

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

In the Matter of Otter Tail Power
Company's Application to Add New Service
Offerings to LED Street and Area Lighting
Dusk to Dawn Electric Rate Schedule and
Tariff Language Revisions to Section 11.07

Docket No. EL21-

**PETITION OF OTTER TAIL
POWER COMPANY**

I. INTRODUCTION

In this filing Otter Tail Power Company (Otter Tail or Company) is requesting the approval of (a) new Decorative LED Outdoor Lighting options, (b) new LED Type 2 (Primary Metering) Monthly Charge and (c) language clarification changes in Section 11.07 of Otter Tail's Electric Rate Schedule (LED Street and Area Lighting Dusk to Dawn).

II. GENERAL FILING INFORMATION

A. Name, Address, and Telephone Number of the Utility Making the Filing

Otter Tail Power Company
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Fergus Falls, MN 56538-0496
Phone (218) 739-8200

B. Name, Address, and Telephone Number of the Attorney for Otter Tail

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C. Title of Utility Employee Responsible for Filing

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D. The Date of Filing and the Date Changes Will Take Effect

The date of this filing is February 8, 2021. Otter Tail offers proposed modifications to the Section 11.07 Section of Otter Tail’s Electric Rate Schedule (LED Street and Area Lighting Dusk to Dawn) to become effective April 12, 2021, or on the first day of the month following Commission approval should approval occur after April 12, 2021.

E. Statute Controlling Schedule for Processing the Filing

ARSD Part 20:10:13:15 requires a 30-day notice to the Commission of a proposed change in a utility’s tariff schedule, after which time the proposed changes take effect unless suspended.

Pursuant to ARSD 20:10:13:18, Otter Tail will post a Notice of Proposed Changes (Attachment 6). This Notice will be placed in a conspicuous place in each business office in Otter Tail’s affected electric service territory in South Dakota for at least 30 days before the change becomes effective.

Otter Tail has also included a report on tariff schedule changes (Attachment 5). This report complies with ARSD 20:10:13:26, which requires the Utility to report all rate schedule changes and customer impacts.

III. DESCRIPTION OF, AND REASON FOR, THE FILING

A. Background

Otter Tail provides illumination services to 71 South Dakota municipalities and other customers through Company ownership, operation, and maintenance of approximately 4,981 street and area lighting fixtures. In exchange for a monthly fee, customers receive turn-key illumination services, including equipment installation, asset rental, electricity, and maintenance in a convenient, monthly charge on the customer's electric service bill.

Municipal leaders, administrators and other customers have noted the following benefits of Otter Tail's illumination service:

i. Annual Budgeting

Otter Tail's illumination services are offered as a fixed fee that varies primarily by two variables—fixture/pole type and fixture lumen output. This structure reduces financial risk for customers and simplifies the preparation of annual street and area lighting budgets.

ii. Capital Budgeting

Otter Tail provides illumination services for nearly all projects with little or no capital investment by municipal customers, allowing communities to focus resources on higher priority capital projects.

iii. Maintenance

Utility ownership of street and area lighting assets significantly reduces the need for municipal and other customers to procure specialized, costly equipment and to add qualified staff needed to maintain street and area lighting systems.

Otter Tail's illumination service also addresses the problem of limited availability of contractors with the specialized equipment and qualified personnel needed to properly design, install, and maintain street and area lighting systems in select areas of Otter Tail's rural, expansive service territory.

B. Decorative Product Expansion

Municipal leaders, administrators and other customers have requested Otter Tail to provide illumination services with an option for high quality decorative streetlighting products. In the Docket No. EL18-021 the Commission approved Otter Tail’s initial transition from HID to LED outdoor lighting offerings that included an aluminum alloy cobra head style pole option as an alternative to the standard wood pole offering. Through this filing Otter Tail proposes to expand its streetlighting tariff to include three new pole and fixture configurations that the Company expects will satisfy most requests for decorative lighting services.

C. Decorative Product Selection

Otter Tail proposes adding two post-top configurations and a single pendant configuration to its current streetlighting tariff. The Company will rely on a single pole selection for both post-top configurations to streamline product selection and sourcing costs for future pole replacements. The Company further proposes a single pole and fixture choice in a pendant style configuration to provide customers with a pendant option with a higher wattage fixture and mounting height. All proposed products will be available in black finish to simplify material standards and ordering. The Company’s operations, engineering, marketing, and sourcing personnel worked closely to identify options that meet most customer requests for decorative illumination while optimizing efficiency in sourcing, inventory, and engineering operations. The two proposed post-top and single pendant configurations are listed below:

Decorative Post-tops and pendant

- a) Granville post-top
 - 14’ pole
 - 7,000 lumen acorn style fixture
 - 4,000K color temperature
 - Black finish

- Illuminating Engineering Society (IES) type 3 distribution

b) Arlington post-top

- 14' Pole
- 6,500 lumen LED lantern style fixture
- 4,000K color temperature
- Black Finish

c) Esplanade pendant

- 30' pole
- 19,700 lumen LED tear-drop style pendant fixture
- 4,000K color temperature
- Black finish

D. Decorative Material specifications

Specifications for poles and fixtures are included as Attachment 1 to this filing.

