
STAFF MEMORANDUM

TO: COMMISSIONERS AND ADVISORS
FROM: PATRICK STEFFENSEN, AMANDA REISS, AND LOGAN SCHAEFBAUER
RE: EL23-027 - In the Matter of Otter Tail Power Company's Petition for Approval of Tariff Revisions to Facilitate Implementation of New Advanced Grid Infrastructure Projects
DATE: November 29, 2023

BACKGROUND

On September 8, 2023, the South Dakota Public Utilities Commission (Commission) received a Petition for Approval of Tariff Revisions to Facilitate Implementation of Advanced Grid Infrastructure (AGI) Projects (Petition) from Otter Tail Power Company (Otter Tail or Company). The Advanced Metering Infrastructure (AMI), Outage Management System (OMS), and Demand Response (DR) AGI projects were introduced to the Commission in docket [EL22-013](#) and are part of Otter Tail's Innovation 2030 (I2030) initiative. This Petition requests approval of tariff revisions to facilitate AGI implementation, effective January 1, 2024, approval of a variance to the information required on customer bills per ARSD 20:10:17:03(1), and approval of Otter Tail's request for disallowance of an AMI opt-out option.

STAFF'S ANALYSIS

Staff's recommendations are based on its analysis of Otter Tail's filing, discovery information, relevant statutes, and previous Commission orders. Staff's analysis consisted of a review of the proposed tariff and Customer Information Brochure revisions, the variance request, and the AMI opt-out disallowance. Each of these items are discussed below.

TARIFF AND CUSTOMER INFORMATION BROCHURE REVISIONS

Otter Tail provided a clean and redlined version of its proposed tariff revisions as Attachment 4 to the Petition. These revisions are administrative in nature, and a detailed explanation of each revision is provided on pages six through nine of the Petition. Staff has reviewed these proposed tariff revisions and has no issues with any of the requested changes. Thus, the only change in the November 1, 2023 tariff filing is to update the revision number in the header of Sheet 4 of Section 8.01.

Otter Tail also provided a copy of its revised Customer Information Brochure as Attachment 5 to the Petition. This revised brochure appears to provide the same type of information as in its current brochure and is consistent with the other changes requested in this docket. Staff's review resulted in a couple minor changes as corrected in Otter Tail's response to Data Request 1-12. Otter Tail has indicated that it would like formal Commission approval of these revisions per ARSD 20:10:16:02.

VARIANCE TO INFORMATION ON BILLS

Otter Tail currently utilizes analog meters, and the current bills show previous and current meter readings that represent the cumulative number of kilowatt-hours (kWh) that have passed through the meter over the life of the meter, as measured at the beginning and end of the billing period. When the previous meter reading is subtracted from the current meter reading, the result is the customer's kWh usage for the billing period. AMI allows bill calculation based on shorter consumption intervals and will capture usage in 15-minute intervals. Bills will then be based on a computation that adds together all the 15-minute intervals in the billing period. Further, Otter Tail explains in its response to Data Request 1-2 that it would be excessively burdensome and complex to continue displaying previous and current meter readings on bills.

Commission rule ARSD 20:10:17:03 states that bills provided to customers for electric and gas service shall include, among other things, "the meter reading and the date the meter was read". If the Commission's interpretation of "meter reading" requires the bills show previous and current meter readings, Otter Tail has requested a variance¹ to ARSD 20:10:17:03(1). However, it is Staff's belief that based on current technology, Otter Tail will comply with both "meter reading" in subpart 1 of ARSD 20:10:17:03 and "the number and kinds of units metered" in subpart 2 by displaying total kWh usage for the billing period and the dates of the first and last days of the billing period on customer bills.

Additionally, through discussions with Commission Consumer Affairs and with Otter Tail, Staff has verified that customers will have access to a wealth of consumption information online on their Customer Engagement Portal, and all relevant information that has been helpful in handling customer complaints in the past will still be available on the portal and/or stored by the Company. Having an online customer portal is not part of Commission rules; however, Otter Tail agrees to keep this Customer Engagement Portal active going forward, except for a period of site maintenance, outage, or extraordinary event. Otter Tail also agrees that the Commission can reassess the issue and require the Company display the previous and current meter readings in the future if problems arise pertaining to not having these numbers displayed on customer bills.

Thus, Staff does not recommend approving the variance request, as Otter Tail should still be required to provide the billing period usage and dates, and because, coupled with Otter Tail's commitments, Staff believes Otter Tail's bill will comply with the language of ARSD 20:10:17:03. It should also be noted that the removal of previous and current meter readings from Xcel's customer bills was approved by the Commission as part of the settlement in rate case docket EL22-017.

AMI OPT-OUT DISALLOWANCE

In Attachment 6 to the Petition, Otter Tail explains the cost implications if customers are allowed to opt-out of having AMI meters. Due to the inefficiencies of performing on-site meter reads and connections/disconnections, while having AMI meters installed across Otter Tail's service territory which can, among other things, be read remotely, Staff agrees AMI opt-outs should be disallowed. There is no

¹ Per Data Request 1-18, Otter Tail states it is requesting a variance under SDCL 49-34A-4.

requirement that a utility must offer customers the option to opt-out of technological upgrades, so Staff does not believe a Commission order is necessary for Otter Tail to disallow AMI opt-outs. However, if the Commission is more comfortable issuing a formal order, Staff does not object. It should be noted that at least two other utilities disallow AMI opt-outs without having received formal Commission approval.

If the Commission requires Otter Tail to offer customers the option for AMI opt-outs, Staff believes the customers that opt-out should pay the full costs of meter reading and connection/disconnection caused by the customer's decision to opt-out. Otter Tail has provided an analysis of these costs in Attachment 6 to the Petition, the calculation of these costs in Attachment 1 to Data Request 1-10, and tariff and brochure revisions with the inclusion of these costs in Attachments 1 and 2 to Data Request 1-11. Staff has reviewed this data and believes Otter Tail's proposed opt-out language and associated monthly fees are just and reasonable. Staff recommends the Commission approve the associated tariff and brochure revisions, if the Commission requires Otter Tail offer customers the option to opt-out of AMI.

Staff believes whether AMI opt-outs are allowed or not, it is important that Otter Tail has a comprehensive plan in place to help customers that are confused and have questions or concerns with AMI meters and their implementation. Otter Tail has provided Attachments 1 and 2 to Data Request 1-15 that explain their outreach and education efforts.

RECOMMENDATION

Staff recommends the Commission:

1. Approve the tariff and Customer Information Brochure revisions effective January 1, 2024,
2. Deny the request for variance to ARSD 20:10:17:3(1) with the understanding Otter Tail does not need a variance to remove the previous and current meter readings from customer bills, and
3. In the event the Commission requires Otter Tail to offer customers the option for AMI opt-outs, approve the tariff and brochure revisions provided in Attachments 1 and 2 to Data Request 1-11.