

OTTER TAIL POWER COMPANY  
Docket No: EL24-002

Response to: SD Public Utilities Commission  
Analyst: Pat Steffensen  
Date Received: February 08, 2024  
Date Due: February 23, 2024  
Date of Response: March 07, 2024  
Responding Witness: Svetlana Fedje, Pricing Analyst - (218) 739-8799

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Supplemental Data Request

It looks like most of the cells in Attachment 1 to DR 1-9 are either linked to external sources or don't have formulas. Can you provide the calculations for 1) the Incremental Meter Investment per Customer, 2) the Material, Supplies and Prepayments, and 3) the Annualized Incremental Bi-Directional Meter Costs with plant-related A&G for each of the rate classes?

1. In Attachment 2 to DR 1-9, would it be possible to also get the weighted average monthly customer charge using the total customers in each class (and not just the ones that have elected the occasional delivery energy service)?
2. Otter Tail's response to DR 1-9, part c, seems to indicate that the straight average is used because it is the easiest. Does Otter Tail feel a straight average of weighted average would be more appropriate for this charge? Explain why.
3. How were the current customer charges calculated?

Initial Data Request:

Refer to Attachment 6.

- a. Provide the excel model with formulae intact for this and any supporting workpapers.
- b. What class(es) are the six current occasional delivery energy service customers?
- c. Justify using a straight average of the incremental customer-related costs of these 13 classes when customer counts vary largely among the classes.
- d. Provide workpapers showing the customer counts in each class and what the average monthly customer charge would be if a weighted average was used.
- e. The customer charge used to be more for time of delivery energy service and dependable service customers than for the occasional delivery energy service customers. Why is Otter Tail proposing to now have them all equal?

Attachments: 2

Attachment 2 to DR SD-PUC-01.09\_SUPPLEMENTAL\_PUBLIC.pdf  
Attachment 1 to DR SD-PUC-01.09\_SUPPLEMENTAL\_PUBLIC.pdf

Response:

**SUPPLEMENTAL RESPONSE:**

This response includes information Otter Tail deems to be Confidential Information under ARSD 20:10:01:39 and is provided on the condition that it is not filed or otherwise publicly disclosed pending a determination under ARSD 20:10:01:41 and 20:10:01.42, or an agreement by the parties to this proceeding regarding its disclosure. Such Confidential Information is marked “CONFIDENTIAL” and noted where applicable as [PROTECTED DATA BEGINS...  
...PROTECTED DATA ENDS].

The requested calculations are present in the full marginal cost of service study in Attachment 1 to the supplemental response. The tab titled “Annual Customer Small PP T26” contains the cost categories requested above. The cell references underlying those cost outputs are included.

- 1) Please see Attachment 2 to this information request. This contains a weighted average calculation using all South Dakota that are most likely to take Small Power Producer service. Specifically, controlled service meters were eliminated from the calculation as these are secondary services and not base rates.
- 2) Otter Tail Power has calculated and supplied a weighted average customer charge calculation in Attachment 2 to this supplemental filing. After review of the results, Otter Tail continues to support using a simple average. This is due to the fact that the current SPP customers are not reflective of a weighted average population. If the current SPP customers were reflective of a weighted average population for instance, we would see a majority of SPP customers being residential customers. Without knowing the future adoption patterns of SPP customers, Otter Tail considers the simple average to be the best agnostic approach to calculating this charge non-discriminatory.
- 3) Otter Tail follows indicative marginal cost inputs when designing customer charges.

**ORIGINAL RESPONSE:**

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- a. Provide the excel model with formulae intact for this and any supporting workpapers.
  - Please see Attachment 1 - NONPUBLIC excel model with formulae intact.
- b. What class(es) are the six current occasional delivery energy service customers?
  - There is one customer in Residential class, one in Farm, and four in Small Commercial class.

- c. Justify using a straight average of the incremental customer-related costs of these 13 classes when customer counts vary largely among the classes.
- When it comes to analyzing incremental customer-related costs, the straight average method can be used to calculate the average cost across different classes. But using a straight average of the incremental customer-related costs with data for one or two classes out of 10 available only presents challenges in accurately representing the entire customer base. It is important to approach this situation with caution and consider alternative methods for analyzing customer-related costs. By carefully considering the limitations and potential biases of using a straight average with incomplete data, we can make more informed decisions about our cost assessments and better understand the true cost structure across different customer segments. Overall, using a straight average of incremental customer-related costs simplifies the administrative process and allows for easier rate design.
- d. Provide workpapers showing the customer counts in each class and what the average monthly customer charge would be if a weighted average was used.
- Please see Attachment 2.
- e. The customer charge used to be more for time of delivery energy service and dependable service customers than for the occasional delivery energy service customers. Why is Otter Tail proposing to now have them all equal?
- At the present time, there are no customers enrolled in either the reliable service or the occasional delivery energy service. As the incremental costs for these services are currently similar, we are implementing the same customer charge rate for all three tariffs. Given this equality, we hope to encourage customers to select a rate that aligns with time-of-day payment differentiation, which may be more compatible with solar energy generation.