cost allocation.

These TCRR rate update calculations include a revenue credit (reduction to TCRR revenue requirements) to account for reimbursements through MISO’s tariff for administrative and general operating and maintenance expenses. The revenue credit is for the entire amount of such revenues received through the MISO tariff, whether related to the retail or non-retail portion of projects that qualify for regional cost allocations. This application provides reimbursement to retail customers for any such costs through the TCRR that may already be recovered through Otter Tail’s current retail rates. The revenue credit is reflected in Attachments 14, 15, and 16 on the lines titled “Overhead Credit for Non-Retail Share” for each project. For the 2022 calendar year, the percentage is about one percent of the total investment in the projects. This percentage was established as part of the FERC-approved MISO tariff.

D. Change in SPP related expenses – Attachment 12

Otter Tail and Central Power Electric Cooperative (CPEC) executed a purchase agreement during July 2019 whereby Otter Tail would purchase CPEC equipment at three separate substations and one 4-mile section of 69 kV line.⁵ Otter Tail finalized the purchase of the CPEC facilities in the fourth quarter of 2020. Equipment acquired from CPEC at the Rugby Substation

⁵ The purchase agreement encompasses: (1) CPEC equipment within the Otter Tail Bottineau 115-43.8 kV Substation; (2) CPEC equipment within the Otter Tail Wahpeton 230-115-43.8 kV Substation; (3) CPEC equipment within the Otter Tail Rugby 230-115-43.8 kV Substation; and (4) CPEC’s Rolette line segment – OTP Rolette four-mile 69 kV line.

qualifies for additional 30.9 facility credits from SPP.⁶ However, this equipment does not meet the eligibility requirements of SDCL 49-34A-25.1 for recovery through the TCRR. Therefore, Otter Tail will remove the 30.9 facility credits contributed by the Rugby equipment from the SPP Schedule 9 expenses in the TCRR at the point when they are passed through.

The 30.9 facility credits for the Blair 230 kV Substation upgrade is projected to be \$85,000 per year (OTP Total), \$8,500 (OTP SD) and the 30.9 facility credit for the Rugby 115 kV equipment is projected to be \$139,000 (OTP Total), \$13,900 (OTP SD) per year. The facility credits for the Blair 230 kV Substation upgrade which Otter Tail is currently receiving are removed from the SPP Schedule 9 expenses in Attachment 12.

As seen in Attachment 12 of this filing, 2022 SPP Schedule 7, 8, and 9 expenses are forecasted to be approximately \$2.3 million (OTP Total) \$0.21 million (OTP SD), and SPP Schedule 11 expenses are forecasted to be approximately \$0.31 million (OTP Total), \$0.03 million (OTP SD) in 2022. MISO Schedule 9 revenues as seen on Attachment 13 of this filing are forecasted to be approximately \$0.82 million (OTP Total), \$0.08 million (OTP SD) in 2022. Should the amounts associated with the SPP expenses or MISO revenues materially change during the time this Docket is open, Otter Tail will provide updated information and revised rate calculations in a supplemental filing by February 1, 2022.

E. Projects previously approved for recovery

The following four projects, in Table 1 below, were previously approved for inclusion in Otter Tail’s TCRR.

Table 1

	Project	Docket No.	Attachment
1	Lake Norden Area Transmission Project	EL 18-048	5
2	Big Stone South to Ellendale Projects	EL 18-048	6
3	Erie-Frazee 115 kV Project	EL 19-032	7
4	Grant County Norcross 115 kV Project	EL 19-032	8

⁶ CPEC’s equipment at the Rugby Substation currently qualifies as eligible transmission facilities under SPP’s Tariff and is currently included as part of CPEC’s annual transmission revenue requirement in SPP. Since the acquisition will not change the configuration of the equipment, Otter Tail expects it will be able to obtain SPP facility credits for this equipment within the Rugby 230/115/41.6 kV Substation.

F. New transmission projects included in this TCRR rate update

Otter Tail is not including any new projects for recovery in this year's TCRR.

IV. RATE DESIGN

The TCRR allocation factors and rate design follow the terms of the Approved EL10-015 Settlement Stipulation Order, paragraph 6. Specifically, the TCRR uses a rate design based on the transmission demand allocation factor, D2 from Otter Tail's Rate Case EL-18-021 to allocate total revenue requirements to jurisdictions (South Dakota, 9.187 percent) and rate classes. The LGS class's portion of retail revenue requirements based on this D2 factor is 42.54 percent. The remaining portion (57.46 percent) of the retail revenue requirements will be collected from the non-LGS rate classes.

Otter Tail's current LGS rate design, as identified in the EL10-015 Settlement Stipulation Order, incorporated the 2011 forecast demand (\$/kW-month) and energy (¢/kWh) revenue components to recover the transmission project costs in a manner that follows existing LGS base rate design. For this update, Otter Tail has similarly based the LGS rate design on the proposed recovery period forecast demand and energy revenue components, specifically, 35 percent demand and 65 percent energy.

For the remaining retail rate classes (non-LGS), Otter Tail proposes to continue an energy only rate, consistent with the current Commission-approved rate structure. A rate for each class is a separate energy based (kWh) charge calculated by dividing the total class revenue requirements by the corresponding kilowatt-hour sales for the projected period.

Staff's February 12, 2019, Memorandum, Docket No. EL18-048, outlines the incorporation of class allocations for the prior period true-up amounts. Otter Tail includes revenue requirements, billings, and the resulting over-or-under recovery by rate class in Attachment 4A. Attachment 4A also details the calculation of the true-up by class. Otter Tail based the projected true-up on the seven-month period of actuals, March through September 2021. Otter Tail reviewed actual sales and the net revenue requirement for this time period for each class which develops the actual true-up balance, inclusive of the carrying charge for each of these classes. The Total Class prior period true-up [Attachment 4A, Column AR] is (\$411,847) and is included on Attachment 3 [Column D, Line 6] in the rate design.