E. Photometric design

Otter Tail will provide complimentary photometric design services with recommended pole and fixture spacing based on IES recommended light levels for various roadway classifications and products offered by Otter Tail through the proposed tariff.

F. Maintenance

The proposed tariff will include maintenance services necessary to keep street and area lighting systems operational, similar to our current offering.

IV. OTTER TAIL'S PROPOSED DECORATIVE LED LIGHTS TARIFF

A. Otter Tail's Proposed Rate Schedule

Otter Tail's proposal to provide decorative LED options in Section 11.07 of its Electric Rate Schedule relies on lighting equipment quotes from the regional supplier

(Attachment 2) and Otter Tail’s 2020 Marginal Cost Study. Rate calculations are presented in Attachment 4. There are no established revenue requirements as this is a new service offering. Proposed rates are based on the cost to serve using marginal costs.

A copy of the proposed decorative lighting rate schedule is available in Electric Rate Schedule, Section 11.07 attached to this filing (Attachment 5). Table 1 below sets forth proposed rates.

Table 1: Proposed Decorative LED Tariff

LED TYPE	Approximate Lumens	Approximate Wattage	Monthly Charge
<u>DECORATIVE LIGHTS</u>			
DLEDA7 (Arlington)	5837	66	\$87.77
DLEDG7 (Granville)	7440	68	\$86.11
DLEDE17 (Esplanade)	20000	170	\$110.56

The proposed decorative lighting option rates are designed using an estimated 200 feet of installed conductor. Conductor length over 200 feet is priced at a monthly rate of \$0.11/ft. Attachment 3 explains these costs. The monthly rate was created utilizing the marginal costs to serve.

V. OTTER TAIL’S PROPOSED PRIMARY SERVICE LIGHTING RATE.

A. Background

Currently, all of OTP’s LED Street & Area Light Dusk to Dawn lighting services provide unmetered bundled rates of various LED lighting equipment, and the associated energy and maintenance served at secondary voltage. Certain larger customers may choose to own their own distribution equipment, which requires OTP to meter their building electric service at a higher voltage level; a service known as Primary voltage level service. Some Primary voltage customers may elect to utilize OTP’s LED Street & Area Light Dusk to Dawn lighting services. To appropriately charge these customers for the energy used for LED lights, OTP proposes to remove the bundled energy charge in LED Street & Area Light Dusk to Dawn lighting

services. Under this approach, the Primary customer is charged for the physical lighting asset, with the energy required by the light collected via the customer’s electric service rate. This addresses a potential conflict when the customer utilizes OTP supplied LED Street & Area Light Dusk to Dawn lighting services served behind the Primary meter. Without an adjustment to remove the energy component, the Primary voltage meter would measure the energy use of the light and the bundled unmetered rate would also reflect energy charges for the light. OTP’s proposal avoids the risk of a customer being billed for the energy use in its regular electric service rate as well as within the bundled lighting service.

B. Application of the Primary Service Lighting Rate

The proposed Primary Service Lighting Rate is applicable under the following conditions: 1) the customer is metered at primary voltage, and 2) taking service under LED Street & Area Light Dusk to Dawn lighting rate, and 3) the lights on this rate are metered at primary voltage. The proposed adjustments are shown in the table below:

Table 2: Proposed LED TYPE 2 Rate with Primary Credit.

LED TYPE 1	Approximate Lumens	Approximate Wattage	Monthly Charge	Primary Metering Credit	LED TYPE 2	Monthly Charge
LED5	5175	47	\$7.97	\$0.49	PLED5	\$7.48
LED8	9003	76	\$13.92	\$0.80	PLED8	\$13.12
LED3PT	2759	26	\$9.70	\$0.27	PLED3PT	\$9.43
LED5PT	5404	47	\$12.28	\$0.49	PLED5PT	\$11.79
LED10	12388	95	\$15.93	\$1.00	PLED10	\$14.93
LED13	16691	133	\$19.83	\$1.40	PLED13	\$18.43
LED20 - Flood	23067	199	\$19.19	\$2.09	PLED20 - Flood	\$17.10
LED30 - Flood	32003	261	\$32.92	\$2.75	PLED30 - Flood	\$30.17

VI. CONCLUSION

Otter Tail believes this petition provides reasonable and useful decorative lighting options responsive to customers' requests. Otter Tail respectfully requests the Commission approve the proposed decorative LED outdoor lighting options, the new LED Type 2 (Primary Metering) Monthly Charge, and language clarification changes in Section 11.07 of Otter Tail's Electric Rate Schedule (LED Street and Area Lighting Dusk to Dawn) as provided in this petition.

Date: February 8, 2021

Respectfully submitted,

OTTER TAIL POWER COMPANY

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