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January 29, 2021



Ms. Patricia Van Gerpen
Executive Director
South Dakota Public Utilities Commission
Capitol Building, 1st floor
500 East Capitol Avenue
Pierre, SD 57501-5070

**RE: Otter Tail Power Company COVID-19 Quarterly Report
Docket No. GE20-002**

Dear Ms. Van Gerpen:

Otter Tail Power (Otter Tail) files this quarterly compliance filing in response to the South Dakota Public Utilities Commission's (Commission) August 19, 2020 Order, paragraphs 4 and 5.

I. Ordering paragraph 4 of the Commission's August 19, 2020 Order requires:

"The Petitioners will provide, on a quarterly basis, updates regarding all known and estimated cost increases and decreases and revenue increases and decreases it plans to include in its regulatory asset. These updates are required until there are no changes to report regarding the balance of the regulatory asset."

Since Otter Tail has not determined whether it will or will not request establishment of a regulatory asset, provided is the following information required by ordering paragraph 4 of the Commission's August 19, 2020 Order.

Increased Costs:

In the fourth quarter 2020, there has been very little in increased non-labor costs resulting from COVID, which includes additional materials and supplies, information technology and miscellaneous expenses.

In the fourth quarter Otter Tail incurred \$55K additional non-labor costs for PPE, preparation for sequestration and miscellaneous expenses at its power plants (Otter Tail share). The total non-labor costs incurred year to date are \$387K system wide. Any labor costs would be limited to only additional labor costs caused by pandemic related activities.

With the unknown impacts of the pandemic into 2021, estimating costs is difficult. The costs could be minimal if the pandemic comes under control or the methods for living with the pandemic are simplified. The costs could go higher if the pandemic effects worsen or if there is an outbreak at a company facility. Otter Tail cannot predict at this time what other costs may occur in the coming months (actual sequestration of power plant employees for example could be very costly).

It is important to note the amounts listed above do not include any increases in overtime labor expense for things such as additional travel expense incurred to allow field crews to travel without sharing vehicles. For example, historically when responding to a service call or construction site where multiple employees are required work crews would limit the number of vehicles used as much as possible whereas during the COVID pandemic employees have been encouraged to only have one employee in a company vehicle.

One area which Otter Tail expected to have increased expense was bad debts. It appears since disconnects have been reinstated in South Dakota that accounts receivable amounts for South Dakota have normalized.

Otter Tail does not have an itemized list of actual cost reductions resulting from the COVID pandemic, but operating and maintenance costs for travel, lodging and meetings appear to be down approximately \$40,000 (South Dakota share) from 2019 due to Management's early response and because of the effects of the pandemic.

Accounts Receivable Aging:

Below are the second, third and fourth quarter 2020 aging reports for customers by month. The reports are as of the end of each month.

Second Quarter 2020:

Apr-20

Class	Total	1-30 days	31-60 days past due	61-90 days past due	90+ days past due
Residential	1,356,388	935,531	163,596	106,777	150,484
Commercial	523,679	474,691	26,212	14,243	8,533
Industrial	815,447	797,714	7,068	5,992	4,672
Total	2,695,515	2,207,936	196,877	127,013	163,689

May-20

Class	Total	1-30 days	31-60 days past due	61-90 days past due	90+ days past due
Residential	1,240,398	764,816	170,760	107,651	197,172
Commercial	465,774	408,606	25,045	13,089	19,034
Industrial	1,036,034	1,029,015	4,980	2,039	-
Total	2,742,206	2,202,437	200,785	122,778	216,206

Jun-20

Class	Total	1-30 days	31-60 days past due	61-90 days past due	90+ days past due
Residential	1,154,119	688,900	123,878	112,479	228,862
Commercial	452,456	401,505	11,677	12,691	26,583
Industrial	1,088,053	1,080,001	8,053	-	-
Total	2,694,627	2,170,406	143,607	125,170	255,445

Third Quarter 2020:

Jul-20

Class	Total	1-30 days	31-60 days past due	61-90 days past due	90+ days past due
Residential	1,230,933	786,287	118,079	69,749	256,818
Commercial	529,859	482,714	13,062	1,021	33,062
Industrial	1,123,353	1,114,132	9,154	67	-
Total	2,884,145	2,383,133	140,295	70,837	289,880

