

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

**In the Matter of the Petition of Otter Tail  
Power Company for Approval of its 2021  
Transmission Cost Recovery Eligibility  
and Rate Adjustment**

**Docket No. EL21-031**

**SUPPLEMENTAL FILING**

This Supplemental Filing reflects Otter Tail Power Company's (Otter Tail) updates in the above-captioned docket.

**I. BACKGROUND**

In Compliance with the South Dakota Public Utilities Commission's (Commission) November 30, 2011 ORDER GRANTING JOINT MOTION FOR APPROVAL OF STIPULATION in Docket No. EL10-015 and the Commission's February 21, 2014 ORDER GRANTING JOINT MOTION FOR APPROVAL OF STIPULATION (Order) in Docket EL13-029, Otter Tail submitted its Initial Filing in Docket No. EL20-032 (Petition) on October 29, 2021, as required by the Order for the purpose of annually adjusting the Transmission Cost Recovery Rider (TCRR) rate effective March of the following year and to give the Commission an opportunity to review transmission revenues and expenses.

Otter Tail's Initial Filing requested approval of its 2021 TCRR rate adjustment to be effective March 1, 2022, based upon actual data through September 2021 and projected costs and collections from October 2021 through February 2023. Since the Initial Filing, Commission Staff and Otter Tail (the Parties) identified updates to be incorporated into the determination of the revenue requirement and associated rates. This Supplemental Filing incorporates the updates identified by the Parties, the details of which are provided in the following sections.

**II. REVENUE REQUIREMENT AND RATE CALCULATION UPDATES**

The following items are incorporated into the updated revenue requirement calculations provided in this Supplemental Filing. In aggregate, these adjustments increase the revenue requirement by \$109,188 from \$2,088,644 in the Initial Filing to \$2,197,832 in this Supplemental Filing.

1. In all Project Attachments, actual revenues and expenses through December 2021, as well as forecasts for January 2022 and forward, are updated from the forecasted data provided in the Initial Filing. These updates result in an approximate \$10,500 decrease to the revenue requirement.

2. Actual MISO expense and revenue are updated through December 2021, as well as forecasts for January 2022 and forward. Revenues included are based on Otter Tail's 2022 Budgeted Attachments O, GG, and MM. During the year-end review of MISO settlements, it was noted the ROE resettlements were incorrectly double counted because the ROE resettlement amounts were input into their own line of the tracker and were also included within the total net revenues and charges from the MISO schedules, essentially double counting the overall impact of the ROE resettlements. Further, MISO had some periods for which there were re-resettlement amounts, and these needed to be input into the rider with the opposite sign of regular resettlements (positive v. negative and vice versa). This was not initially recorded correctly for each period of the re-resettlement. The adjustments can be seen in Attachments, 11, 13, 14, 15, and 16 in the yellow highlighted cells. The process was reviewed in detail resulting in accurate accounting for the ROE resettlements and re-resettlements. These updates result in an approximate \$79,500 increase to the revenue requirement.
3. Actual sales are updated through December 2021 from the forecasted data provided in the Initial Filing. These updates result in an approximate \$38,000 increase to the revenue requirement. This is due to actual sales coming in lower than forecasted.
4. Capital Structure: The 2022 revenue requirement calculation is updated to include the capital structure and cost of debt as of December 31, 2021. This update increased the revenue requirement by approximately \$2,000.
5. The class allocation true-up, Attachment 4A, has been updated with actual sales, by class, through December 2021.
6. *MISO Return on Equity (ROE) Complaint.* MISO continues to process refunds stemming from the MISO ROE complaint as summarized in Otter Tail's initial filing. As noted in the initial filing, on June 30, 2021, MISO requested an additional extension of time to process the refunds and surcharges until June 30, 2022. In the request, MISO explained the majority of refunds will still take place in 2021. FERC partially accepted the MISO request for extension, setting the deadline to finalize processing refunds and surcharges as February 28, 2022.

