

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

**In the Matter of Otter Tail Power  
Company's Rates for Small Power  
Production and Cogeneration**

**Docket No. EL23-  
PETITION**

**I. INTRODUCTION**

Otter Tail Power Company (Otter Tail) hereby applies to the South Dakota Public Utilities Commission (Commission) for approval of proposed changes to its Small Power Producer electric rate schedules Sections 12.01, 12.02, and 12.03. These rate schedules set forth the rates under which Otter Tail is obligated to purchase energy and capacity from qualifying facilities (QFs) pursuant to Commission Cogeneration and Small Power Production Order, Docket No. F-3365.

**II. GENERAL FILING INFORMATION**

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

Otter Tail Power Company  
215 South Cascade Street  
P.O. Box 496  
Fergus Falls, MN 56538-0496  
Phone (218) 739-8200

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

Cary R. Stephenson  
Associate General Counsel  
Otter Tail Power Company  
215 South Cascade Street  
P.O. Box 496  
Fergus Falls, MN 56538-0496  
Phone (218) 739-8956

**C. Title of utility employee responsible for filing.**

Svetlana A. Fedje  
Pricing Analyst, Regulatory Administration  
Otter Tail Power Company  
215 South Cascade Street  
P.O. Box 496  
Fergus Falls, MN 56538-0496  
Phone (218) 739-8799  
[sfedje@otpc.com](mailto:sfedje@otpc.com)

**D. The Company also requests that the following contact(s) be placed on the Commission's official service list for this matter.**

Regulatory Filing Coordinator  
Otter Tail Power Company  
215 South Cascade Street  
P.O. Box 496  
Fergus Falls, MN 56538-0496  
[regulatory\\_filing\\_coordinators@otpc.com](mailto:regulatory_filing_coordinators@otpc.com)

**E. The date of filing and the date changes will take effect.**

The date of this filing is January 30, 2023. Otter Tail proposes that the updated rates for small power production and cogeneration, contained herein, go into effect as of April 1, 2023, or on the first day of the following month upon Commission approval.

**F. Statutes controlling schedule for processing the filing.**

Pursuant to ARSD 20:10:13:17 and ARSD 20:10:13:19, Otter Tail will give individual notice of proposed changes to all affected customers within 30 days of this filing. (Appendix A, Attachment 1). Otter Tail has also included a report on tariff schedule changes (Appendix A, Attachment 4). This report complies with ARSD 20:10:13:26, which requires the Utility to report all rate schedule changes and customer impacts.

**III. FILING FEE**

Under SDCL 49-34A-77, the electric utility shall pay a filing fee to be determined by the commission in an amount not to exceed two hundred fifty thousand dollars. Otter Tail will pay such deposit amount as the Commission determines appropriate upon the Commission's Order assessing such fee.

## **IV. BACKGROUND**

Otter Tail last updated the rates in the Small Power Producer rate schedules, Sections 12.01, 12.02, and 12.03 in Docket No. EL22-001. As of January 1, 2022, six customers in South Dakota have taken service on the Occasional Delivery Energy Service rate schedule Section 12.01. No customers have taken service on the Time of Delivery Energy Service rate schedule Section 12.02 or the Dependable Service rate schedule Section 12.03.

## **V. DESCRIPTION AND PURPOSE OF FILING**

In this petition, Otter Tail is proposing to update the energy and capacity payments and the Renewable Energy Credits (REC's) aka Renewable Energy Certificates for both wind and solar REC's (SREC's) to 2023 values. Please see Attachment 5 for the calculations of the rates for all REC payment options for facilities that are renewable. It should be noted that REC or SREC payments would be in addition to the avoided costs as provided in the rate schedules referenced in this petition. The proposed rate schedule changes are provided in Appendix B (red-line versions) and Appendix C (clean versions). The calculated proposed energy payments show slight decrease from last year's approved filing

### **A. Payment Schedules – Energy and Capacity**

Otter Tail is proposing to modify the payment schedules Sections 12.01, 12.02 and 12.03. The proposed payments contained in the rate schedules reflect Otter Tail's avoided costs (energy and capacity). The avoided costs are consistent with Otter Tail's Small Power Producer rate schedules as filed recently in Minnesota and North Dakota, Attachments 2 and 3 in the Appendix A contains these avoided costs. The calculated proposed avoided energy payments show an increase in on-peak and in the off-peak prices from last year's approved filing. The change is driven by varying assumptions compared to the prior resource plan for: (1) large load growth and (2) high natural gas and energy market prices forecasted. Any changes to the Capacity payments are done in pursuant to Commission Cogeneration and Small Power Production Order, Docket No. F-3365. Otter Tail's current projections, as provided and detailed in our current Integrated Resource Plan,<sup>1</sup> are for a capacity surplus in the coming 10-years. The capacity rate is zero because Otter Tail expects to have surplus capacity, avoiding any capacity costs.

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<sup>1</sup> Otter Tail's September 1, 2021, Initial Filing *In the Matter of Otter Tail Power Company's Submittal of its 2022-2036 Integrated Resource Plan* in Case No. PU-21-380, Table 3-2, Line No. 15 of the Resource Plan.

## **B. Renewable Energy Credits**

Payments for wind REC's will see a slight decrease and the Solar REC's remained unchanged. Please see Attachment 5 for the calculations of the rates for all REC payment options for facilities that are renewable.

Otter Tail calculates the REC's value, proposed for the payments in this filing, based on the average actual REC's net sales/purchases executed by Otter Tail in the prior, 2022 calendar year, which reflect a decrease in Wind REC payments. In 2023, Otter Tail is using 2020 purchased Solar REC's information, there is no change to the rate.

The REC's value is paid to the customer who sells renewable energy to Otter Tail (Otter Tail currently does not have customers receiving REC payments). By paying the customer the REC's value, Otter Tail owns the REC associated with the energy received from the renewable generator. Customers who choose not to receive a REC payment from Otter Tail retain REC ownership. Otter Tail endeavors to update the value of the RECs at the same time the avoided cost updates are filed. This filing includes both Non-Legislative and Legislative versions of the proposed rate schedules (Section 12.01, 12.02 and 12.03).

## **VI. CONCLUSION**

Based on the foregoing, Otter Tail respectfully requests that the proposed modifications to our Small Power Rate Schedules, Sections 12.01, 12.02, and 12.03, become effective as of April 1, 2023 or on the first day of the following month upon Commission approval.

Date: January 30, 2023

Respectfully submitted,

**OTTER TAIL POWER COMPANY**

/s/ SVETLANA A. FEDJE

Svetlana A. Fedje

Pricing Analyst

Regulatory Administration

215 South Cascade Street

P.O. Box 496

Fergus Falls, MN 56538-0496

Phone (218) 739-8799

[sfedje@otpc.com](mailto:sfedje@otpc.com)