

OTTER TAIL POWER COMPANY
Docket No. EL13-015

Response to: South Dakota Public Utilities Commission
Analyst: SDPUC Staff
Date Received: 5/20/2013
Date Due: 5/30/2013
Date of Response: 06/04/2013
Responding Witness: Kim Pederson, Manager Market Planning - (218) 739-8303

Information Request No: SD-PUC-01-09

In the benefit/cost calculations for the Air Conditioning Control Program, do the costs include the \$7/month credit the customer receives from allowing Ottertail to cycle their machine?

RESPONSE:

The \$7.00 monthly credit for controlling a residential customer's air conditioner is not included in the benefit/cost calculation nor is it considered an EEP expense. The \$7.00 monthly credit is a part of retail revenue and was previously included in rate design in Otter Tail's last rate case, docket no. EL10-011.

While the \$7.00 monthly credit is not considered an EEP expense, for demonstration purposes Otter Tail decided to calculate the benefit/cost calculation as if it were an EEP expense. The table below shows the results of this calculation. Line A is what Otter Tail filed in the 2012 South Dakota Status Report. Line B contains the benefit/cost calculation as if the \$7.00 monthly credit was an EEP expense. Otter Tail simply included \$7.00 of expense for each of the four summer months for each of the 18 Air Conditioning Control participants in 2012. Since the life of the equipment is 15 years, Otter Tail included these rebates being paid to the 18 participants each of the 15 years. As shown on line B, all tests are still greater than one which means that benefits are still greater than costs when including the credit as an EEP expense.

		Participant	RIM	TRC	Societal	Utility
A	2012 SD Status Filed	inf.	4.44	6.11	6.11	4.84
B	AC with Rebate Exp.	inf.	2.85	6.11	6.11	3.01