

OTTER TAIL POWER COMPANY

Docket No: EL23-001

Response to: SD Public Utilities Commission

Analyst: Pat Steffensen

Date Received: February 13, 2023

Date Due: February 27, 2023

Date of Response: February 27, 2023

Responding Witness: Svetlana Fedje, Pricing Analyst - (218) 739-8799

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Data Request:

Refer to the Payment Schedules section on page 3 of the Petition. Further explain the varying assumptions that drove the significant increase in the credit and quantify the resulting impact on the credit for each, including the large load growth and high natural gas and energy market price forecasts.

Attachments: 0

Response:

Otter Tail uses the Encompass software to model the economic dispatch Otter Tail's generation fleet of resources to meet customer's forecasted needs. There are many inputs and assumptions in the model, natural gas price and energy market price forecasts are the two variables that have the most significant impact on the avoided cost of energy calculations. Please see the Attachment 1 to DR SD-PUC-001.

While there are many inputs to the modeling, those for Otter Tail's generating units generally change immaterially from year to year and have minimal impact on the results. Natural gas and energy markets tend to move together. These components are the greatest contributor to the change from last year and make up approximately 85 percent of the increase in the winter season and over 90 percent for the summer season compared to the 2022 update. The remaining increase from the prior year is made up by changes to other inputs, including the increase in sales.