On December 16, 2021, MISO filed for another extension. While the majority of refunds will be completed by the current February 28, 2022 deadline, MISO said it needs some additional time to finish the refunds related to true-ups for a few Owners. MISO requested until May 31, 2022 to complete the refunds. MISO and the MISO TOs remain committed to processing the refunds and surcharges

efficiently and accurately. Any remaining refunds to be processed will be included in Otter Tail's next annual TCRR filing.

### A. Updated Revenue Requirements and Rate Impacts

Table 1 below compares the revenue requirement and rates proposed in the Initial Filing (Column B) versus the Supplemental Filing (Column C) and provides the difference between the two (Column D) resulting from the updates outlined above.

**Table 1: Comparison of Revenue Requirements and Associated Rates**

Line No.	Revenue Requirements	A	B	C	D
			October 29, 2021 Initial Filing	January 28, 2022 Supplemental Filing EL21-031	
		March 1, 2022 - February 28, 2023	March 1, 2022 - February 28, 2023		Difference
1	Big Stone South to Ellendale		5,422	5,462	41
2	Lake Norden Area Transmission		228,583	225,218	(3,364)
3	Erie Project		7,652	8,357	705
4	Norcross Project		34,955	35,170	215
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		1,111,476	1,111,476	-
12	MISO Schedule 26A Expense		880,776	880,776	-
13					
14	SPP Schedule 9 Expense		215,678	215,681	2
15	SPP Schedule 11 Expense		28,599	28,599	-
16					
17	MISO Schedule 9 Revenue		(76,922)	(76,922)	-
18	MISO Schedule 26 Revenue		(225,736)	(216,265)	9,470
19	MISO Schedule 26A Revenue		(36,630)	(35,943)	687
20	MISO Schedule 37 Revenue		(0)	(0)	-
21	MISO Schedule 38 Revenue		(0)	(0)	0
22	MISO MVP ARR Revenue		(2,866)	(2,866)	-
23					
24	Carrying Cost		(15,819)	(12,138)	3,681
25	True-Up		(411,847)	(314,096)	97,751
26					
27	Total		2,088,644	2,197,832	109,188
28	Large General Service Class	\$ / kW	<b>0.692</b>	<b>0.712</b>	0.0199
29	Large General Service Class	Cents / kWh	<b>0.219</b>	<b>0.226</b>	0.0063
30					
31	Controlled Service	Cents / kWh	<b>0.116</b>	<b>0.124</b>	0.0074
32	Lighting	Cents / kWh	<b>0.804</b>	<b>0.843</b>	0.0382
33	All Other Service	Cents / kWh	<b>0.585</b>	<b>0.626</b>	0.0415

## B. Implementation of Rates and Customer Impact

The proposed rates are designed to reflect the TCRR revenue requirements through February 2023 and the implementation to be effective with bills rendered on and after March 1, 2022. Once approved these rates will be in effect until the Commission approves the next TCRR rate update.

### Proposed Rates:

<u>Class</u>	<u>¢ / kWh</u>	<u>\$ / kW</u>
Large General Service	0.226	0.712
Controlled Service	0.124	
Lighting	0.843	
All Other Service	0.626	

The impact of the change in rates for a residential customer using 1,000 kWh per month is an increase of \$0.09 per month. For a large general service customer using 486 kW and 222,350 kWh, the bill impact of this update is an increase of \$5.34 per month.

## C. Tariffs

Otter Tail will submit revised tariff sheets through a compliance filing after the Commission renders a final decision in this Docket.

## III. SUMMARY

Otter Tail respectfully requests Commission approval of the updated revenue requirement proposed in this filing and to implement the associated updated Transmission Cost Recovery Rider, Section 13.05 rates, for usage on and after March 1, 2022.

Date: January 28, 2022

Respectfully submitted:

OTTER TAIL POWER COMPANY

/s/ LYNN A. WOLTERS

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