

OTTER TAIL POWER COMPANY

Docket No: EL26-021

Response to: SD Public Utilities Commission

Analyst: Logan Schaeffbauer

Date Received: October 07, 2026

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Date of Response: October 21, 2026

Responding Witness: Amber Grenier, Manager, Regulatory Economics, 218-739-8728

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Data Request:

Refer to the revised Section 10.07 filed on 9/29/26.

- a. Explain why, on Original Sheet No. 5, the wording related to “Extra Facilities” was removed. Would this not potentially leave millions of dollars in costs without credit support?
- b. Refer to Original Sheet No. 14, explain why the stranded costs should not be the net book value alone. Does this revision not put significant risk on the company to sell the dedicated resources for at least market value?

Attachments: 0

Response:

- a. No. Removal of the specific "Extra Facilities" language does not leave those costs without credit support. Costs associated with Extra Facilities are included in the calculation of the customer's Exit Fee and therefore remain protected under the tariff. As a result, expressly including Extra Facilities within the credit support provision would be duplicative.
- b. OTP does not believe stranded costs should be limited to net book value alone because net book value may not reflect the actual economic value of dedicated resources constructed to serve an HPC customer. Dedicated resources may have a market value that is greater or less than their remaining book value.

The proposed provision allows OTP to consider the value realized through commercially reasonable mitigation efforts, such as the sale or redeployment of dedicated resources. This helps ensure that the customer is responsible for the costs it causes while receiving credit for any value OTP is able to recover from the assets.

The revision does not require OTP to sell assets at or above a particular market value. Rather, it allows the stranded-cost calculation to reflect the actual value realized and helps protect existing customers and shareholders from costs associated with an HPC customer's early termination of service.