

OTTER TAIL POWER COMPANY

Docket No: GE20-002

Response to: SD Public Utilities Commission

Analyst: SD PUC Staff

Date Received: July 13, 2020

Date Due: July 20, 2020

Date of Response: July 24, 2020

Responding Witness: Peter J. Beithon, Manager, Regulatory Recovery - (218) 739-8607

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Data Request:

Provide an itemized update of cost increases, broken out between actual and estimated, the Company currently expects to be recorded in the regulatory asset, if approved.

Attachments: 0

Response:

For the second quarter 2020, there has been approximately \$98K of increased costs resulting from COVID. The breakdown below reflects the categories of expenses OTP has

- Labor \$36K
- Materials and Supplies \$38K
- Information Technology \$13K
- Miscellaneous \$11K

OTP has incurred additional costs at its power plants in the amount of \$190K including PPE and preparation for sequestration.

If the pandemic continues through the end of the year, one could triple the amounts as three quarters will have been completed under the pandemic. OTP doesn't know at this time what other costs may occur in the coming months (sequestration of power plant employees for example could get very expensive).

It is important to note the amounts listed above do not include any increases in expenses for things such as using more vehicles than previously for the same type of task in an effort to social distance as much as possible for field crews. 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. OTP is working on estimating the cost associated with items such as this.

A limited amount of additional expenses are projected for the remainder of the year. One area which OTP expects to have an increase in expenses would be bad debts. OTP is still estimating the impact on bad debts expense, but the current range of increased expenses yet to be incurred may be \$200K-\$300K.