Aug-20

Class	Total	1-30 days	31-60 days past due	61-90 days past due	90+ days past due
Residential	1,055,854	681,637	118,103	58,801	197,313
Commercial	466,469	410,817	26,826	4,697	24,130
Industrial	1,064,818	1,063,754	1,064	-	-
Total	2,587,141	2,156,208	145,992	63,498	221,443

Sep-20

Class	Total	1-30 days	31-60 days past due	61-90 days past due	90+ days past due
Residential	898,415	607,734	85,353	54,728	150,600
Commercial	470,661	420,032	19,262	9,548	21,819
Industrial	1,131,124	1,122,946	8,177	-	-
Total	2,500,200	2,150,712	112,793	64,276	172,420

Fourth Quarter 2020:

Oct-20

Class	Total	1-30 days	31-60 days past due	61-90 days past due	90+ days past due
Residential	712,449	454,558	113,819	23,221	120,850
Commercial	484,756	404,367	42,402	9,400	28,586
Industrial	1,102,540	1,095,570	6,970	-	-
Total	2,299,745	1,954,496	163,192	32,621	149,436

Nov-20

Class	Total	1-30 days	31-60 days past due	61-90 days past due	90+ days past due
Residential	731,259	473,380	98,357	64,906	94,617
Commercial	439,611	374,815	21,392	11,126	32,278
Industrial	778,901	769,291	9,595	15	-
Total	1,949,771	1,617,486	129,344	76,047	126,895

Dec-20

Class	Total	1-30 days	31-60 days past due	61-90 days past due	90+ days past due
Residential	501,138	292,034	88,382	40,513	80,208
Commercial	435,380	374,031	20,077	8,765	32,507
Industrial	1,109,883	1,105,606	2,472	1,790	15
Total	2,046,401	1,771,671	110,932	51,068	112,730

Sales Impacts:

Otter Tail’s kWh total South Dakota actual sales were 10.6 percent below budget for the fourth quarter and 6.7 percent under budget for the second, third and fourth quarters combined. Residential sales were 3.9 percent below and 3.3 percent above budget respectively, Commercial sales were 12.8 percent below and 9.5 percent below budget respectively and sales to other public authorities were 15.1 percent above budget and 13.9 percent above budget respectively.

Otter Tail’s kWh total South Dakota actual sales as compared to 2019 actual were 3.7 percent below budget for the fourth quarter and 1.5 percent below budget for the second, third and fourth quarters combined.

Total South Dakota base revenues (non-rider) were \$1.2 million (6.3 percent) below budget for the second, third and fourth quarters combined.

II. Ordering paragraph 5 of the Commission’s August 19, 2020 Order requires:

“The Petitioners will provide, on a quarterly basis, status updates regarding, at a minimum, the number of customers that have been disconnected, number of customers that are in arrears at the time the quarterly report is submitted, the total amount of arrears associated to the number of customers reported, and payment arrangements that have been made with its customers, including number of payment arrangements made, average length of payment arrangements, and total dollar amounts

associated with such payment arrangements. The updates shall include both quarterly and cumulative information, if available, and be required until utilities are no longer tracking bad debt associated with COVID-19.”

The number of customers that have been disconnected:

Count of ACCOUNT_STAT Column Labels			
2020			2020 Total
Row Labels	Qtr3	Qtr4	
S	65	124	189
CTOFF			
CUTON	48	86	134
FINAL	17	38	55
Grand Total	65	124	189

The above table shows the number of accounts disconnected by quarter with the current status of the account:

CUTOFF - Account still in a disconnect status.

CUTON - Account was disconnected, but the customer has either paid outstanding balance in full, entered into a payment arrangement or Otter Tail has received some form or guarantee from a third party.

FINAL - Account was disconnected and the account is ultimately final, and service not provided to the customer who was disconnected.