V. RATE APPLICATION AND IMPACT

As indicated earlier, the annual revenue requirement to be collected for the next recovery period of March 2022 through February 2023 decreased from \$2,191,853 for the March 2021 through February 2022 period to \$2,088,644 for the proposed recovery period. The positive tracker balance is due primarily to a net reduction in the MISO Schedule 26 Expense and MISO Schedule 26 Revenue in 2021.

Table 2 below compares the summaries of revenue requirements approved in Docket No. EL-20-032 (2020 TCRR Update) to this filing and helps illustrate the factors which contributed to the difference between the current revenue requirement (in the 2020 TCRR Update) and the proposed revenue requirement. As noted above, the proposed effective date of the change in rates is March 1, 2022.

Table 2
Attachment 2 Summaries

A		B	C	D
		February 1, 2021 Supplemental Filing EL20-032	Proposed	
Line No.	Revenue Requirements	March 1, 2021 - February 28, 2022	March 1, 2022 - February 28, 2023	Difference
1	Big Stone South to Ellendale	6,521	5,422	(1,099)
2	Lake Norden Area Transmission	222,107	228,583	6,476
3	Erie Project	2,401	7,652	5,251
4	Norcross Project	33,732	34,955	1,223
5	Transmission Adjustment-EL18-021	341,323	341,323	-
6				
7				
8				
9	SD Filing Fee	4,000	4,000	-
10				
11	MISO Schedule 26 Expense	1,135,470	1,111,476	(23,994)
12	MISO Schedule 26A Expense	762,497	880,776	118,278
13				
14	SPP Schedule 9 Expense	215,135	215,678	543
15	SPP Schedule 11 Expense	24,058	28,599	4,540
16				
17	MISO Schedule 9 Revenue	(125,628)	(76,922)	48,707
18	MISO Schedule 26 Revenue	(197,596)	(225,736)	(28,139)
19	MISO Schedule 26A Revenue	(35,801)	(36,630)	(829)
20	MISO Schedule 37 Revenue	(0)	(0)	0
21	MISO Schedule 38 Revenue	(0)	(0)	0
22	MISO MVP ARR Revenue	(3,399)	(2,866)	533
23				
24	Carrying Cost	(7,319)	(15,819)	(8,499)
25	True-Up	(185,648)	(411,847)	(226,199)
26				
27	Total	2,191,853	2,088,644	(103,209)

Column A in Table 2 above reflects the components that make up the revenue requirements for the proposed recovery period. Column B reflects the revenue requirement for each component from the 2020 TCRR Update. Column C reflects the proposed revenue requirement for each component for this TCRR Update. Column D is the difference between Column B and Column C. All components described in Section F above, were previously approved for inclusion in the TCRR.

Table 3

			A	B	C
			Rates Eff. Mar '21 - Feb '22	Rates Eff. Mar '22 - Feb '23	Difference
1	Large General Service Class	\$ / kW	0.686	0.692	0.0062
2	Large General Service Class	Cents / kWh	0.229	0.219	-0.0096
3					
4	Controlled Service	Cents / kWh	0.120	0.116	-0.0040
5	Lighting	Cents / kWh	0.421	0.804	0.3830
6	All Other Service	Cents / kWh	0.618	0.585	-0.0327

Column C in Table 3 above reflects the change in rates from those approved in the 2020 TCRR Update (Column A) to those proposed in this update (Column B).

The impact of the change in rates for a residential customer using 1,000 kWh per month is a decrease of \$0.33 per month. For a Large General Service (LGS) customer using 486 kW and 222,350 kWh, the bill impact of this update is a decrease of \$18.34 per month.

The total March 2022 through February 2023 revenue requirements, as shown on line 1 in Attachment 3, is \$2,088,644. The TCRR is applicable to electric service under all of Otter Tail’s retail rate schedules. The charge is included, for administrative purposes, as part of the Transmission Cost Recovery line on customers’ bills. The proposed rates beginning March 1, 2022, are as follows:

TCRR Rate Class	Rate	
Large General Service	0.692	\$ / kW
	0.219	cents / kWh
Controlled Service	0.116	cents / kWh
Lighting	0.804	cents / kWh
All Other Service	0.585	cents / kWh

The proposed customer notice and rate impact is contained in Attachment 21.

The proposed rates assume they will be in effect beginning March 1, 2022, through February 28, 2023.

VI. TCRR TARIFF SHEET

Otter Tail’s redline and clean TCRR tariff sheet (Section 13.05) is Attachment 20 to this Petition. The rates listed in the RATE section of the tariff sheet are updated to reflect the changes described in this annual update.

VII. FILING FEE

Under SDCL 49-1A-8, the Commission may require a deposit of up to fifty thousand dollars for the filing of a tariff for approval under the provisions of 49-34A-4 and 49-34A-25.1 to 49-34A-25.4, inclusive, or makes a filing pursuant to 49-34A-97 to 49-34A-100. Otter Tail will pay such deposit amount as the Commission determines appropriate upon the Commission’s Order assessing such fee.

VIII. CONCLUSION

For the foregoing reasons, Otter Tail respectfully requests approval to implement these updates to Otter Tail’s Transmission Cost Recovery Rider, Section 13.05, effective as of March 1, 2022.

Date: October 29, 2021

Respectfully submitted:

OTTER TAIL POWER COMPANY

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