The number of customers that are in arrears at the time the quarterly report is submitted:

30-60 Accounts Column Labels									
Row Labels	5/29/2020	6/30/2020	7/31/2020	8/31/2020	9/30/2020	10/30/2020	11/30/2020	12/31/2020	
S	1537	1472	1426	1308	1335	1462	1454	1272	
GOV	39	38	30	26	23	31	38	25	
LGC	2	4	2	1	2	2	4	5	
RES	1366	1307	1269	1169	1215	1304	1281	1124	
SMC	130	123	125	112	95	125	131	118	
Grand Total	1537	1472	1426	1308	1335	1462	1454	1272	

The total amount of arrears associated to the number of customers reported:

ALERT_CD	(All)								
ACCT_STATUS	ACTIVE								
Sum of Past Due Column Labels									
Row Labels	5/29/2020	6/30/2020	7/31/2020	8/31/2020	9/30/2020	10/30/2020	11/30/2020	12/31/2020	
S	\$543,525	\$521,630	\$530,071	\$445,858	\$410,841	\$405,445	\$352,261	\$319,342	
GOV	\$6,397	\$2,476	\$4,409	\$4,892	\$2,672	\$19,289	\$4,094	\$4,048	
LGC	\$7,019	\$8,053	\$9,221	\$1,064	\$8,177	\$6,970	\$9,762	\$4,277	
RES	\$462,102	\$449,628	\$444,930	\$374,821	\$342,153	\$304,796	\$278,215	\$251,553	
SMC	\$68,007	\$61,473	\$71,510	\$65,082	\$57,839	\$74,389	\$60,189	\$59,464	
Grand Total	\$543,525	\$521,630	\$530,071	\$445,858	\$410,841	\$405,445	\$352,261	\$319,342	

Note: for the number of accounts past due and the associated dollars, we started tracking this information as of May 2020. We currently do not have a good way to pull the data prior to May 2020. The information in the accounts receivable aging section above includes accounts with both debit and credit balances. The table above only looks at accounts with debit balances. This represents the outstanding balances that are at risk.

Payment arrangements that have been made with its customers:

Number of Payment Arrangements:

Count of ACCOUNT_NO Column Labels					
2020					
Row Labels	Qtr1	Qtr2	Qtr3	Qtr4	2020 Total
Good Standing				2	101
Paid	13	25	114	149	301
Suspended/Terminated	34	42	304	198	578
Grand Total	47	67	420	448	982

Average length of payment arrangements:

Average of Length (Weeks) Column Labels					
2020					
Row Labels	Qtr1	Qtr2	Qtr3	Qtr4	2020 Total
Good Standing			13.93	10.46	10.52
Paid	2.26	2.65	3.37	2.05	2.61
Suspended/Terminated	2.76	1.72	4.80	3.99	4.18
Grand Total	2.62	2.07	4.45	4.80	4.36

Note: the average length of arrangements are impacted by customers who enter into an arrangement and the customer either: pays off the arrangement early (very rarely occurs), terminates the arrangement due to broken or reversed payment (NSF) or suspends the arrangement. Suspended arrangements could be due to the customer calling because they are not being able to meet a previously agreed to arrangement, payment amount guaranteed by an agency, etc. An example of a terminated arrangement and the impacts to the average length could consist of: customer enters into an arrangement for three months of payment towards the outstanding balance and new bills as they are created. Customer makes first payment but misses the second payment and the arrangement is terminated in month two. The length of the arrangement for this situation would be reflected in the averages as two months rather than three months. Any reporting prior to the customer failing to meet the arrangement would have reflected the length of the arrangement as three months.

Total dollar amounts associated with such payment arrangements:

Sum of ARRANGEMENT_AM Column Labels					
2020					
Row Labels	Qtr1	Qtr2	Qtr3	Qtr4	2020 Total
Good Standing			\$1,693	\$83,480	\$85,173
Paid	\$12,689	\$15,011	\$56,189	\$74,541	\$158,430
Suspended/Terminated	\$33,204	\$24,370	\$342,160	\$190,055	\$589,789
Grand Total	\$45,892	\$39,381	\$400,042	\$348,076	\$833,392

Note: For the count, average length and dollar amount associated with arrangements, this information is based on data as of the end of December 2020. Between December 2020 and the time of the next report, the status of arrangements will change as customers meet or fail to meet arrangements. Data for the individual statuses will not match the data in reports from prior quarters due to the change in status as customers meet or fail to meet arrangements.

Please contact me at (218) 739-8607, (218) 205-5234, or pbeithon@otpc.com should you have any questions.

Sincerely,

/s/ PETE BEITHON

Pete Beithon
Manager, Regulatory Recovery

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By electronic filing